NO. 20 — MAY 2023

SIMPLE Money

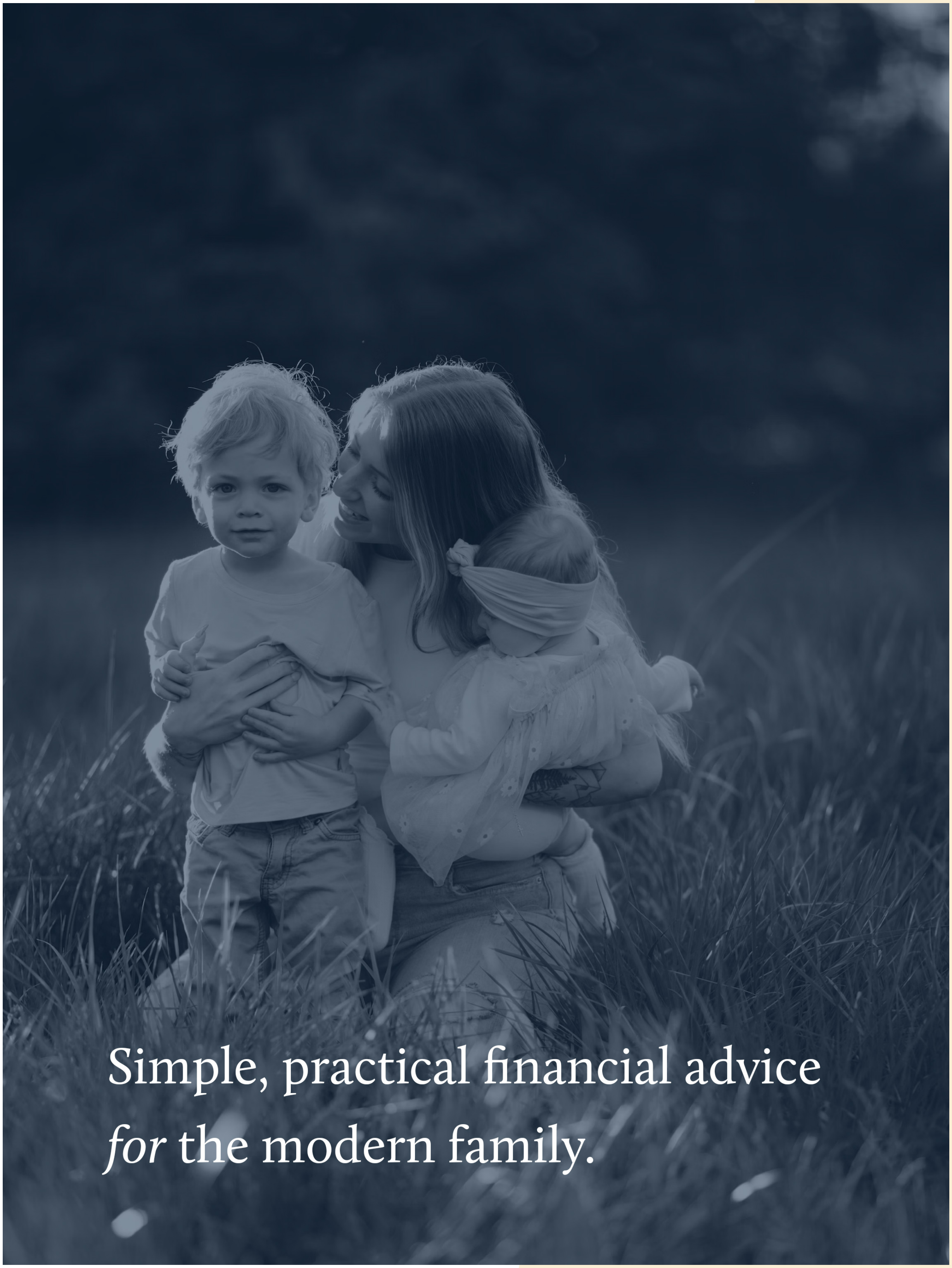

Table of Contents

How Can I Save When I Fear There Might Not Be a Future?

The Necessity of Acting "As If"

—By The Douglas Tsoi

I had someone in my class tell me recently how it's difficult to think about personal finance when the future feels so uncertain and bleak. We're teetering on the edge of a major world war, the stock market is tanking, and there's a major, slow-moving climate crisis happening.

They were asking, how can I save when I fear there might not be a future?

The question resonated with me because I've been hearing strains of this lately:

- I have a 25 year old soccer friend who spends everything he earns. He told me, literally, "My financial plan is to die quickly in the climate change riots of 2060."

- The NYTimes had an article recently about how people under the age of 35 are throwing financial caution to the wind, spending more, and pursuing their passions.

- One of my students had never saved, she realized, because her mother died at age 50. She realized that emotionally, to think about life after 50 would mean facing the grief of losing her mother so young.

