The Complete Guide To Early Retirement

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HELLO & WELCOME,

As a financial advisor, you may not believe I'm saying this, but…

I don't believe everyone NEEDS a financial advisor.

However, having a financial advisor can add tremendous value.

The thing is, most people who hire me don't need to.

Instead, they do so because they'd rather spend their time doing other things knowing their money is being optimized by someone whose primary task is to ensure they reach their financial goals.

On the other hand, I also realize many people enjoy managing their own finances. They prefer autonomy over having to rely on someone else. If that's the case for you, I encourage you to continue to do so.

Nonetheless, I want to support you on your journey, and that's why I wrote this book.

With it, you should be able to develop a framework you can use when you're in a position to retire early (i.e., make work optional & create true financial freedom).

Before we dive in, let me tell you a little about my background and how I got to where I am today.

I grew up around undisciplined wealth in Malibu, CA. My parents were great at making money, but I learned that's very different from having a financial strategy. I couldn't understand why, but there was always stress in the household, no matter how much money they made.

I later learned that my parents had multiple financial advisors throughout their life because they had been burned by bad experiences with incompetent advisors.

In the end, they didn't trust any advisor, which is entirely reasonable considering they were often smashed with hidden fees and poor advice.

However, they also lacked the confidence needed to build a great financial plan independently.

This may have partly influenced me to get into finance so I could change the future rather than risk a repeat of the past. However, I've also always been a numbers guy, and making financial plans brings me great joy.

My background is in creating tax-free income for institutions. Previously, I worked with Nuveen investments, a multi-billion dollar firm specializing in helping institutions, endowments, and pension funds.

But throughout that time, I felt like I was missing something critical.

I wanted to work with clients 1-on-1.

That's why; nowadays, I'm the Vice President and a Lead Financial Planner at Root Financial Partners and also the host of the Early Retirement podcast.

Through these roles, I have found my passion in helping people invest, save on taxes, and create an overall financial strategy that ensures they get the most out of their money before and after retirement.

Learning from my parent's experience and the experiences I've heard from too many other people burned by poor advice, it doesn't make sense to work with an advisor if the value you're receiving doesn't greatly outweigh the fee charged.

Read that again.

If your financial advisor's advice doesn't outweigh the fee they charge, you're wasting your time, money, and energy.

I want my clients to be excited to pay the fee.

And, spoiler alert - *they're happy*.

I know you're thinking, "why would people ever be happy to pay a fee, Ari?"

And the answer is simply this; the advice and planning I share is far more valuable than the fee I charge to share it. If you can gain massive value from a service, it's worth paying for it.

Think of it in simple terms, in a situation most of us are in each day - buying a meal.

When we go to a restaurant, and the server is excellent, the food is tasty, and the location is incredible, putting your card down on the bill doesn't feel like a chore - in fact, you're happy to support the business.

On the flip side, if your meal is cold, the server is rude, and the atmosphere is dead, you will dread opening your wallet.

Throughout my career, I've spoken with thousands of people who are great at making money but lack a financial plan. This generally meant they worked longer than they liked, spent less than they desired, and, most importantly, didn't sleep as well at night because of it.

In my role, I want to actively change that for as many people as possible.

Today I work with clients who have saved and invested well already.

Generally, they have between \$1M - \$5M in investable assets and want to maximize the effectiveness of what they've worked so hard to create, especially when it comes to retiring early.

I specialize in working with clients hoping to retire early and looking for a holistic financial plan through investment management, tax planning, estate planning, insurance, cash flow, etc.

If this sounds like something you'd like to learn, too, stick around.

If you're ready to create a custom strategy without reading any further, you can start immediately by clicking the button below. It's never too early to start planning.

CREATE MY CUSTOM STRATEGY NOW

ARE YOU READY TO RETIRE?

Your first thought might be: “I’ve been ready to retire from the day I started working, Ari,” - and I get that.

However, when it comes to retirement, there is more at stake here than just the numbers. Some people don’t visualize what retirement truly means, they don’t have a vision for what life looks like on the other side, and my questions are:

- *How can you be sure it’s the right move for you without a clear vision?*
- *Are you mentally prepared to retire?*
- *Do you have a list of activities you are entirely ready for?*
- *What does the reality of retirement look like for you on a daily basis?*

The last thing you should do is aim for early retirement and not enjoy every minute of it. That defeats the whole purpose. Then you’re stuck in a neverending loop of unhappiness, moving from a potentially unenjoyable career into an unenjoyable retirement.

