Don’t Care to Retire Early? Still, These F.I.R.E.-Movement Habits Can Help You Become Wealthy

Description

By now, many of us are familiar with the Financial Independence Retire Early (F.I.R.E.) movement: Save a tonne of money, invest wisely, and live the rest of your days off passive income.

To achieve their goal of retiring early, F.I.R.E. followers are frugal, money-conscious, and, yes, pretty dang savvy. Even if you don’t care to retire early, there’s certainly something to learn from these extreme budgeters. Here are just four things we can take away from the F.I.R.E. movement.

1. Save aggressively

To become wealthy, you don’t need a six or seven-figure income. That can help, sure, but middle-class earners just need to make a habit of saving money.

The F.I.R.E. movement follows this principle closely, which is why you’ll see many F.I.R.E. followers building their budgets around an ambitious savings goal, sometimes even 60% to 70% of their annual income. While you don’t have to save 70% of your annual income to build substantial wealth, even 10% to 20% can go a long way over time.

One tip is to set up automatic withdrawals from your chequing account to your savings account. If you time this right, you can set aside a portion of your paycheque when it hits your bank. That way, you’re not tempted to spend.

2. Invest for the long-term

Saving for retirement isn’t just about setting aside a portion of your paycheque. It’s also about investing for the long term. That could mean buying stocks you believe in or buying shares in an index fund or ETF. It could mean investing in real estate or buying cryptocurrencies. No matter what the investment, the point is the same — don’t sell your position, no matter what happens in the market.

Many amateur investors chase short-term gains thinking that's the only way to get rich in the stock market. But this is far from the truth. For the majority of investors, it's better to leave your money invested for long periods than to time the market or engage in day trading. It will be less stressful for you and more beneficial for your portfolio.

3. Live *well* below your means

When you look at F.I.R.E. followers, you'll notice one thing: These people are serious about budgeting. They know that to save aggressively, they have to spend meekly. And that means living below their level of income.

It's a fairly basic idea, but many of us struggle with it. We live overinflated lifestyles we can't truly afford. We drive expensive cars, buy products we don't truly need, dine out when we just went grocery shopping, and spend more on subscriptions than we're actually putting aside in savings.

If you find yourself living paycheque-to-paycheque, perhaps now is the time to start budgeting out your expenses. Or, if you have a budget, look closely at your spending categories and make sacrifices. Your goal is to spend less than you make, and if that means cutting out restaurants and subscriptions, you may have to bite the bullet and do it.

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