Stop Working: 3 Timeless Tips From a Real-Life Early Retiree

Description

If you pay any attention to financial media at all, you're likely to see a myriad of articles about early retirees who threw off the shackles of traditional employment for a simple life filled with travel, hobbies, and time with loved ones.

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There's just one problem: many of these articles feature someone who writes about early retirement on a blog specifically dedicated to the topic. Is one really retired if they focus so much time and energy on a website that happens to make them money? This is one of the biggest debates in the early retirement community.

Personally, I say no. For somebody to be able to proclaim retirement, they have to physically retire. Their focus should be on living their best life, not making money.

This is why I was so excited to spend some time with Greg recently. Greg retired four years ago at age 38, and has been living his best life ever since. Here are three of his most important early retirement tips, tactics he used to retire sooner than he ever thought possible.

Own a business

After a few years working at a fast-food restaurant in high school, Greg decided he should learn a little more about business. He took his savings and went off to university.

He only lasted a year, but what he learned changed his life.

After just a short time in school, he realized most fast-food franchise owners had little business sense. He thought he could do a little better. Specifically, he focused on one chain in particular, one with plenty of locations and low ownership costs.

He then put his operating credentials to good use, spending a year or two at a store right after acquiring it. He was also laser-focused on paying off the debt needed to acquire these restaurants. The plan worked like a charm; by the time he was 35, Greg sold his chain of eight sandwich shops to another buyer for more than $1 million.

Live like a college student

Since Greg was so busy working, he didn't mind living as cheaply as possible.

He stayed in his parents' basement for years. After that he moved in with a friend, splitting rent on what he called "the cheapest two-bedroom apartment we could find." Eventually, Greg got married, and he finally upgraded his living situation a bit.

He had the same attitude with food, practically living on sandwiches and salads from his restaurants.

The sacrifice worked. By limiting his living expenses to "less than $10,000 per year some years," Greg was able to create a huge savings rate.

Insist on dividends

Although Greg now lives on a diverse portfolio of dividend-paying securities, he's still partial to the restaurant sector. Some of his largest positions are in Canada's restaurant royalty trusts, operations that Greg knows aren't going anywhere.

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Greg particularly likes **A&W Revenue Royalties Income Fund** (TSX:AW.UN), which he says is "the best-run restaurant chain in Canada." Like many other investors, Greg thinks the chain's focus on better ingredients, delicious food, and killer promotions is a good long-term strategy. He also points out A&W was the first fast-food company to jump on the plant-based burger trend; this shows management really has their finger on the pulse of the industry.

Although A&W's most recent quarterly results were somewhat mixed — the all-important same-store sales metric dipped slightly lower, for instance — it's easy to blame that on a tepid Canadian economy. Many of A&W's competitors experienced similar weakness. Besides, full-year numbers were much better, with same-store sales rising 4.1% for the year.

And finally, A&W pays one of the best dividends out there. The stock yields 5.1% today, and it has delivered steady dividend increases over time. Those periodic raises were exactly what attracted Greg to the stock. In fact, he's a big advocate of putting all his retirement funds in great dividend-growth stocks.

The bottom line

After years of sacrifice, Greg is finally free to travel, spend time with friends, and really embrace his new love: golf. He credits a hard work ethic, living cheaply, and dividend-growth investing with much of his success. He would hardly call his long grind simple, but it really did come down to those three factors.

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