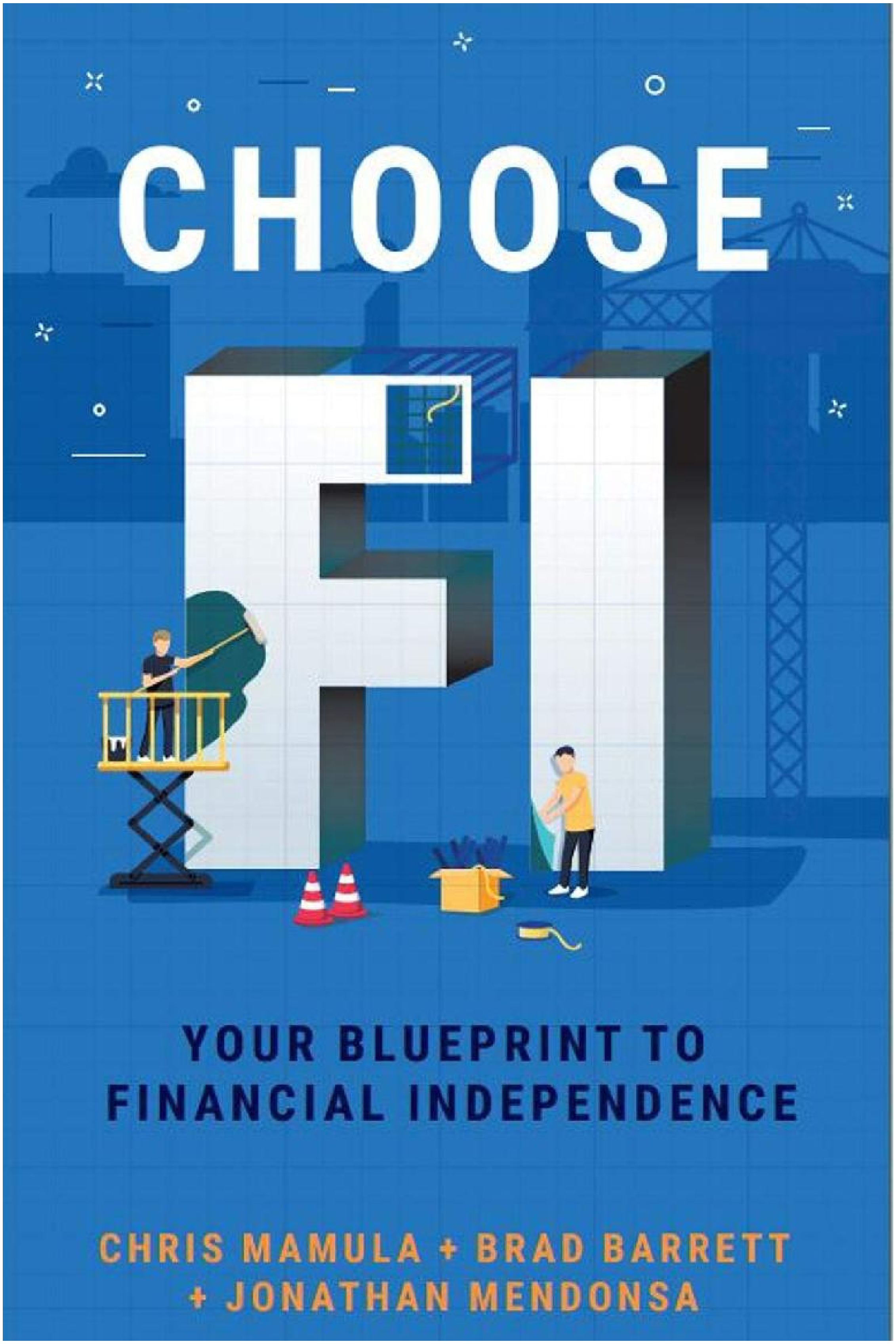
CHOOSE
FI
YOUR BLUEPRINT TO
FINANCIAL INDEPENDENCE
CHRIS MAMULA + BRAD BARRETT
+ JONATHAN MENDONSA

Choose FI

Your Blueprint to Financial Independence

By Chris Mamula

With Brad Barrett and Jonathan Mendonsa

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All content reflects our opinion at a given time and can change as time progresses. All information should be taken as three guy's opinions and should not be misconstrued for professional or legal advice.