I heard a story about a famous older environmental activist couple, who at a conference, were asked by a younger woman whether she should have kids. She was suffering, thinking about bringing children into the world where future generations faced climate change, war, and environmental destruction. This famous couple said:

“You know we faced the same issue in the 1970s and we decided not to bring children into this world. Now, 50 years later, the world still has the same problems. The only difference is, we don’t have kids. And we wish we did.”

I always tell my students that personal finance is about your relationship to the future. And in this uncertain world, people, especially younger ones, are finding their relationship to the future hard. There’s a sense of anticipatory grief, or dread, about how our world is going to look in twenty, or forty years.

I’m 49 years old now and I’ve experienced it too.

- If you lived the same years as me, you remember living in the Cold War. In the Cold War there was a term mutually assured destruction (MAD), which meant that the only way to protect your country from annihilation was to threaten annihilation to the Other. By 1985, when I was 13 years old, the USSR had about 40,000 nuclear weapons and the US around 22,000. To give you a sense of scale, scientists estimated it would take about 100 nuclear warheads to destroy life on earth.
  Put another way, in the 1980s, a very small collection of

humans had the ability to destroy humanity 600 times over. Growing up in California, whenever the ground shook I wondered if it was an earthquake or the beginning of the end of the world.

- I was 28 years old on September 11th, 2001. Those of us alive then remember the fear and confusion of the next months and years. I spent my late 20s and early 30s wondering if we were entering a "war on terror" or a "clash of civilizations with Islamic fundamentalism."

- I've spent my entire adult life thinking about climate change.

So yes, I'm familiar with dread. I know how easy it can be to give in to despair.

Speaking of despair, last night I was reading a book by Anne Lamott with this story:

"Thirty years ago I suggested to a famously atheistic San Francisco artist, who was dying of alcoholism, that as an experiment he act as if he had a higher power in his life. He loved this, and got six weeks of great happiness at the end of his days, having conversations with what he called his great HP—and later his great Hewlett-Packard. I saw him every other day: he was radiant. Friends visited frequently, and took him for drives in the country, on ferryboat rides, and to lunch at Enrico's.

She continues:

Then he started to drink again, became mean and ugly and fiercely atheistic, and died after driving all of us away, true to his beliefs till the end."

I think personal finance, like deciding to have children, is about hope. It's accepting the despair and embracing it with fields of love. It's about humility. It's understanding that the future is unknowable, even while our brains/egos are wired for pessimism. As Mark Twain said: *"I have had a lot of troubles in life, and some of them even happened."*

Like the artist did with his higher power, we can choose to act *as if* the world might turn out OK. Given the statistical improbability of life on this planet, it's incomprehensibly miraculous to be granted any time at all in this world. Maybe the world is actually conspiring to work in our favor in a billion small unseen ways, and maybe we should help it out.

Personal finance is acting *as if* the world just might be around in 20, 40 years and you just might enjoy living in it.

And here's the thing: if you act *as if,* you just might be right.

…

Douglas Tsoi had careers as an intellectual property lawyer, Quaker schoolteacher, government sustainability officer, and nonprofit training manager. During all that time, he lived on $20,000 a year for 20 years and invested the rest. At age 42, he "retired."

Douglas spends his days traveling, playing soccer, napping, and having lunch with friends. This article and more can be found at Money and Meaning. He is training to become a Franciscan Spiritual Director and does financial-spiritual coaching.

5 Personal Finance Myths That Could Ruin Your Retirement

—By Money Mini Blog

In theory, reaching retirement age shouldn t be a cause of concern. After working for decades, paying your taxes, and saving money, you should finally be able to enjoy the fruits of your labor and take advantage of all the free time you have for friends, hobbies, and family.

However, the reality isn t nearly as charming. For most Americans, the prospect of retirement is a cause of stress and anxiety, both medically and financially. According to recent studies, only 17% of Americans believe they have enough money saved for retirement and 10% have a written plan for retirement. Additionally, one-quarter of all retirees have an average annual income of less than $25,000.

These bleak figures don t necessarily indicate that the average American doesn t try to prepare for retirement. On the contrary, more and more people in the US are trying to save for when they re older, but they do it based on myths that do more harm than good:

Myth 1: A High Paycheck = Guaranteed Savings

When you advance in your career, it s normal to want to earn more in order to secure your financial future. Nevertheless, there are many individuals who used to have a high paycheck but aren t doing so great in retirement. Similarly, there are people who earn a lot but still can t manage their finances and live from paycheck to paycheck. As Goethe said:

Many people take no care of their money till they come nearly to the end of it.

Having a high salary can help you live a comfortable life, but the idea that it will lead to a seamless retirement is a myth. If you don t know how to manage this money and spend it without any strategy, your retirement will cause a financial shock. To avoid this, follow Warren Buffet s advice: save first, spend later. When you receive your paycheck, set some money aside for savings, and then spend the rest, never the other way around. Don t wait until you re too old either. To guarantee a comfortable retirement, get into a saving mindset starting in your mid-20s, even if that means setting aside just $100 every month.

Myth #2: Your Retirement Money is Safe in a Regular Savings Account

When most people start saving, they open a second bank account, usually at the same bank as their debit card. While this may be a great strategy in the short term or for emergency funds (which have a withdrawal period of maximum three years), it doesn t work in the long run. Money deposited in ordinary bank accounts is affected by inflation, so by the time you reach retirement age, you might realize that you are poorer than you think.