I’m determined not to let this happen to you.

I’ve worked with people who are blindly focused on early retirement. They think it’s the only solution for them when, truthfully, they just need a career change or a reduced hour/part-time job instead.

Not liking your job doesn’t mean you need to aim for early retirement; it means you need a new job.

Full retirement brings transformative changes that we need to be prepared for. If we enter retirement too early, overspending in the early years (due to boredom, a new sense of freedom, carelessness, or otherwise), then we risk not having enough in our portfolio for our latter years.

Consistent stability should be everyone’s aim in retirement.

When it comes to retirement, you need to ensure you have enough money, period, without having to worry and second guess your decision.

None of us want to jump back into work in our 70s - that would be entirely counterproductive to the early retirement plan, which is why I don't like to rely on the Monte Carlo analysis.

If you were hopping on a flight and the pilot told you that you had a 90% chance of survival, would you take the 10% chance of dying in a plane crash or allowing your family to pass away a few minutes into the flight?

I don't mean to be morbid, but we need to look at retirement with the same lens, ensuring that all loose ends are tied up, guaranteeing long-term success, rather than taking chances - no matter how slight that chance may seem.

Retirement is like a long vacation in Las Vegas. The goal is to enjoy it to the fullest, but not so fully that you run out of money.

JONATHAN CLEMENTS

DETERMINE EXPENSES

Now let's get into the numbers.

Most people try to anticipate their expenses in the first year of retirement and inflate this number each year by a historical inflation rate. However, they make the mistake of looking at their costs in the same way they're spending right now.

As you grow older, the types of expenses you incur change. What a retiree needs to spend money on may be different from what you need to spend money on in your current set up. Hence, we need to allow for this in our calculations.

For example, your medical care could increase significantly in retirement. Expenses like these tend to grow faster than the goods and services you currently purchase.

BASE EXPENSES

As a starting point, you should clearly understand your monthly budget. Most of us have this already, thankfully. But, if you don't, it's time to get your ducks in order before moving any further with the idea of early retirement.

In this monthly budget, with a view towards early retirement, it's essential to plan for the one-off expenses that could harm your stability.

Planning for these things, and having a reserve in place to cover them, is key. I'm talking property taxes, needing a new car, damage to a property, etc. If you haven't planned for these inevitable expenses, you're leaving room for error.

ADDITIONAL EXPENSES

Retirement isn't just about having food on the table and a warm home to live in. It's about living the life you've been dreaming and planning towards. So with that, you should be realistic about the additional expenses you likely want to add to your regular expense budget.

For example, is it your dream to travel? If so, how many trips are you planning to take each year? Will they be international or domestic? What will this realistically cost?

Maybe you don't want to travel. Perhaps you have other plans varying in range, expense-wise. That doesn't matter. What does matter is that you've accounted for them, have a plan in mind, and can make it happen in line with the retirement strategy you have in place.

The better you can determine travel/additional expenses and potential medical expenses, the better you can control your spending and the more peace of mind you will have during a meaningful retirement.

THE RETIREMENT SMILE

We may all be smiling when we think about retirement.

However, I'm referring to something else here.

The Retirement Spending Smile is a concept coined by Michael Stein in his book The Prosperous Retirement.

GET THE BOOK

ESSENTIALLY WHAT THE SMILE REPRESENTS IS THAT:

- Expenses are at a peak when you initially retire
- They decrease in the middle
- Rise again in the end due to medical expenses, care, etc.

He writes about retirement in three phases:

- **Phase 1**: Go-go years.
- **Phase 2**: Slow-go years
- **Phase 3**: No-go years.

These are important to note so you can plan for the ebb and flow of a natural retirement.

EXPENSE TODAY - GONE TOMORROW

When we think about retirement, it's not all about increased expenses. This can impact how much your yearly budget really needs to be throughout your retirement years.

Let's look at a mortgage as an example.