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Dedication

We dedicate this book to our children Anna and Molly Barrett, Brynn Mamula and Zachary and Rees Mendonsa. You are our daily reminders of what is important in life and our inspiration to try to make the world a better place.

Table of Contents

Note to Readers

This book takes the cumulative knowledge of the financial independence (FI) community and distills it into principles that you can use to build a FI lifestyle quickly. Many members of the FI community share their stories on the *ChooseFI* podcast, and those interviews are the basis of this book.

Many of those featured produce content on their own blogs, podcasts, in books, or through other mediums. If we used ideas or quotes not directly shared on the podcast, they are attributed in the text and cited in the bibliography.

For clarity and ease of reading, not all quotes are attributed in the text of the book. If a quote is not clearly attributed, it was collected from *ChooseFI* podcast interview archives. *ChooseFI* podcast episodes referenced in each chapter are indexed in the back of the book for those interested in learning more about an individual's story, diving more deeply into their content, or hearing the full context of a conversation.

Many people interviewed on the Choose FI podcast choose to share their stories anonymously. To respect their privacy and for consistency throughout the book, we refer to people as they were referred to on the podcast unless they specifically requested otherwise or have revealed their full identity in other public forums.

Get Started

Introduction

By: Chris Mamula

Create Your Own FI Story

"*The story you tell yourself becomes your reality.*" –Chad Kellogg, American alpinist

I accomplished my goal of financial independence (FI) and retired at forty-one years of age, sixteen and a half years after beginning my career as a physical therapist. Friday, December 1, 2017, was my last day at my job.

So how did I spend the first Monday of the rest of my life, a day when I could do whatever I want? You're reading it.

I started the day with my usual morning routine of reading and quiet time, a workout, and breakfast with my wife and daughter. It was much like any other Monday, only without all the rushing of having somewhere to be. I dropped my daughter off at preschool, then took a nice long walk through the park next to my house to clear my head and breathe in the crisp late fall air. By nine thirty a.m., I sat down at my computer to begin the book you're now reading.

Did I always have a passion for writing? No. Was writing a book, *another* personal finance book at that, my life's dream? No! But it is the thing that I most want to be doing with my life right now.

This is the book that I have been seeking for the past fifteen years and have not been able to find. I didn't decide I wanted to write this book. I became convinced that I *needed* to. This is the book that could have saved me six, if not seven, figures in financial mistakes and years of angst and unhappiness that I experienced on the path to FI because I was pursuing the wrong things. I am confident it will change your life.

FI is not about retiring early or retiring at all really. It's all about having the freedom and flexibility to design *your* life in alignment with *your* values. You can work on things important to you. You can work at your own pace. Or you can choose not to work at all. FI gives you the power to decide. It allows you to use your money as a tool to live a rich life, freeing yourself from the need to go to a job.

Building wealth that enables FI is simple, but it's not easy. There is a diverse group of people featured in this book who have taken different paths to FI, but we each have only the same three tools to use in pursuit of our FI goals:

1. Spend Less
2. Earn More
3. Invest Better

Each tool serves as a theme for a section of the book.

However, the growing financial independence community is about much more than becoming wealthy, retiring early, or any other financial theme. We align our money with our values to build the lives we want rather than the ones we're "supposed" to live. This requires intentionality, doing things differently than the majority who surround you.

Those of you who choose to follow through on the lessons in this book will find that FI is not only a possibility but a mathematical certainty. Equally important, you can get there faster than you could have imagined! Instead of staying in careers until the traditional age of sixty-five or seventy, the principles in this book can make work optional for those in their early sixties, fifties, forties, thirties, or for a rare few, in their twenties.

Finding purpose is vital to getting started down the path to FI. I'm hopeful that FI will enable and inspire people to use their freedom to pursue opportunities to make the world a better place. For you, this may mean trying to change the world, your local community, or your own family. It may simply mean becoming a better version of yourself. It may mean retirement in the traditional sense of leaving paid work and living on your investments. Or it may mean using your financial freedom to pursue a new career or start a business you would otherwise be afraid to try.

Finding purpose and living intentionally are key components to achieving FI and designing the life you truly want. This book helps you get started by finding your personal "why" and then giving you the tools to design a life consistent with *your* values.