To maximize the potential of your earnings, you need to think bigger and think long term by investing.

On average, even a high-yielding savings account doesn t deliver more than a 2.5% interest rate, so consider these long-term investment options instead:

- **The stock market**. Although stocks can be risky short term, your investments can pay off in the long run provided you back them up with a solid strategy. If you re risk-averse, a low-cost index fund can be a great starting point.

- **Forex**. Unlike the stock market, Forex is a high-liquidity and high-volume market, which can be more advantageous for you. Again, you have options if you re a beginner. For example, social trading Forex brokers allow you to examine stats and copy trades of other network members.

- **Real estate**. Although the real estate market fluctuates a lot in the US, this remains one of the most profitable long-term investments. In particular, buying a rental property in up-and-coming urban areas is a strategy that pays off.

Myth #3: I Don t Have Enough Money to Invest

One of the most common reasons why many people postpone investing, apart from emergency expenses, is that they believe they don t have enough money for it. This is nothing but a myth.

There are many investment ideas that don t require a high minimum and, believe it or not, you can start building your wealth from as little as $1,000. For example, you can buy commission-free exchange-traded funds, invest in ETFs, or you can join a P2P lending platform. Even if you re starting with just a little bit of money, this is practice for the future and, by the time you reach retirement, you will have earned enough to dabble in other high-ROI practices.

Myth #4: I m Not Knowledgeable Enough to Invest

While the stock market and other long-term investment strategies may sound alluring to many, the average American is becoming more and more risk-averse and would rather keep their money in a savings account. The myth that investments are only for affluent individuals who have a background in finance is still around, but, in the age of the Internet, you don t need a degree in finance to be successful. Nowadays, the average trader is no longer an executive in his 60s.

Many investment options, Forex included, have low barriers to entry, which means that you can use them to generate retirement money from your early 20s. There is a lot of information out there;

you can join investment forums, use demo accounts to practice your strategies or hire a robo-advisor to manage your portfolio if you re hesitant.

Myth #5: All Debt is Bad

Millennials are becoming more and more debt-averse, but experts say this attitude won t necessarily yield great results when they reach retirement. Without a doubt, drowning yourself in debt is not recommended, but people should differentiate between good and bad debt.

For example, getting a credit card straight out of college isn t a good idea, because the things you buy with your credit card lose their value and don t generate income. Neither is getting a payday loan because the fees are enormous. On the other hand, getting a mortgage can be considered good debt, because in time, the property can increase in value and you can sell it after you retire.

...

MoneyMiniBlog started in 2013 with one writer. Now we have hundreds of writers from all over the world. It started from an American perspective, but has transformed into a global perspective. The topics have expanded as well. While we started by only writing about personal finance, the blog has grown into all kinds of topics, from money to productivity, and even selfdiscipline, creating positive habits, and health. This article was originally published on MoneyMiniBlog. To improve your finances, you must first improve your habits. It’s all related.

Less is More

—By Lisa Whitley

From time to time, I have been accused of being a minimalist. I don t think that this is exactly true; I am perhaps more minimalist-wannabe. Except when it comes to money matters. In finance, achieving simplicity is nothing short of divine.

My theory of money stress is that it is often rooted in having to make too many decisions. (Well, that and not having enough of it.) It s not even that any one particular decision is terribly complex; it is the sheer volume of them. Rent or buy? Roth or traditional? Pay down debt faster or save more? Debit or credit? And so on…

The reality is that few money decisions are *always* objectively bad. (Even something as heinous as a payday loan probably has a proper use if the alternative on that particular day is homelessness.) Therein lay the difficulty: If the difference between two competing options is cloudy, how do you decide?

Here s my decision rubric:

- Among my options, which one will give me greater stability *today*?

- How does this decision affect my *future* stability?

Let s say you are weighing the pros and cons of paying off a debt or adding to your savings. It s not an obvious choice because, at least as far as your balance sheet is concerned, the outcome is actually the same. Applying the questions above can help here:

- If you are dead broke, paying off the debt isn t going to add to your stability today. And if your car breaks down next week, the choice to prioritize the debt payment is going to haunt you.

- On the other hand, if your savings are already ample (enough, for the moment), paying off the debt won t decrease your stability today, and to the extent that you save on paying interest, it will increase your stability tomorrow.

Look, this won t work for every decision. In fact, I often fall back on the simplest question of all: What do you want to do?” You would be amazed at how many seemingly mathematically complex decisions can be resolved in this way. Does it make more sense to rent or buy? Do you throw an extra $200 to your student loan, or to your Roth account?

Math can give you whatever answer you want, depending on your assumptions. So let s just start with what feels right, the action that you know in your heart you want to take…and then we can see if the numbers can reasonably support the decision or not.

Decision-making is exhausting, I know. So, one last tip: Make fewer of them. Automate the heck out of everything…your savings and investing contributions, your asset allocation, your bill payments. Tired of deciding? Then don t.