If you have a mortgage right now, you undoubtedly need more money from your portfolio to cover it. However, once the mortgage is paid off, you will need much less from your portfolio, as a considerable repayment sum is eliminated from your expense list.

Let's say you need $80,000 to supplement other incomes to have a total goal of $120,000/year of retirement.

Once your mortgage is fully paid, will you really need that amount?

I'm not encouraging you to minimize your dreams here.

However, perhaps there's a smaller amount that could work instead that you haven't considered, like your house being paid, or any other debt repayment is off your shoulders.

Don't simply retire from something; have something to retire to.

HARRY EMERSON FOSDICK

RETIREMENT INCOME

The next foundation you need to lay for your retirement is to determine precisely the income you will have throughout your retirement years.

If you want to retire at 59.5 or older, you can access your funds without the 10% early withdrawal penalty (however, you will still owe taxes on it).

But what if you want to retire earlier without incurring a hefty early withdrawal fee?

My first question is: do you have a brokerage account? If so, can you utilize it?

These can help bridge the gap between when you retire and when you can access your 401ks/IRAs/Roth IRAs, etc.

Nonetheless, without significant planning these years can be tricky.

AT WHAT POINT ARE YOU FULLY DEPENDENT ON YOUR PORTFOLIO?

Some people view the gap years as the years leading up to age 59.5, where they can’t access retirement funds without incurring a penalty.

Others view the gap years as the years before any outside income source begins, i.e., you may be able to access your IRA but unable to access a Pension or Social Security.

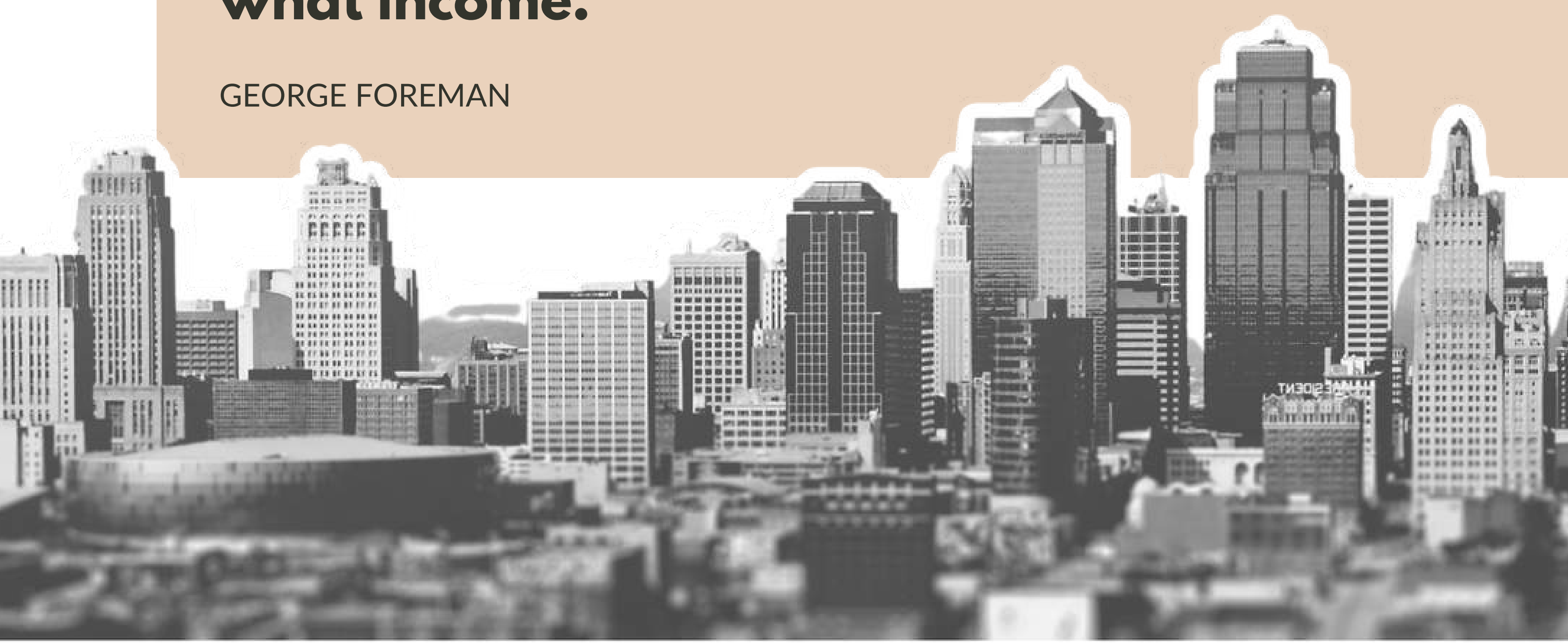
No matter how you look at it, you need to have a legitimate plan to bridge that gap comfortably.

