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HUMBLE DOLLAR

Fanning the Flames

WHAT COULD POSSIBLY be wrong with saving like crazy, so you can retire early? That's the notion behind the Financial Independence/Retire Early, or FIRE, movement. Yet lately, I've read a lot of carping about FIRE, both in articles and in the emails I receive.

Just last week, those complaints got yet another airing in *The Wall Street Journal*. Earlier, Suze Orman weighed in, arguing you need at least $5 million to retire early. "I hate it," she said of the FIRE movement.

The complaints prompted a recent rejoinder from one of FIRE's leading evangelists, Mr. Money Mustache. "The whole reason for doing *any of this* is to lead the happiest, most satisfying life you can possibly lead," he argues.

Is all the controversy justified? Here are just five of the complaints I've heard about the Financial Independence/Retire Early movement:

1. Quitting the workforce in your 30s or 40s simply isn't an option for the typical worker. Most of those who retire early had high incomes, allowing them to save great gobs of money during their truncated careers.

2. Many FIRE adherents are able to retire at a young age either because they avoided the cost of having children—or they hope that, by dropping out of the workforce before their kids reach college age, they'll get heaps of college aid.

3. Just as quitting work may boost financial aid eligibility, it can increase the premium subsidies received under the Affordable Care Act. Some FIRE adherents even collect food stamps. That's led critics to charge that these early retirees are gaming the system, effectively mooching off the rest of us.

4. The frugality required to retire early is excessive. While most Americans make the mistake of spending too much today while shortchanging tomorrow, FIRE devotees are criticized for being just as foolish—but in the opposite direction: They're so focused on tomorrow that they constantly defer gratification.

5. Many of the FIRE movement's vocal advocates either earn substantial incomes from blogging, writing books and other endeavors, or they have a spouse who still works fulltime. In other words, they really aren't living off the savings they amassed during extraordinarily brief working careers.

There's some sliver of truth to these complaints. Still, it feels like a cooked-up controversy. In a country where most people save too little and are pitifully ill-prepared for retirement, should we really be getting worked up over folks who are maybe saving a tad too diligently? Indeed, I'd argue we need more Americans who are willing to sacrifice today so they can have a better tomorrow.

Perhaps I'm sympathetic because I favored the FIRE lifestyle long before it was a thing. Through my initial decades in the workforce, I lived modestly and saved prodigious amounts, so today—in my 50s—I can spend my days as I wish. Maybe more important, the philosophy that underpins the FIRE movement meshes with four key themes I often harp on.

First, forget pursuing your passions in your 20s and 30s. Instead, you should spend those years pursuing dollars, so you can spend your 40s and 50s doing what you love. My contention: Pursing your passions in your 50s will bring greater happiness than endeavoring to do so in your 20s, when you probably don't really know what you want and when the conventional work world will likely still seem novel and exciting.

Second, the key to financial success is no secret at all: You need great savings habits. By comparison, everything else—investing in stocks for the long haul, favoring low-cost index funds, managing taxes—pales in importance.

That said, one of the key notions that drives the FIRE movement is also propelling the shift from expensive active management to low-cost, tax-efficient indexing. In both cases, folks are focused on cutting out expenditures that bring little or no benefit.

Third, the material goods we hanker after—the bigger house, the faster car, the latest electronic gadget—deliver surprisingly little happiness. If we live more frugally, there's every likelihood we'll be just as happy and, I suspect, even happier. The fact is, the thrill from a $35,000 car quickly fades, but the sense of financial security from $35,000 in the bank never grows old.

Finally, there's often scant relationship between the work we care about and the work that'll generate the biggest paycheck. To be sure, some folks have jobs that pay them handsome sums while also bringing them great satisfaction. If you're in that camp, consider yourself extremely lucky.

But for many of us, there's an inverse relationship: The more dollar income a job generates, the less psychic income we receive. That's why saving early in adult life is such a smart strategy. By doing so, we can fairly quickly buy ourselves the freedom to spend our days doing what we're passionate about and what we feel is important, even if that work pays us little or nothing.

Want to make sure you have that sort of financial freedom by the time you're in your 40s or 50s? Saving like crazy in your 20s and 30s seems like a small price to pay—and it could be one of the wisest investments you'll ever make.