

WANT TO RETIRE EARLY?

I have had the privilege of working with many retirees over the last 19 years. A large number of whom retired successfully and far younger than age 65. It has been interesting to note how many of the people who retired early have some common characteristics. If you want to be financially free as early as possible, it might help you to know what they had in common.

THEY ARE WORRIED ABOUT DYING YOUNG

Most of the people I have met who have retired early had an overriding fear that they would retire at a normal age and then pass away within a year or two. It is interesting to note that most of them had an experience where their fathers or other family members had this bad luck and it created a lasting impression on them. In many instances this fear was the main driving force for many of their other decisions around money. If you want to achieve financial freedom early, you need to find a source of motivation that will enable you to prioritise this goal so that you can avoid many of the wealth traps that prevent others from achieving their financial goals.

GET AND STAY MARRIED

It is remarkable how many successfully retired people have only been married once and have had a generally happy marriage. Almost all of them work on their financial goals together. When they attend financial planning meetings, they do so together and they have general agreement on their financial goals. Money is rarely a source of conflict in these relationships. This is enormously helpful and you always have a willing “training partner” to keep you motivated to reach your financial goals.

THEY ARE HAPPY WITH WHAT THEY HAVE

Financial freedom is different for everybody, some people will be happy to live on a monthly amount of R30,000 while others cannot get by with anything less than R200,000 per month. You need to find a way to be happy with what you have and not constantly want more. People who earn a lot of money but are never happy with what they have, are NOT going to achieve financial freedom...ever. This is one of the keys to financial success, it is easier to save and build up your investments if you are not constantly paying off your credit card because you HAD to go on that wonderful skiing holiday like your friends did last winter.

THEIR PARENTS SHOWED THE WAY

Successful retirees did not necessarily have wealthy families and nor were they particularly financially sophisticated but very often their parents were prudent with money. They instilled an ethic in their children that saving was important. Many of these successful retirees had to work for money as children. Sometimes it was part-time jobs during holidays or working around the house for pocket money. Very few of them were simply given everything they wanted. This is a wonderful lesson for parents today.

MONEY WAS NOT A SOURCE OF TROUBLE

Finally, they tend to live a stable and predictable financial life. Almost all of them planned their major expenses carefully and they rarely use debt. Vehicles are purchased with cash, credit cards are cleared monthly and they have money saved for emergencies. They tend to budget consistently and save every month. When asked about how they dealt with financial shocks, I was surprised to learn that they had less financial emergencies than most other people. On the surface it might seem like they were lucky but I realised that they tend to plan for rainy days. If they had a financial setback they worked really hard to re-establish their emergency funds quickly so that they could deal with any new problems.

Financial freedom or early retirement takes a lot of sacrifice and hard work – it is possible for anybody.