Another consideration you may not consider is if there is an age gap between you and your spouse (even a slight one), and whether your spouse is happy to keep working.

Sometimes, there isn't even an age gap - perhaps they're just happy to keep working until the traditional retirement age.

Nonetheless, the income a spouse generates can make a massive difference in bridging gaps in your long-term plan.

> **The question isn't at what age I want to retire, it's at what income.**
>
> GEORGE FOREMAN



FURTHER CONSIDERATIONS

Naturally, it's easy to say, "determine your income and expenses, and you have the numbers needed to make a plan."

But it's naive.

There are far more factors at play. Planning and considering every single one of them is essential to your early retirement reality.

If you haven't thought about the following, it's time to start thinking about them.

WHAT'S YOUR ASSET ALLOCATION?

Here, you need to consider the risks involved in your current assets. Are they wholly reliable? Could you run into issues? Are there ways to maintain the reward but reduce the risk for a more stable retirement?

ROTH CONVERSIONS

Roth Conversions are most beneficial if you'll be forced to take out much more than you need in retirement.

WHAT ARE YOUR LEGACY GOALS?

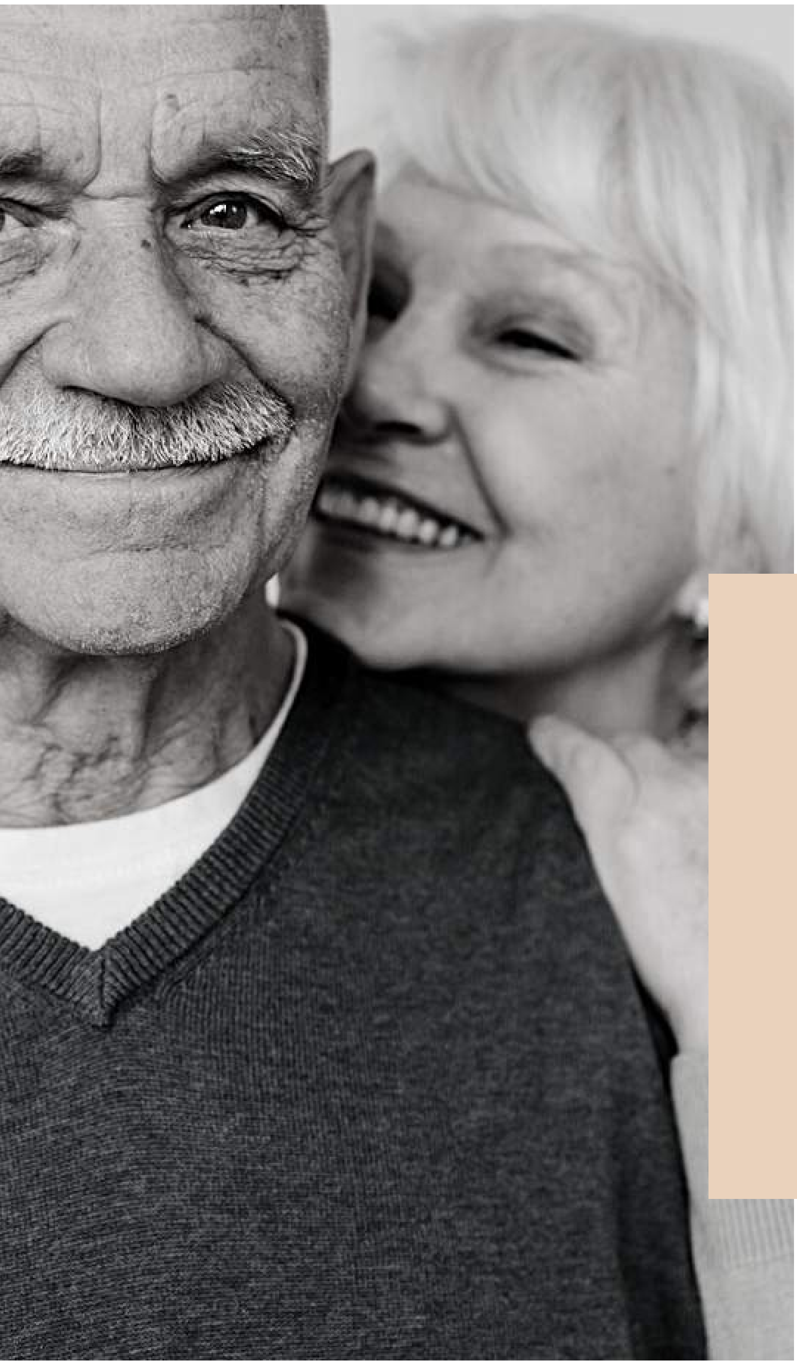
Retirement doesn't end with us. Many people have children, grandkids, or other people in their lives that they want to support financially in their retirement and their will. This isn't something you can leave as a last-minute considered expense. If you have legacy goals, consider them carefully before retirement so that you are sure you can meet them as you wish to.