...

After an 18-year career as a Foreign Service Officer with the United States Agency for International Development (USAID), **Lisa Whitley** switched gears and became a personal finance coach in 2019. Since then, as a financial guide with an employee wellness company, she has counseled hundreds of persons on topics such as budgeting, debt, retirement, housing, paying for education and more. She has established her own firm, MoneyByLisa, a Registered Investment Advisor domiciled in the District of Columbia, where you can read this article and learn more. Lisa is an Accredited Financial Counselor (AFCⓡ) and Chartered Retirement Planning Counselor (CRPCⓡ).

The Prime Directive of Personal Finance

—By Jim Wang

The Pareto principle is often called the 80-20 rule and refers to the idea that 80% of the results come from just 20% of the work.

It s an idea that has been pushed into a lot of different areas. Businesses often get their 80% of sales from 20% of their customers. 20% of people earn 80% of the income, cite income inequality researchers. It s been shown to be true empirically in a variety of areas.

What are the Pareto s” of personal finance? What are the things that, if you get right, account for the bulk of gains?

When I started this article, I wanted to list a few key ideas that encompassed the bulk of personal finance advice. I had all the classics – avoid credit card debt, get the company match to a 401(k), spend less than 30% of your income on housing, save at least 20%, etc. It started to feel like Harold Pollack s index card of finance tips.

As I wrote and expanded on them, I realized they all followed one key idea.

I was looking for the Pareto Principles of Personal Finance but I instead found a Prime Directive.

Prime Directive of Personal Finance

I call it the Prime Directive of Personal Finance (an homage to one of the greatest series of shows ever, of course):

Avoid committing future funds to spending obligations; commit them to saving obligations.

Your money is a proxy for your time. When you commit future funds to spending obligations, you limit your options. When you commit future funds to saving, you expand your opportunities.

If you follow this directive, *and can recognize it in practice*, you have 80%+ of all personal finance advice in just one sentence.

Avoid Credit Card Debt

Debt is a weight on your finances but it s an acceptable one if it serves a greater purpose. Student loan and mortgage debt are two examples of where a (relatively) low interest debt serves a greater purpose (education, housing).

Credit card debt is bad because it s expensive and it s often not for something that will benefit you for many years. It s also usually a sign that someone is living beyond their means, which is a polite way of saying you re stealing from your future self.

If you did nothing else but avoid paying interest on a credit card, you d be farther ahead than your peers who do. The average household has over $6,000 of credit card debt, according to Nerdwallet.

If you made minimum 4% monthly payments ($240) on a $6,000 balance with an 18.9% interest rate, it would take you 33 months and cost you nearly $1,700 in interest to pay it off.

If instead you invested that $52 a month in an index fund earning 8% per annum for just 5 years – you would have over $3,800.

That s how ugly credit card debt can be.

How does the Prime Directive apply? When you take on debt, you re taking on an obligation to pay back that debt with interest. If you rack up credit card debt, you ve committed your future funds, each month, to the credit card company.

You would be far better off to find ways to save up for your purchases so you aren t obligating yourself to a company with such a high price tag.

Get Company Matches, Max 401(k)/Roth IRA

If your employer offers a retirement plan and especially if it comes with a company match on your contributions, take it.

It s free money!

(The only exceptions are if your company s fund options are so terrible and expensive that you lose money… but those are rare.)

As for maxing out the 401(k) and your Roth IRAs, they re both great vehicles for retirement savings. You should try to maximize your retirement savings, especially given the tax benefits, but that will depend a lot on your financial situation. The more you can save, especially early when your expenses are low, the better off you will be.

The National Institute on Retirement released a report that should open your eyes as to the state of retirement savings. 45% of working-age households (almost 40 million) have no retirement account assets. The median retirement account balance of all working households is just $2,500 and 62% of working households age 55-64 have retirement savings of less than 1x their annual income.

How does the Prime Directive apply? When you contribute to a 401(k), you ve committed yourself to saving money for your retirement in a way that comes with a penalty. Since you get a tax deduction on your contribution, you will be forced to pay an extra 10% penalty on withdrawal if you do so before retirement.

This holds true for Roth IRAs too — but most importantly, saving anything puts you ahead of the (albeit glacially slow) pack by a significant margin.

Directive Can Be Violated… With Good Reason

Like the Hippocratic Oath, there are exceptions. Not every piece of financial advice adheres to the Prime Directive. There are financial commitments that make sense, they just need a good reason.

For example, insurance. Insurance is committing to spending but it serves an important purpose – protection.

When I was in my my mid-30s, I remember a period ten-ish years ago when my friends were getting hurt doing stupid things (tearing an ACL after jumping over trash cans) as well as mundane things (tearing an ACL getting into their car). Medical issues were seen as fluky or self-inflicted in your 20 s and 30 s.

Now that I m in my early-40s, I have friends who are fighting cancer, friends who have beaten cancer, and those who have not. Life changes quickly.