You Get to Choose

This book is called *Choose FI*. It would be easy to focus on FI, financial independence, and classify this as a personal finance book. But don't overlook the word *choose*. This is a book about making choices.

There are two paths that you can take through life. You can follow the standard path, or you can *Choose FI*. This initial decision is followed by many subsequent decisions, allowing you to build the life you desire. This book was designed to be a guide to assist you on that journey, a choose-your-own-adventure book if you will. You can pick and choose the levers you want to pull as you design your personalized path to FI.

I started life heading down the standard path. I was conditioned from a young age to get "good grades" so I could go to a "good college." Getting a degree would enable me to get a "good" (i.e., a high paying) job. This would allow me to live the American dream of owning a nice house in a good neighborhood, taking two to four weeks of vacation each year, and retiring at age sixty-five.

Shortly after starting my job as a physical therapist, I realized the career I had chosen, and the standard American professional lifestyle that accompanied it were not, in fact, what I wanted after all. Like many people, I felt trapped.

I spent seven years of my life and tens of thousands of dollars on degrees that enabled me to get what was supposed to be my “dream job.” My wife and I then bought our “dream house.” Unfortunately, we soon realized we were living someone else’s dream.

I got the idea that early retirement was the solution to my problems, though I had no idea if it was possible or how to do it. I randomly chose the goal to retire by age forty. I started to educate myself on the technical aspects of personal finance like investing, tax strategies, and retirement planning. Despite being diligent savers, I learned standard advice was keeping us stuck on the standard path rather than enabling financial independence. The financial advice we received was conflicted, deceptive, and unnecessarily expensive.

It’s easy to find yourself on the standard path. Most people in our society live paycheck to paycheck. Many people are paying for past decisions like taking out student loans, which were often made before they were old enough to buy alcohol legally. Homes serve as status symbols. Time and money are spent to keep them up by homeowners who rarely have time to enjoy them. Financed cars depreciate while being used primarily to transport people to and from work. Any extra money is spent on “retail therapy,” restaurant meals, and happy hours that people “deserve” because they work so damned hard to keep the hamster wheel spinning.

Paying to maintain this lifestyle leaves little financial margin. Things go wrong from time to time. Living paycheck to paycheck comes with the privilege of getting to pay interest to a credit card company—at an average annual percentage rate of 16 percent—which you need to help you stay afloat.

It's hard to know how many people choose this lifestyle consciously, but regardless, it is the norm for most Americans. Most gradually slide further into a hole that keeps them trapped on this standard path.

Similarly, most people say relationships and family are the most important things in their lives, but a job is where they spend the majority of their time and energy. Why do people stay in lifestyles so out of alignment with their stated values?

Those who want something better and are good savers go to financial advisors because we've heard how complicated investing is. We pay excessive fees and taxes following the usual advice that keeps us trapped on the standard path. Most advisors receive commissions for the sale of financial products or are paid as a percentage of the assets you have invested with them. This incentivizes the financial industry to unnecessarily complicate investing, so clients remain dependent on them. It's also in their best interest for clients to always strive for more rather than determine how much is “enough.”

What dreams do people give up on because they drift down the standard path through life? How many people don’t start their business because they’re afraid they will fail? How many people don’t take that trip of a lifetime because they can’t afford it or can’t get vacation time approved? How many marriages start filled with hope, promise, and romance only to crumble under the strain of financial stress and time demands that burden so many?

When you *Choose FI,* you are choosing a way of life with more options and less fear. You’re choosing to live life in alignment with your values. FI provides freedom. It’s easy to see why choosing FI is appealing. So why do so few people do it? Why do so many fail to diverge from the standard path despite its limitations? One reason is simply the fact that the standard path is . . . the standard. It’s the norm. The standard path is deeply ingrained by schools, families, media, and popular culture. Above all else, most people have never thought that there might be a different way. We all know people on the standard path. We have all probably been on that path as well. It’s a challenge to take a different path without anyone to guide you.

Author and motivational speaker Jim Rohn frequently said, “You are the average of the five people you spend the most time with." The examples in this book and the people you'll meet in the FI community will provide a new normal to which you can recalibrate your life.

As you learn the stories of people who *Choose FI*, you'll quickly see the standard path has many exits that most people bypass because they don't realize they exist. Choosing FI doesn't require extreme frugality, a massive income, or special investing prowess. It starts with questioning the things that trap so many of us on the standard path and understanding that there is a different way.