WHAT IS YOUR MEDICAL PLAN?

Medicare doesn't begin until you are 65. So, what option will you pursue? Is that sustainable in your gap years? Have you considered any variables?

WHAT'S YOUR TAX STRATEGY?

Taxes are necessary to plan. If your taxes are going to remain high, it might be helpful to consider a Roth Conversion to reduce your continuous tax expenditure. However, there is another option: Tax-Gain Harvesting. This is when you can pay taxes at 0% (when implemented properly). At the end of this document, you'll find a The 2023 Tax Guide including information on the phaseouts of income. In 2023, you can pay 0% in taxes for up to $89,250.



WHAT IS YOUR FAMILY HISTORY?

Depending on your family's medical history, you may or may not want to take it into consideration. Doing so is hugely beneficial when looking realistically at your retirement plan.

If your family has a history of poor medical health, through a genetic illness or otherwise, it's vital to have funds in place to deal with that eventuality if it knocks on your door too.

Similarly, if your family has a history of living until they're long into their 90s, you must ensure you're positioned correctly to cover 30+ years of income (if you retire in your late 50s/early 60s). In those situations, you can't assume the average age of death, as you'll be leaving yourself short in your oldest years.

> **Planning is bringing the future into the present so that you can do something about it now.**
>
> ALAN LAKEIN

YOUR FINANCIAL PLAN SHOULD BE ROOTED IN WHAT SUCCESS LOOKS LIKE TO YOU

As a financial advisor specializing in early retirement, the main questions I get are:

- *When can I stop working?*
- *How much do I need to retire?*
- *Is it one million, two million, or ten million? Tell me the secret!*

I want to touch on this subject briefly so you can further your financial plan.

Overall, there is no ideal time you can and should stop working. Similarly, there is no absolute number you should have across your assets to live a secure retirement.

The goal of a retirement plan is to replace your income and live comfortably once work becomes optional rather than a necessity in your life.

What that means to you could have a completely different meaning to your neighbor or best friend. For example, while you may be comfortable living off of about 5K a month, your next-door neighbor may have huge plans for a cruise every other month and a lavish lifestyle.

How much money you have and when you can stop working depends on what retirement looks like to you. Period.

That's why, when it comes to my clients, there are times when I advise them to stop working as soon as possible, even though their retirement funds may not be deemed "perfect" by outside eyes. If they aim to live a happy, modest life, enjoying their 60s surrounded by family (and they have a stable means to do so), then that's the best option for them.

On the other hand, I might have a client in their late 50s/early 60s already who could use a couple more years of work, where they can increase their savings to live the life they dream of in retirement.

With this in mind, there is no "one-size-fits-all" retirement plan, and I certainly don't try to squeeze people into strategies that aren't going to work for them, their lifestyle, and their goals.