Medical insurance and life insurance are financial commitments that have a clear and important purpose. While the goal should always be to avoid future financial commitments, it s a goal with the caveat of purpose. Insurance is financial protection against life s punches and you should be fully insured when possible.

A mortgage is another popular financial commitment. When we bought our house, we agreed to thirty years of fixed payments. It s a very long financial commitment but it s for a house within our budget and where we intend to live for the next twenty+ years. It s less than 30% of our income, a key money ratio for us, and a commitment we re happy to enter.

Your cell phone, your cable bill, your rent, and other similar shorter term commitments are no different. You sign a contract to make monthly payments and those commitments shouldn t be entered into lightly because they limit your future.

Finally, not all commitments are as obvious as a mortgage. Kids are financial (and emotional!) commitments too… and as a father of two, I should note that they should not be had lightly either!

…

Jim Wang has been writing about personal finance for over 15+ years and been featured in the New York Times, Baltimore Sun, Marketplace Money, Entrepreneur, BusinessWeek, U.S. News and World Report, and more.

He also writes at Best Wallet Hacks, where you can find this article and so much more.

The Power of Adding Subtraction to Your Life

—By Brittany Olson

I love the life metaphors I discover when I substitute teach.

Like how we prefer addition over subtraction.

For children, it is more literal. When I sit down to help young children with simple math problems, the first question I ask is, Do we add or take-away?”

If the math problem is adding, the children are usually relieved. They quickly do the problem with ease.

If it is subtraction, or take-away” as I call it, they usually tell me how much they hate take-away” problems. They struggle to subtract the numbers.

I think for adults we have this same dilemma.

It is very easy to add things.

We add stuff to our carts, commitments to our calendars, and monthly payments to our budget with ease.

But when tasked with subtracting, or taking-away,” we struggle.

We dislike letting go and often see subtraction as a fun-killer or a loss.

But subtraction doesn t need to feel like losing something. It can be a gain in many ways.

1. Subtraction Adds Freedom

With less stuff and commitments our lives are less tethered.

We are nimble.

This can allow for easier movement and bigger leaps.

We experienced this firsthand with our decision to move last year.

Because we were renting a small space and had very little stuff, we were able to move back to our hometown 2,000 miles away fairly quickly and inexpensively.

Our simplicity gave us the freedom to make that choice.

2. Subtraction Adds Clarity

When I own less my mind is clearer and my goals and ambitions are more visible because my life is simpler.

If I sit down to write and my room is a mess or cluttered, I cannot clear my head to write.

When I subtract distractions and excess stuff I am left with clarity.

3. Subtraction Adds Money

This one sounds so simple but is still worth mentioning.

When you subtract monthly payments and all those little financial commitments, you will have more money.

Yes, $10/month on Netflix (or whatever it is) doesn t feel like much. But you add in a few other monthly subscriptions, and all of a sudden you have $50/month committed.

I also believe removing stuff adds money as well.

Sometimes money is added from selling items, but more often I find that removing stuff removes my desire for more things.

And without that desire, I spend less.

4. Subtraction Adds Purpose

When you subtract the things in your life that aren t adding value, you are left with only the things that do add value.

You are left with purpose.

One purpose that adds value for me is being a stay-at-home mom/wife. As old-fashioned as it may sound, I love to cook, clean, budget, meal plan, etc. I feel very fulfilled by this purpose.

The second purpose I feel strongly in my life is to pour my energy into young children. I love substitute teaching for this reason.

By living on one income for the last 10 ½ years, I am able to take a sporadic job like substitute teaching.

I subtracted a lot of things from my life over the years to make this lifestyle work for our family.

I have said no” to many things so I can say yes” to these jobs that bring me purpose.

I love the way children teach me.

When children express their opinions and feelings to me, I am often amazed at how similar we are.

I want to do the easier thing sometimes too.

But even though adding might feel easier in the moment – I love the joy that subtraction can bring.

…

Brittany Olson is a wife and mother of two. Through having less and doing less she continually finds more. Find this article and more from Brittany at Lesslessmore.com.

The McDonald's Test

—By Jesse Cramer

The McDonald s Test is a simple way to ask yourself: **am I *really* enjoying the fruits of my labor?**

While chatting with a client last year, we covered a vital financial planning topic: **spending their retirement savings**. It s challenging for many retirees to switch from a *saving* mindset to a *spending* mindset. This client, quite plainly, hadn t started spending *at all*.

Of the cuff, I asked him, Humor me…what s your favorite meal?"

He answered, *Gotta be hamburger and fries."*

I replied, What s the best burger you ve had recently? What s your go-to spot?"

 Honestly…I m pretty easy. McDonald s is fine for me."

I paused.

- Perhaps it s a frugality decision? Frugality is certainly a tenant I write about at The Best Interest. I m never going to begrudge someone for including finances in their decision-making.

- Or is it a flavor decision? I ll admit, thinking about burgers and fries makes me hungry. But the burger spectrum is vast. Surely McDonald s has rivals? Wouldn t he want to explore what s out there?

- Or is it a simplicity decision? In the same way Steve Jobs wore the same outfit every day (it reduces decision fatigue), perhaps my client decided on McDonald s…*and that s that.*

Trying to be respectful, I asked if he d tried any other burger places in Rochester.

