These people left their jobs behind to retire early — then life got in the way. Here's how they coped with FIRE plans gone wrong

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Gwen Merz, 28, is doing something she thought she'd never have to do again: hunt for a job.

Earlier in her 20s, she set a goal to "retire" from full-time work at age 35, but she later decided to move that date up to 27.

She wasn't going to "retire" completely, but work flexibly after quitting her job. At that time, she planned to move to Minneapolis to be with her boyfriend. She saved more than $130,000 in a 401(k), about $25,000 in a Roth IRA and kept $20,000 in cash. She also had about $5,000 in a taxable investment account and $10,000 in a health savings account. She also hoped to access a pension she had been entitled to.

To supplement her savings, she planned to rent out a property she purchased. She also co-hosts a podcast, freelances doing content management and sells craft items on an Etsy store.

She took the leap into "financial independence" in March 2017, "ecstatic" to experience her new freedom.

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But life had other plans.

The rental property was too complicated to manage from far away. She found that she hated freelancing. Because of some technicalities, she wasn't able to access her pension yet. There were fewer bites than expected on her Etsy projects. And she and her boyfriend broke up.

Now, she's living with her parents until she finds a new, full-time job, back in the IT world where she started.

But she doesn't regret her choices, she said.

"At the beginning, I had to evaluate the risks," she said. "I knew the worst-case scenario is that we would break up, I move out and move in with my parents … I was able to do that because I don't have anybody depending on me. I can take these risks knowing I'm only affecting myself."

What's more, she learned that she doesn't actually want to "retire" — at least not yet.

"I've learned a lot about myself and the world and what I need in a relationship and what makes me happy and fulfilled in a job," she said. "For all of those things, I'm grateful, even if my plans didn't go the way I wanted them to."

Merz isn't alone. The idea of "FIRE", which stands for "financial independence, retire early" — has gained traction in the past several years. Many members of the movement live frugally to meet their goals, including biking instead of driving a car, limiting the amount they spend on food and travel and even producing their own food and clothing themselves. They connect online, through forums and Facebook groups, to encourage one another in their progress.

But it's risky. Before "retirement," many members of the FIRE movement are working full time jobs — often lucrative ones — but they leave all that behind in order to live off their savings for decades.

Read: Why does the early-retirement movement have so many haters?

And it doesn't always work out that way.

Mr. Money Mustache is largely credited with popularizing the idea of "early retirement" and encouraging others to spend less in order to work less, too. He was able to retire in his 30s, thanks to a cheap lifestyle, index-fund investing and investing in rental real estate.

He lays out the amount one needs to retire early on his website: There's no magic amount because it varies by person.

Aspiring retirees must calculate how much money they take home each year and how much they can live on. They should assume 5% investment returns after inflation during their saving years, he says. And they can plan on a 4% “safe withdrawal rate” in retirement, with some flexibility at times. They should also create a “safety margin,” he said, in case anything unexpected happens.

Financial commentator Suze Orman has said she “hates” the early retirement movement because most people don’t save enough.

Early retirees should actually save upward of $5 million to be on the safe side, Orman said. (And of course, members of the “FIRE” community disagreed.)

But unexpected events do happen, and that’s why planning how much you’ll need in retirement is so difficult — at any age, said Rachel Podnos, an attorney and financial adviser based in Washington, D.C.

“Even people who are relatively sophisticated financially underestimate how much they’re going to need,” she said. Between health care, family responsibilities and housing costs, retirement can be expensive — and not always in the ways you’re anticipating, she said.

And going back to work like Merz did may not always be easy, Podnos said.

“Explaining to your employer you have this gap in your resume because you decided to retire … I feel like you would have to come up with a really good spin on that.”

That said, “early retirement” doesn’t always mean leaving the workforce — some “FIRE” movement members plan to still work, but won’t need to rely on their full-time incomes any more, said Alison Norris, a certified financial planner and advice strategist at the personal-finance company SoFi.

Some members of the “FIRE” community opened up about ways their retirement isn’t going as expected. Here are just a few of their stories.

That feeling when your cryptocurrency gets stolen

Alli and Matt Owen, a married couple who are 28 and 29, discovered the “FIRE” movement about four years ago. At the time, they were living in Bakersfield, Calif., working in the oil-and-gas industry and making a combined $250,000 a year. They decided to “retire” in 10 years, from when they found out what “FIRE” was.

“We didn’t like where we were living and thought of the FI movement as a way to have more freedom,” Alli said. Their goal: Save $1.2 million by then, so they could live off $40,000 a year for the rest of their lives.

But they both began to struggle with mental health issues including anxiety and depression, and decided to leave their jobs earlier than planned, never reaching that $1.2 million goal. Instead, they left work in April 2018 with a combined net worth of $600,000, to travel around the U.S. for about six months.

The day before they left, they got some bad news. Their computer had been hacked. And along with it, $17,000 worth of cryptocurrency they bought was gone, too.

“It was really hard,” Matt said. “It was my responsibility to make sure it was safe, and I didn’t do that.”

“There was a lot of self-doubt, like, ‘Did we make the right decision leaving our jobs?’” Alli said. “Is this a sign we’re going the wrong direction?”

Ultimately, they still took their trip. The $17,000 wasn’t enough to completely derail their plans. But it did put stress on their relationship, they said.