Finding My Path

I began learning about personal finance by reading books and articles on my own, with no particular method to navigate all of the available information. I listened to radio show hosts like Dave Ramsey, targeted to an audience working themselves out of debt I no longer had, because that was the most readily available information, and I could listen when driving in my car.

Reading and listening gave me a basic foundation in mainstream personal finance. But my wife and I were already avoiding debt. We bought a house we could afford and were paying it off quickly. We were saving roughly 50 percent of our income, far exceeding the traditionally recommended 10 to 15 percent.

On a particularly bad day at work, I typed the words “extreme early retirement” into the search box on my computer screen. Up popped what would become the first blog I ever read, Early Retirement Extreme (ERE). My life was changed forever!

I dove headfirst into the world of Jacob Lund Fisker at ERE and took on the journey through his “21 Day Makeover” to early retirement. It included ways to get our expenses as low as possible to be able to retire as soon as possible. On day three, Fisker’s program suggested I could “learn to cook based on a small set of staples (rice, beans, onions). These staples are then bought in 10 lbs bags.” I guess my love of sushi and microbrews would have to go.

On day seven, Fisker suggested “going car free.” On subsequent days, he advised getting rid of the cell phone, cable TV, and most of the other things that I associated with a normal life. He shared how he was able to live on under $10,000 per year. It seemed like a lot of sacrifices, but it might just be worth it. I wanted out of the standard American lifestyle, and I wanted out bad. I thought I found my ticket.

I found my tribe among Financial Independence, Retire Early (FIRE) bloggers. They showed me that the life I dreamed of could become my reality. Reading these blogs was highly motivational and educational. Unfortunately, reading them also had unintended consequences. Three things happened that made me far less happy.

First, as my knowledge of investing and tax planning grew, I couldn't help but continue to glance in the rearview mirror, where I would see all the past blunders we made when we'd followed conventional wisdom and mainstream advice. Our investing mistakes were particularly painful because we paid an advisor handsomely for awful guidance. I spent a lot of time looking back with regret and bitterness.

Second, FIRE blogs put early retirement on a pedestal, so in my mind, early retirement became a nirvana. I felt the need to retire early. *Then* I could be happy. I stopped appreciating all the amazing things that I already had in my life. I lost the ability to be the carefree, happy-go-lucky person I used to be. Between glancing back at our past mistakes and looking forward to early retirement, I found myself unable to enjoy the present.

Third, while gaining a deeper understanding of our finances was initially a positive thing, I became overly focused on money. I focused on getting our expenses as low as possible so I could retire as soon as possible. I began to scrutinize every dollar that left our household. Before the FIRE blogs, my wife and I gave freely to charities and other causes we believed in. Now I acted judgmentally. Was this organization as effective and efficient as we were with our money? Would that person use our gift wisely or just waste it? How could we justify giving away our hard-earned money when saving it would allow us to retire sooner? We took similar approaches with our personal spending, tightly holding on to every dollar. We began to do less of the things that had always made us happy.

Rather than gaining the freedom I desired, I led myself into a different trap. I was trying to live up to what I believed to be other people's values and expectations rather than being true to my own.

Hitting these potholes is common for many of us who *Choose FI*. I finally realized that I needed to figure out what I truly wanted in life. I needed to develop my own personal blueprint for building that life. I needed to learn that money is a very powerful tool that can provide many things, but it is always just a means to an end and never the end itself. This sent me on a mission of discovery, looking for truth.

I began questioning everything and reading voraciously, from technical aspects of personal finance to finding personal happiness, fulfillment, and purpose. I accumulated different lessons and truths from a wide variety of sources that applied to my own life and kept them. At the same time, I took the parts that didn't fit what I wanted for my life and threw them away.

Gradually, a personalized plan began to emerge that worked for my family and me.

As this happened, I felt myself becoming a happier and more empowered person. I began to see the positive effects again that financial independence could have, enabling me to pursue a variety of fulfilling paths at different stages in life.

I began to think about how to help others, each on their own individual journeys to FI. Each of you has personal strengths, weaknesses, past experiences, needs, and preferences. How could I help you reach financial independence quickly, empowering you to do whatever you desire with your life? How could I help you avoid the massive mistakes that I had made wasting a decade on a suboptimal financial path? How could I help you avoid driving yourself to the brink of depression by trying to live up to the standards of gurus whose philosophies, circumstances, strengths, and weaknesses did not match up exactly to your own?