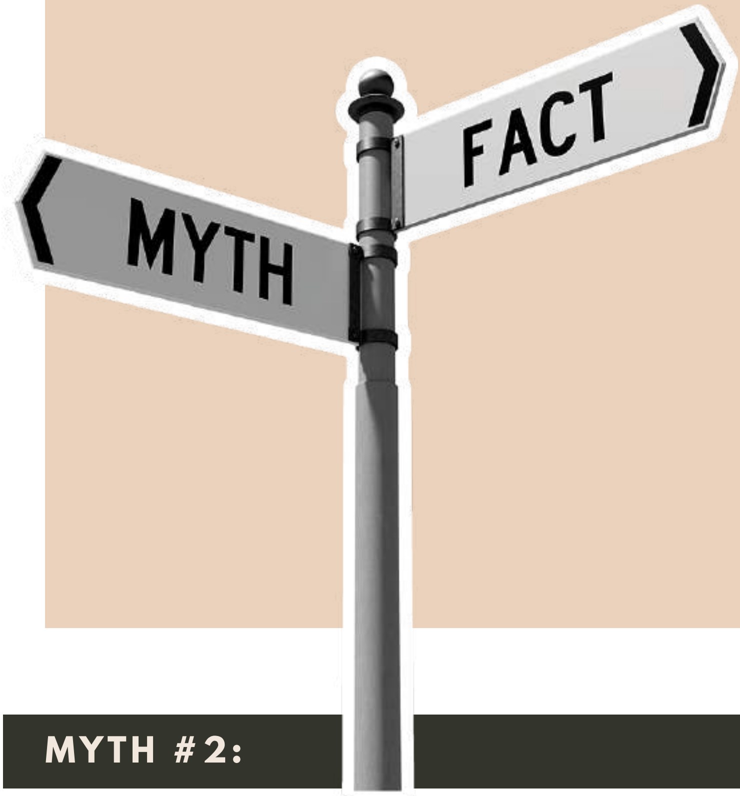
Your financial planning needs to be a holistic journey, considering every tiny aspect of your life.

When you approach retirement with that mindset, you have the power to create a plan that is perfect for you.

BONUS MATERIAL

THE 3 MYTHS OF RETIREMENT

Myths and fear defer us from approaching retirement with confidence and clarity. To ensure that isn’t a factor for you, let me debunk some of the most common myths about retirement so that you can factor more realistic thinking into your planning.



MYTH #1:

You Must Pay Off Your Mortgage Before Retirement

This is a common belief that is entirely circumstantial, and, in turn, downright untrue.

Overall, it depends on your mortgage rate and what makes the most sense to your long-term financial plan. For example, if you have a low mortgage rate matched with other investments that bring a high return, allowing your mortgage to trickle away long-term - even into your retirement years - might make more sense that doing everything in your power to pay it off early.

However, if your mortgage rate is high, impacting your stability, it might be a good idea to prioritize paying it off.

MYTH #2:

You Need To Fully Live Off Dividends

Dividends are a valuable source of income in retirement. However, they’re certainly not the only option. Hence, you shouldn’t hyperfocus on needing dividends to retire.

Other income streams in retirement could include investments, social security, rental income, inheritance and pensions. As I said earlier, your retirement needs to focus on replacing your income in whatever way works, not focusing on the specific number. Furthermore, a mixed portfolio of income sources could be stronger than relying on any type of dividends. So, focus on the income sources you have and how they can work for you rather than fixating on what you don’t have.