The Owens don’t know what their futures will hold and whether $600,000 will be enough to support it. For one thing, they want to have children, and they’re not completely sure how much that will cost.

So to make a little more income, they’ve started two businesses: one to coach others on their finances and another selling a food product for the ketogenic diet.

They’re not too worried, Matt said.

“There are other people in the movement who have families,” he said. “They’re not very materialistic, they’re not buying a lot of toys and gadgets … we think kids need a lot of time with us, and that’s the most important.”

When an unexpected illness takes hold

Liz, a 38-year-old mother of three boys in Connecticut, has always been interested in personal finance, she says. She wasn’t sure exactly when she could retire, but hoped to meet some level of financial independence by the time she was in her mid-50s.

To meet that goal, she has not only been a diligent saver, but she also pursued an M.B.A. while working full time, she said. Her habits came in handy six years ago, when her husband almost died of septic shock: an infection that has made it difficult for him to work since.

Now, the family’s retirement plan is almost entirely dependent on Liz, a scenario she never expected when she was in her 20s, she says. She worries about others pursuing “FIRE” while relying on remaining in perfect health, or needing the income of a partner, she says.

She especially cautions those who may have a plan for health and disability insurance, but don’t factor in additional costs like adapting the home for a disabled family member, or needing to purchase special clothing or foods for them.

“The folks whose plans are based on nothing going wrong, they’ve had nothing serious happen to them or people close to them,” she said. “Unfortunately, life isn’t like that. Some of us learn it the hard way.”

Losing your partner

William McVey, a 45-year-old living in Mason, Ohio, and his wife Amber wanted to retire early even before it was trendy.

The plan: Once their twin boys were grown up, they would be able to travel as empty nesters. William is a software engineer, and Amber worked in biotech until she became pregnant with their sons. They devoted her entire salary to savings and lived off William's income alone.

But in 2009 years ago, she was diagnosed with breast cancer. Initially, she recovered and lived cancer free. But the cancer returned in 2012, and she died five years ago. Now, William is solely responsible for caring for their twin boys, who are now 16 years old and both struggle with autism.

The couple made some smart choices before Amber's diagnosis and eventual passing, William says. They both had life insurance. Now that Amber's policy has been cashed, he has earmarked those savings for his sons, but is still able to work flexibly.

"I reached my 'FIRE' numbers in the worst possible way," he said.

He continued to work after Amber's death, but felt he was not spending enough time with their boys. That's why he works more flexibly now, doing freelance work instead of a full-time role.

His advice for those planning to retire along with a partner: Share everything, including passwords to your financial accounts and an overall savings strategy.

Talk about what you'll do in case of divorce or death, way in advance, he says. During Amber's illness, they never wanted to talk about death, what William calls "going to the dark place."

"I don't necessarily regret that, but we should have had these conversations," he says.

Welcoming new family members

A blogger who goes by "Mrs. Simply FI" , 27, and her husband, 31, have a single income of just $26,000 for their family of five.

They work at a camp in the southwest United States: the husband maintains the camp's computer system, and the wife takes care of their children, while occasionally picking up cleaning shifts and doing freelance photography. But with the job comes free housing, free internet, medical care and free food during the summer months.

In the next several years, they plan to buy a school bus and renovate it into a "tiny home," where they will live with their three children. During that time, the husband may be able to work remotely in IT, but the family will be completely mobile.

They are evangelical Christians, and they hope to pursue various ministries in their "retirement." Being financially independent will help them with that, they said.

"Our faith really teaches us that we should be able to leave a legacy for our kids, and for other people too," Mrs. Simply FI says.

But of course, it isn't so easy.

One of their children is 3 years old and has some special needs, for which he needs occupational and speech therapy. And they're hoping to add more children to their family through adoption.

In fact, they recently welcomed a foster child into their home, so they are taking care of four children on the same salary that supported three. That will delay "FIRE" for the family. But that's OK, Mrs. Simply FI says.

"The whole point for us is not to achieve a certain number. It's to build a life for ourselves and our children that is satisfying and reaches the goals that we have," she said. "Part of that for us is that we love our children and children in general. If we have an opportunity to adopt a child it's worth it to us to move our date by a year or two to build a life that we're wanting."

Time will tell whether they're able to "retire," she says. Right now, they're taking the steps to make it happen, including putting more than half of their income toward remaining student loan debt.

And having a nest egg will benefit the family, even if complete retirement isn't possible, she says.

Unexpected expenses "would pop up anyway," she says. "At least we'd be in a better position when they do happen."

Advice for those considering 'FIRE'

No matter what age you're planning to retire, spend time beforehand imagining what you want your life to look like, Norris of SoFi said. That will help you "assign a price tag to your retirement goal," she said.

And if you save too little, it doesn't have to be a disaster.

You may be able to re-enter the workforce. You may have to reduce your spending as much as you can. Homeowners might have to consider a reverse mortgage, which means converting part of your home equity to cash.

Just consider the unknowns that could come up, including market volatility, long-term care needs and any changes in the tax code that could come up, Norris said.

And if you're like Merz, you can take it in stride.

"I didn't need anyone to tell me, 'I told you so,'" Merz said. "This was something I needed to come to myself. All in all, people have been really supportive."

Maria **LaMagna**

Maria LaMagna covers personal finance for MarketWatch in New York.

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