While mimicking any single philosophy contributed to making financial and personal mistakes, I found truths in each of them. What if I started a podcast? I could interview a group of people who had overcome their own challenges and found their own truths while achieving FI quickly. I could take these lessons and look at common themes and patterns to develop principles that anyone could use to develop their own personalized path to achieve this rare yet very achievable outcome of financial independence.

A few months after this idea began rattling around in my head, I stumbled upon a new podcast, *Choose FI*. I listened to a few episodes. One of the hosts, Brad Barrett, was at a stage in life similar to my own. Co-host Jonathan Mendonsa was at a point where I had been a few years earlier. He had a palpable excitement to go down this road and a desire to grow and learn, but with some obvious blind spots that I was able to spot quickly due to my own past mistakes.

I found myself rooting for them to be bad and fail. I viewed them as competitors who beat me to the punch in doing exactly what I wanted to do with the podcast. However, as I listened to them, I couldn't help but to become a huge fan and see that these guys got it and were building something special.

It made no sense to try to reinvent the wheel and compete with them. Instead, I contacted them and asked if they would be interested in teaming up. I would use their interviews as the basis for this book, which could be another outlet for the life-changing message of FI. They agreed, and we proceeded full speed ahead.

Brad:

This book exists because we feel FI is a superpower that can radically transform your life, relationships, financial stability, and ultimately your happiness. There's normally so much stress surrounding money, but when you can reframe saving money to helping you pursue what you truly want out of life, it becomes the obvious choice.

I'm Brad Barrett, a suburban husband and father of two young daughters, former CPA who left my corporate job at thirty-five to pursue entrepreneurship and shortly after declared my Financial Independence. Jonathan Mendonsa and I started the *ChooseFI* podcast in 2017, and the message has resonated with people all across the world. In partnership with Chris Mamula, this book represents the best of our podcast and the FI message.

Jonathan:

In the summer of 2016, I heard Brad as a guest on the *Mad Fientist* podcast talking about credit card travel rewards. When I found out he lived in Richmond, VA, I reached out to see if he wanted to get lunch. My enthusiasm got the best of me and a fun conversation on pursuing FI and maximizing travel rewards morphed into an idea to start and collaborate on a blog and companion podcast. The concepts brought together by this community are powerful enough to start a movement. While it's difficult to have a blog or podcast be linear, especially when you are learning as you go, this book represents our best effort to distill those transformative ideas into a Blueprint to FI.

This book features stories of people who have achieved or are on the path to FI. On the podcast, Brad often says FI is like a superpower that makes life easier. However, there are no Clark Kents or Peter Parkers in this book. No one in this book is from the planet Krypton, and no one was bitten by a radioactive spider.

This book is filled with stories of ordinary people from all walks of life. You will read about people from rural areas with low costs of living and high-cost big cities, from an assortment of careers ranging from physicians and hedge fund managers to school teachers and military service members, from ultra-creative entrepreneurs to those who have worked only regular nine-to-five jobs. You'll hear from those who embrace frugality as a virtue to those who travel the world uninhibited. This book features those whose investment choices range from stocks and bonds to real estate to their own businesses and any combination of the above.

While there are differences among the people featured in this book, they share three common threads. Each person:

Challenges limiting beliefs and looks at the world in a non-standard way.

Takes definitive actions to improve their life.

Finds a way to utilize their own unique strengths and values and chooses to define success on their own terms.

Everyone you will get to know in this book has created their own superpowers. Through the principles they embrace, you can develop your own as well.

Chapter 1

The Stages of FI

"*Every revolutionary idea seems to evoke three stages of reaction. They may be summed up by the phrases:*

1. It's completely impossible.

2. It's possible, but it's not worth doing.

3. I said it was a good idea all along. "

–Arthur C. Clarke

We all know the reasons you cannot or do not *Choose FI*. You don't have to look far to find stories about young people crushed by student debt, soaring housing costs, and stagnant wages. On top of all that, investing is complicated. Against this backdrop, how can people possibly retire securely, let alone achieve FI before age sixty-five? It's easy to see why many people quickly become discouraged, and others never try.

Choosing FI becomes much easier if we reframe what FI means and how it empowers you. FI is often framed as a dichotomy: zero or one. You're either FI or you're not. You're working or you're retired.