Eh, not really.”

I knew he liked driving his old-school car, so I replied,

You know, Mr. Client, *if you wanted to*, you could plan a trip-per-week to the most renowned burger joints in Upstate NY. Drive new roads, try new fries, take notes along the way. That s just one example. My bigger point is…you ve saved your whole life, and now you can spend it. And the way I see it, you might as well spend on your favorite things. I want to make sure that you know what I know – **you can eat all the McDonald s you want. But you can also afford *any* burger and fries you want.**”

That question, it turned out, was the creation of the McDonald s test.

Since that meeting, about once a quarter, I get an email like this:

We took Routes 5 & 20 from Lima to Skaneateles, then went north into Syracuse. Final destination: Ale N Angus. Fantastic burger, I can see *how they ve gotten all those accolades. 10/10, you should go. It was a rainy weekend, but still nice to drive through some of those cities I hadn t been to in years (Waterloo, Auburn, etc).*

If you re a big saver, that s great. But eventually, run the McDonald s test on your own life. Ask yourself – are you at least spending money on the stuff that brings you joy? Are you remembering **both sides** of bimodal spending?

If you just want McDonald s all the time, fantastic. Don t let me turn you off.

But if you ***want*** to day-trip to Ale N Angus, and you can ***afford*** to day-trip to Ale N Angus…**why aren t you?** Are you Big Mac ing through the rest of your life? Or are you enjoying the fruits (and meats and potatoes) of your labor?

That s the McDonald s Test.

…

Jesse Cramer created The Best Interest, where this article was originally published, to explain personal finance and investing in simple terms. His writing has been featured by CNBC, MSN, The Motley Fool, and other national publications. He resides in Rochester, NY with his wife and their dog, where he works in wealth management.

Pack Your Bags for A 3-Year-Cruise

—By Joe Udo

Pack your bags. It s time to live your digital nomad dream! How would you like to live and work from a cruise ship? If you work remotely, you really need to check this out. **Life at Sea Cruises** is offering a 3-year-long cruise around the world. Oh wow, that s a long time to be on a ship. But a trip like this sounds amazing to me.

A trip around the world is on my bucket list, but the logistics are difficult. I wanted to take our son out of school for 6th grade and just go travel. However, it just didn t work out. Now, I don t even know if we can go in the future. This cruise would make it so easy and affordable. It s even better for young remote workers. They can work while seeing the world. This kind of opportunity doesn t come along very often.

I read about this cruise and told Mrs. RB40 about it. She said let s do it! But, hold on. Let s find out more about this long cruise. Can we really go?

3-year-cruise

Here is some info on the cruise. You can see more on their website – Life at Sea Cruises.

- **Length** – The cruise is scheduled for 1,095 days, 3 full years. They plan to visit 375 ports across 135 countries. The ship will stop on all seven continents. Here is their interactive map on

Google Earth. Wow, this is a very economical way to visit all these destinations. It d cost so much more money to visit each destination individually. They will stop at each port for 2-7 days. This is longer than usual and will allow the seafarers to explore a bit.

- **Price** – A cabin starts at $30,000 per person per year. This is double occupancy in the cheapest interior room. This would cost **$180,000** if you pay upfront. That might sound expensive, but many families spend much more than this just for living in the US. The cost of living is getting more expensive every year. You can go alone and get a little discount. A single person would pay $153,000 for the same room.

- **Financing** – If you don t want to pay upfront, you can finance it for 10% interest. Instead of paying $180,000 upfront, you ll put $27,000 down and shell out $4,720 per month. Actually, this sounds better to me. Who has $180,000 lying around? 99% of our money is tied up in various investments. I d probably finance a trip like this.

- **On-board inclusive** – The cruise is pretty inclusive. The trip includes meals and drinks. There is a hospital onboard with free visits. Prescriptions, procedures, and other healthcare expenses are extra, but at the European price. Laundry, entertainment, housekeeping, and gym are included. You probably don t have to spend much when you re on the ship.

Excursions would cost extra, of course. A service charge is included. Tips are optional.

- **Work** – Their business center has 2 meeting rooms, 14 offices, a business library, a lounge, and a café. Wi-Fi is included. You can go to work at the business center and hang out with your shipmates afterward. It should be fun. Maybe…

- **Visitors** – Guests can visit and stay in your cabin. They will have some roll-away beds. If the room is unoccupied, friends can take your place on the cruise. You can arrange some kind of timeshare if you d like. This provides some flexibility.

- **Pet** – Some cabins can accommodate a cat. No dogs.

- **Tax saving** – Some people **may** save on taxes with the Foreign Earned Income Exclusion. You need to have a tax home outside the US for this. For 2023, the maximum exclusion is $120,000 per person. This could be big, but the FEIE is much more complicated than I thought. Check with the H&R Block tax software to see if you can actually take advantage of it.

- **Age** – They don t accept kids under 16 years old. Unfortunately, this rules out the cruise for us. RB40Jr just turned 12.