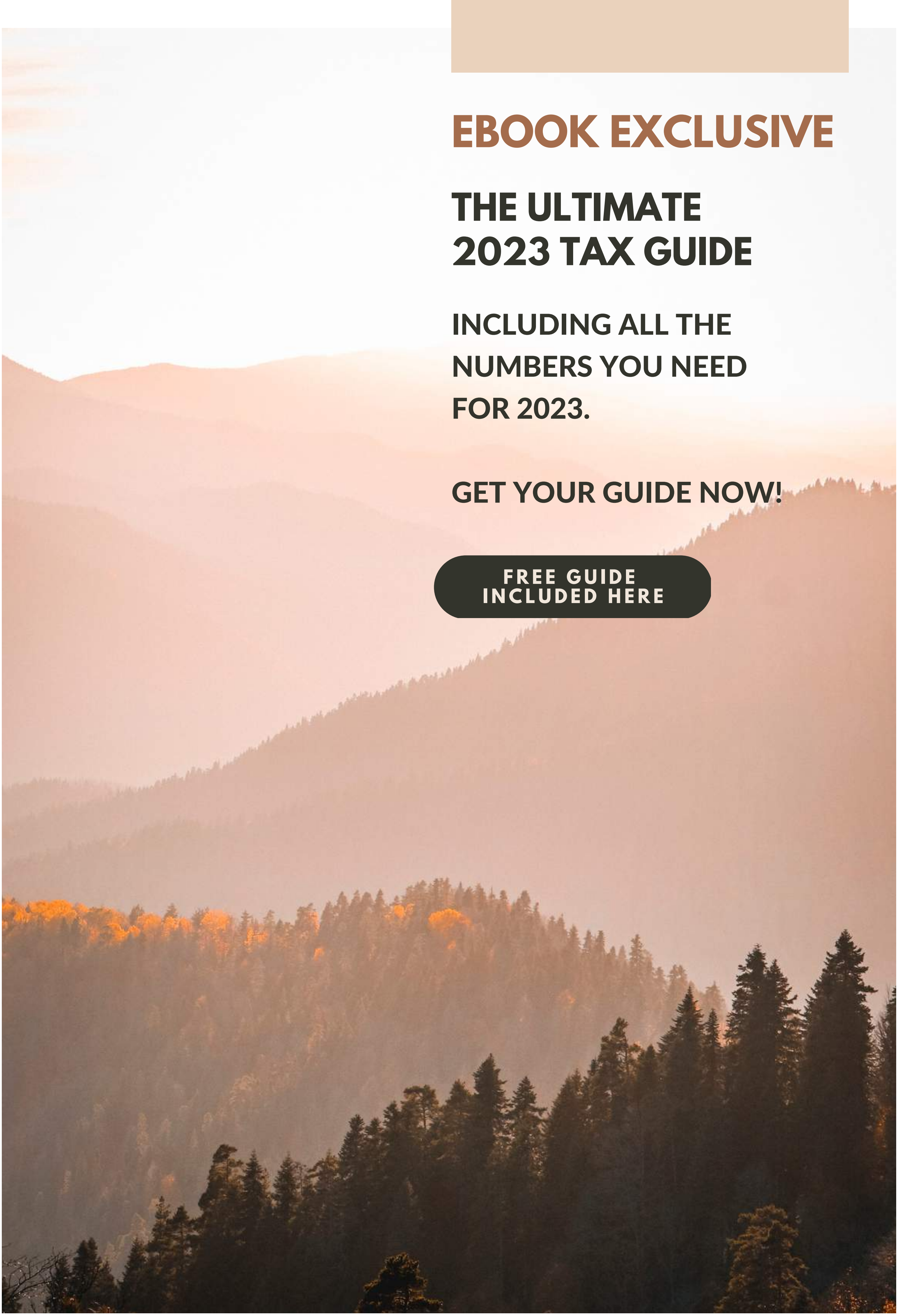
MYTH #3:

Your Portfolio Needs To Become Less Risky As You "Get Older"

In retirement, the biggest risk is running out of money, and this shouldn't depend on the market's ups and downs. That's why, to protect against risk, you should have a mix of investments that cover different levels of risk and return, but that doesn't mean you need to eliminate ALL risks.

Balance is critical, in all aspects of life, but especially in financial management in retirement. Hence, once you can balance the risk with stability, you don't need to eliminate it completely.

> **As in all successful ventures, the foundation of a good retirement is planning.**
>
> EARL NIGHTINGALE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THAT'S IT FOR NOW!

READY TO START PLANNING?

I'm always here to help. Whether you want to listen to my podcast or get one-on-one advice, I'm there to support you every step of the journey.

I help people retire early, and my aim is to help you achieve that as seamlessly as possible.

To build a custom strategy that is based on your goals and financial situation, click the button below:

LET'S TALK

To never miss another retirement tip, make sure you like and subscribe to my podcast by clicking the play button below.

Thanks for reading.

Until next time,

Ari

I help people create a custom strategy to retire early.

ARI TAUBLIEB, MBA

Vice President & Financial Planner

If you ever have any questions, please feel free to reach out to me directly at:

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