This all-or-none thinking is the exact wrong way to frame the conversation. This makes FI seem like a far off, unachievable goal. So most people never get started. Besides, it's absurd to think that one dollar more or less in a retirement account will change everything. Yet this way of thinking traps many of us on the path to FI. Rather than recognizing the progressive freedom and power our growing wealth provides, we often get caught up in the slog. Once we realize money is just a means to an end that allows us to live the lives we want, it's easy to see that we are progressively gaining power and freedom along the path to FI.

JL Collins, author of *The Simple Path to Wealth*, has popularized the phrase "F-you money" among the FI community. He described the concept as not necessarily having enough money to retire forever, but enough to say "F-you" if needed. Having F-you money allows a degree of freedom that most don't have.

Brad told the story of using the power of F-you money to leave his job as an accountant to pursue a different path in life. Anyone can relate to his experience of being bound to the rules and regulations of an employer. Here's how he described the straw that broke the camel's back in a conversation with Jonathan on the podcast:

"All of a sudden, we had to come in at eight o'clock instead of eight thirty, and it just ticked me off to no end. It was just that absolute garbage "facetime" nonsense that is everything I hate about corporate America. It's not the value of your work. It's not how efficient you work. It's just literally the number of hours that you're chained to your desk. And it was just such a ridiculous power play . . . you can hear it in my voice. It pisses me off to this day. And honestly, that was it. Within a couple of days, I said to [my wife] Laura, 'I can't do this anymore. I'm out.' And I walked in and put in my notice and got the heck out of there. That was a combination of A, having a growing business that I could really sink my heart and soul into and B, being well down the path to FI, albeit not at FI. But the conjunction of those two things just gave me the power to say, every other sucker has to deal with this."

But he didn’t.

Brad:

Leaving my safe corporate accounting job was a monumental step, and there’s no way I can honestly say I wasn’t scared I was making the wrong decision. I was so far along the path to FI that the easy decision would have just been to stick it out a few more years and be 100 percent sure and “safe.”

But I knew I could always go back and get another accounting job, and I knew I’d always regret it if I didn’t really give my best effort to growing these online businesses. I left on January 31, 2015, and started Travel Miles 101 the very next day! TM101 led me to Choose FI as Jonathan heard me talking about rewards points on the Mad Fientist podcast and that’s what led to him reaching out to me in the first place. The rest, as they say, is history!

Surprisingly, Brad’s story is a bit of an outlier in a community full of people who have accumulated F-you money. Having F-you money rarely means you’re ever going to say those words, quit your job, and walk out after with your middle fingers in the air.

Jeremy, writer of the blog *Go Curry Cracker,* said F-you money gave him the confidence to do a better job. This confidence made his working years enjoyable and made him more valuable and highly compensated, thus shortening the number of years he needed to work. Most people he worked with were burdened with financial obligations. If you have a mortgage, a couple car payments, a family to feed, and nothing in the bank, what choice do you have when your boss asks you to do something stupid? Most people are going to say yes. Doing otherwise could put everything you have at risk. Jeremy observed that having the confidence to say, “I don’t think that’s the best way to do it, and this is how I think we should go forward” changes an employer’s perspective of you.

Having the freedom and confidence to not go with the flow enables you to take risks that will add value to an organization. Suddenly, instead of being another pushover, you’re seen as a go-getter. The power dynamic shifts when you’re not reliant on your employer to provide a paycheck for your survival. The worst-case scenario is you getting fired. If you don’t rely on that next paycheck to stave off disaster, the scenario is not so scary.

F-you money is a powerful concept that many in the FI community have latched on to. But it’s vague. We all quantify the exact amount we need based on our individual personalities, attitudes toward money, and risk tolerance.

We need a better framework with which to quantify the stages and benchmarks along the path to FI as we track our progress and celebrate small wins along the way. Joel, who with his wife Alexis, writes the blog *Financial 180*, discussed this at length with Brad and Jonathan when they used the framework he developed to riff on the topic.

Stages of FI

Joel's milestones are based on the FI community's idea that you are financially independent when your investments are twenty-five times your annual expenses. This idea comes from the 4% Rule, which is based on historical data that shows you can withdraw 4% of your portfolio on the day you retire, then continue to take the same amount, adjusted for inflation, every year going forward with little chance of running out of money. We'll examine the 4% Rule more closely in Chapter 12.