This cruise sounds too good to be true. It s a great deal if you re in the right situation:

Young digital nomad couple with no kids

This is the perfect scenario for young digital nomads who want to see the world. You ll earn income and may save on taxes. The basic cost of living is all included. You don t have to cook, clean, or drive. You can work whenever you want and travel all over the world. What a life! They said half of the bookings are from remote workers. I can see why.

Empty nesters

A cruise like this is great for empty nesters without many ties. Once RB40Jr goes off to college, it will be game on for us. We want to travel to many of these locations anyway. This is the most economical way to travel. It would cost more money to maintain a home in the US and visit 2 international destinations per year. I d rather sell our duplex and go. We re planning to move when RB40Jr goes off to college anyway. Three years of travel would dovetail nicely into our plan.

Adventurous retirees

Travel isn t as fun when you re older. Those long flights and layovers are already torturous on my back. I can t travel like a young kid anymore. I need to plan for shorter flights and longer stays. But a long cruise like this is a great option too. We can sleep comfortably in our own room and wake up in a new city. It ll be great to see the world without the discomfort of flying.

Not the right timing

Unfortunately, this isn t the right time for us. RB40Jr is still in school and we want to give him a normal childhood. Even if this cruise accepted kids, we can t pack our bags yet. Mrs. RB40 also isn t quite ready to take off. She wants to work until RB40Jr is done with high school. That s too bad because this trip sounds like a fantastic deal to me.

If it's not the right timing from you, don t be discouraged. Other tour companies are planning this kind of cruise too. There will be a market for it as long as remote work continues. It sounds like this cruise is selling out quickly. If they make money, there will be more long cruises like this in the future. I m not in a huge hurry.

What about you? Are you ready to pack your bags and cruise around the world for 3 years?

…

Joe Udo had been a computer engineer at Intel since 1996, but the job wasn't the right fit anymore. His physical and mental health deteriorated and he knew he had to get out. He started blogging at Retire by 40 in 2010 to answer the question, "Is it really possible to quit your career and leave it all behind before you’re 40?” Check out this article and more from him at Retire by 40.

Trust Where You Are

—By Grant Sabatier

I wish I d found this book ten years ago."

That s one of the main comments I get from readers of my book, *Financial Freedom.* A core theme of that book is that, the sooner you begin building wealth, the sooner you will be able to reach financial independence.

Money, and the energy you invest into building it, compounds over time. Time is your biggest asset, which means youth is a huge competitive advantage.

It s a lot easier to save money, have a side hustle, or study the stock market when you re twenty-five years old, have no kids, and are free to use your time as you please. And when you invest in your twenties, your money has longer to grow.

This makes you more resilient in the future, whether you choose to retire early or not.

Those who start their financial freedom journeys in their thirties, forties, or later lament the loss of this advantage.

They worry they re starting on the back foot because they have greater financial obligations and more limits on their time.

This is especially true for people who have kids or other dependents, since raising a family requires a huge investment of both time and money, not to mention mental energy.

Maybe you ve just started your financial freedom journey and feel like you need to play catch up. Or maybe you started your journey a while ago but are now entering a new phase of life and are struggling to ease into the transition.

Remember, this is not a race. This is about building a life you love on your own terms and in your own way. There is no set path. Only your path.

All progress is progress.

The most important thing you can do is use the energy you have toward your goals. Energy is expansive; the more you put into the world, the more comes back to you–whether you have five hours a day, week, or month.

Here are some strategies to keep you focused:

1. Be honest and easy with yourself

Overextension is the quickest way to burnout. I know from personal experience. When you first learn about financial independence, it s natural to get excited by all the possibilities. But if you try to do too much too quickly, or if you set unrealistic goals based on the time you have, you ll get frustrated and unfocused.

Be honest about how much time and energy you re able to dedicate right now, and leave room to experiment before you expand.

It s better to spend five hours every week consistently working towards a goal rather than 20 hours for three weeks and then quit because you can t keep up the pace.

2. Carve out your most productive time

Harness the time and energy you have and honor your natural rhythms. When do you have uninterrupted free time? When do you feel most productive and creative? What environments help you focus?

Set aside this time each week or each day and dedicate it to setting and pursuing financial goals. When you start to see results, you ll find you naturally create more energy and want to dedicate more time to your pursuit. Time expands when you create space for it.

3. Revisit the basics

It may seem boring–especially if you ve been building wealth for a while–but during periods of transition, it s important to remember the basics. Read (or re-read) *Financial Freedom* for a crash course on how to start saving and growing money as soon as possible and acquaint yourself with the basics of a foolproof wealth-building strategy.

Do you have a plan to pay off debt? Have you maximized your tax-advantaged retirement accounts like your employer s 401(k) or a personal IRA? Do you have an emergency fund that will meet the needs of your current stage of life?

These relatively straightforward tasks will help you plug the gaps in your financial life and give you more options. You can t build a building on a shaky foundation.

4. Alternate between periods of sprints and rest

While consistency is key, you should also take advantage of any periods where you can ramp up your efforts toward your goal. In October 2019, my wife took a month-long trip to Africa.

During that time I spent 80-plus hours a week optimizing my website and setting up systems to ramp up our revenue streams. It was this focused push which powered the growth over the next 12 months and led to the eventual sale in October 2020.

It was intense, focused, exhausting work, but the effort also allowed me to take the next two months off after my wife returned home. During the sprint I ate extremely well, worked out, and slept whenever I wasn t working. It wasn t balanced, but I knew I only needed to do it for a month and it was life-changing.

Just like elite athletes must prioritize recovery time or farmers must let fields lie fallow before replanting, you must dedicate quality time to rest after a big push in order to achieve long-term success. Plan your pushes and your rest.

5. Go where your energy takes you

Like money, energy can either be spent or invested. When you spend energy, you use it up and then have to spend additional energy to make more. When you invest energy, it compounds on itself and grows exponentially.

Certain activities like working a job you hate, waiting in traffic, attending boring events or spending time with people you don t care about–deplete your energy. This has cataclysmic longterm effects on your health and happiness.

Other activities like sharing quality time with loved ones, doing work you re passionate about, spending time in nature, going places that expand your view of the world – grow and replenish your energy. They nurture you.

Pay attention to the things that grow and replenish your energy. Direct as much of your effort to those activities as possible. Listen to your intuition, then start trusting it more. If you feel depleted, it s because you are. You already know what you need.

6. Buy back your time

One advantage to being older and farther along in your career is that you can usually command a higher income than you did when you were younger.

Whether this describes you or you re making more money than you thought you would, think about ways you could spend money to buy back your time so you can focus your energy on things that bring the most rewards.

Can you outsource certain household or administrative tasks? I pay a college student $20 an hour to wash our dishes and do all our laundry, saving me and my wife almost 20 hours per week! It s a no-brainer for $400.

Can you hire an assistant and/or purchase tools or software to improve your productivity at work? If you can buy back even a few hours a week, you can turn the energy you save into massive returns over time.

Our culture loves to celebrate youth, and we often hear stories about twenty-somethings accomplishing huge goals because it s inspirational and rare.

One of the reasons my story has spread so far is because I achieved financial independence by the time I turned thirty.

I could have chosen to relax more in my twenties and have all the experiences my friends were having and still achieved financial freedom by age 40–and most people probably wouldn t have cared.

I made a tradeoff and I m glad I did. If you chose to spend your twenties differently, there s nothing stopping you from achieving your own goal on your own timeline, and history is full of people who have done just that.

Take Gary Vaynerchuk, one of the most prolific and successful entrepreneurs of the past fifteen years. He pioneered Web 2.0-era content marketing, but he didn t even start creating content until he was in his thirties.

The skills he had acquired up until then helped him discover and shape the career that would make him a millionaire.

Financial freedom is not the end of the journey; it s the beginning.

I have written previously about the period of detox and reevaluation that follows reaching financial independence. While we re busy growing our wealth, we can become so focused on that goal that we can feel ungrounded when we no longer need to work toward it.

The only reason to strive for financial freedom is because it expands your opportunities by building resilience into your life.

When you no longer have to worry about money, you can take more risks and spend time only doing things you care about. No matter what stage of the journey you re on, check in with yourself so you don t lose sight of those things.

What kind of life do you want to lead? What kind of legacy do you want to leave?

I was inspired to read a recent story about Google co-founder Sergey Brin. Last month, several people at Google reported that Brin had filed his first request to access code since stepping away from day-to-day operations in 2019.

The code in question is for Google s AI-enabled language chatbot, an evident response to the recent success of ChatGPT, which Google s competitor OpenAI revealed late last year.

AI is a top priority for Google, and other innovators in the field are presenting one of the biggest threats to the company s market share in recent memory. But, to me, Brin s involvement is about much more than competitive advantage.

It speaks to his natural curiosity and passion for technology. It speaks to his love for the brand he created. It s also a testament to his belief that AI is the future, and he wants to be a part of it.

Why else would a billionaire whose company employs some of the most intelligent and talented people on the planet spend his time tinkering with code?

Brin has entered his re-engagement phase. Long after achieving financial freedom, he has come full circle.

His wealth enables him to spend his time doing anything he wants, and he has chosen to reconnect with his passion and mission.

I m not a billionaire, but I can t help but draw parallels between Brin s story and my own recent decision to buy back Millennial Money, the business I grew from scratch that has helped me become a multi-millionaire.

I m still passionate about teaching people how to make money and use it to expand their lives. I see the potential and energy within this community, and it excites me every day.

I can think of hundreds of ways I could spend my time that would make me more money, but the work I do makes my life richer than I can measure in dollars. The energy I put into it doesn t deplete me, it helps me grow.

As we move through the year, pay attention to where you are, what you need, and where your energy is going.

...

Grant Sabatier is the author of Financial Freedom (Penguin Random House), which has been translated in 15 languages. He's currently the CEO of MMG Media Group, a network of personal finance websites that include MillennialMoney.com, where this article was originally published, and BankBonus.com. His writing and story continue to circulate in top media publications across the world.