You can adjust milestones if you're taking a different investment approach and argue as to whether there should be more, less, or different benchmarks. Still, it's an interesting place to start the conversation on the way power and freedom increase as you travel the path to FI.

1) Getting to Zero

The first milestone is getting to zero net worth. Having a net worth of zero, literally being worthless, may not sound like something worth celebrating at first. But for those on the standard path through life who

Choose FI, this can be a huge accomplishment. Consider that "normal" for most people means having debt, whether from credit cards, car loans, student loans, and/or other consumer debt. On top of that, the largest expense for most people is housing, with rent or mortgage payments due each month.

For many, the next paycheck will be spent paying for past decisions.

This is a restrictive way to live. You go to work to collect a paycheck just to prevent someone from coming to repossess what you already have. There is no freedom to choose the life you want going forward.

Having no net worth is not a "worthless" goal. Whether you choose to define this as being debt free, debt free excluding a mortgage or having a net worth of zero (assets minus liabilities), hitting this milestone is important because it gives you options going forward.

Jonathan

I lost over a decade accumulating and then paying off debt for a degree that I'm no longer using. I didn't appreciate the time value of money. I graduated at the age of twenty-eight with $168,000 in debt.

It took intentionality, focus and a lot of hard work just to get back to zero. But I'll never regret putting in the work to get there.

Getting out of debt gave me the freedom to decide where my future dollars would go rather than having to use them to pay for past decisions.

2) Fully Funded Emergency Fund

A hallmark of financial advice for those on the standard path is to have an emergency fund of three to six months' living expenses. Having an emergency fund in cash is solid advice for most people, particularly those without other financial means to deal with the inevitable adversity of life. But what does it take to save this amount of money for someone following conventional financial advice?

If you save 10 percent of your income while spending the other 90 percent as commonly advised, you would have only accumulated about one month of living expenses after a full year of saving. It would take about five years just to fund six months of living expenses. It's no wonder many on the standard path become discouraged and wind up saving little to nothing.

Contrast this to someone who Chooses FI. Developing a high savings rate requires you to lower your monthly expenses. This lowers the bar for how much you have to save to support three to six months of spending, while simultaneously freeing up the money to save. If you can save 50 percent of your income, you will have a full year of living expenses after only one year of saving. You can fully fund an emergency fund of three to six months of living expenses within three to six months.

Quickly funding an emergency fund gives you the peace of mind that you have some cushion if something bad happens, such as an injury or your car breaking down. It also allows you to quickly start directing future savings to investments, allowing your money to start working for you.

3) Hitting Six Figures

The third milestone is achieving a six-figure investment portfolio. Up to this point, you won't have had enough assets for investment returns to make a big difference on your wealth building, so you have to work hard to earn and save your way to this milestone. You should celebrate the fact that now that you've accumulated substantial wealth, it will be easier to see your money working for you, even though you still have to work for money.

According to the most recent US Census data, a six-figure net worth puts you in the top 50 percent of American households. If you subtract home equity, the median household net worth is under $50,000. While relatively rare for those on the standard path, people with a decent income and a high savings rate can achieve a six-figure portfolio quickly. A couple maxing out 401(k) contributions (limit $19,000 per person in 2019) would hit this milestone in under three years without any investment growth or employer match. Maxing out a single 401(k) gets you there in a little over five years.

If you combine a six-figure net worth with an efficient lifestyle, this is a milestone where you may have enough wealth to support two to four years of living expenses. This provides a cushion, giving you the confidence to start using F-you money without short term consequences if it backfires.

4) Half FI

The fourth milestone is reaching Half FI. This is when your assets reach twelve and a half times your annual spending. While this is half the amount that the 4% Rule suggests you need to be FI, your journey to FI is likely more than half done. If you start with debt, it takes time just to get to zero. Then you have to save to have enough to start experiencing the noticeable benefits of compounding investment returns.

Once you've built a sizeable portfolio, your money produces substantial investment returns, which amplify the results of the efforts from you working, earning, and saving. At some point around this milestone, you will reach a crossover point. You'll begin to notice that when your investments have a good month or year, they will passively contribute more to your net worth gains than your active contributions. Passive income is what makes FI possible—this is definitely something to celebrate.