The Australian Finance Podcast Episode Transcript

Episode: Aussie Firebug: Matt's journey to Financial Independence
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Speakers: Kate Campbell, Owen Rask & Matt
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Episode transcript:

Owen:
Kate Campbell, it's always a pleasure to be with you. How you going?

Kate:
Great to be back Owen, very well on this lovely sunny morning thankfully. It's been a bit of a crazy week in terms of weather here in Melbourne.

Owen:
Yeah, it is. As we're recording this on the 6th of October, and it is sun out today. So that just makes us all 20 or 30% happier at least I'm sure. Today, we're joined by Matt from Aussie Firebug. Matt, how you going?

Matt:
I'm very good. Thanks for having me guys.

Owen:
It's our pleasure indeed mate. You've really just done some wonderful things with Aussie Firebug and the community that you fostered. For an introduction to you, I was going to do an introduction, but then I was reading your about me page. And there's a story on there about your

old man and you and him going to the store and getting some soccer boots I believe it was or footy boots or something. Maybe you can just relive that story for us and tell us a bit about how you got involved in thinking about financial independence in the first place.

Matt:
Yeah. I love that story. Basically as early as I can remember, my old man, he's a notorious tight ass. And whenever we used to go shopping as a child, I always wanted as you do, this is the marketing machine at work here. They market to kids and they do a bloody good job doing that. I wanted the best, the Nike, the Adidas boots, the top of the range. And he would always get me sort of the middle tier, not the worst ones, but the middle to the lower tier. And I appreciate this now that I'm older. Kids just grow out of clothes and shoes and everything so quick. It really is insane to spend 150, $200 back then on a pair of footy boots or whatever.

Matt:
Yeah, he would always get me sort of the middle tier or the lower middle tier shoe. And I always used to think like when I make my own money, I'm going to spend it on the best brand shoes and clothes and everything like that. And I think the story that you are referring to, whenever I wanted something really good, he'd tell me I'm dreaming sort of like Darryl Kerrigan out of the, what's it called the famous movie there?

Owen:
The Castle.

Matt:
The Castle, that's it. Tell him he's dreaming, tell him he's dreaming. And that sort of instilled good money management into my mindset as a child because he would always say to me, Matt, smart people save their money, stupid people, maybe not stupid, but other people spend their money, and they waste their money. Don't be wasteful with your money, you want to save it, give your options later in life. And I didn't really know exactly what that meant when I was a kid, I just wanted the coolest stuff possible. But looking back now, that actually set the foundations for my money management skills and me inherently being a tight ass with money later on in life.

Matt:
And it's funny because when I got my part-time job as a kid, and I got it at 14 and 10 months, which was I think one month after the legal age limit that you could possibly get a job in Victoria at the time. I remember saving up, I was on $5 an hour at Hungry Jack's, believe [inaudible 00:03:19], five bucks an hour. And when I got enough money, the $200 to buy, I think at that point I was 14, nearly 15. I was into skateboarding back then, and I always wanted the globe shoes. That was the hot shoe back then. I think it was about 200, 220. And I saved up enough money working at my part-time job to get those shoes because that was the goal. I'm going to work hard, save and then get the latest globe shoe every single year, I'm gonna have the best ones.

Matt:
And then when I got the money, I didn't end up buying the shoe because there was a connection I sort of made that I was like, I spent so much hours in the kitchen, the back of Hungry Jack's. It was actually really fun, I really liked that job. But it was hard, I smelt disgusting after a shift. And I'm like, "I don't think the shoe is worth it now. After I've spent all the hard work and energy getting the money, I don't think it's worth it." And I just sort of rolled with my whatever skate shoe I had back then. And I just always liked the idea of saving my money. I wasn't quite sure what exactly I was saving for at such a young age, but I was always built like that I guess. And I think a lot of it had to do with my old man the money habits he instilled on me at a young age.

Kate:
It's amazing. We've had quite a few listener stories now and depending on how people talk to their parents about and how their parents talk to them about money when they're kids. So many of those things stay with you good or bad for your life unless you actually do something to change them. It's always really interesting to hear. And I wanted to know a little bit about, so you were working and saving from the age of sort of 15. When did you stumble across the idea of financial independence?

Matt:
Yeah, it's a good question because financial independence, I was lucky. One of the biggest advantages I ever had in my life was having parents, having loving and supporting parents. That's a huge, huge advantage just in the first place. But around the dinner table, there was active talk of investing. And it was property investing because anyone knows two major religions in Australia, Christianity and property investing of course. And my parents being boomers, a lot of people out there could probably relate, property investing is just a big thing with your parents and boomers in general because they've done so well. So I totally to get it. So the talks around the dinner table was about property. Wasn't about shares because my parents actually got burnt with shares, which is a whole nother story. But it was about property and the mindset of smart people invest, and it gives you options later in life.

Matt:
I remember that vividly being around the dinner table. So I didn't quite get it or financial independence wasn't really spoken about per se, but that idea of saving money and investing definitely was. So it was a huge, like you spoke about there Kate, the mindset and the psychology of that, I grew up in that environment, which is one of the biggest advantages I had. So the concept of financial independence, I didn't stumble across until later in life. I think it was around about 2012 or something. I read Rich Dad Poor Dad, very famous book. And there was a line in there, a sentence that just resonated with me so much. It was something like assets make you money, all you need to do is get enough assets until eventually the money that they make eclipses your expenses or something along that line.

Matt:
And my head just exploded when I ... I must have read that sentence like 10 times because it was so simple. I was like, "It can't just be this simple, can it?" I'm [inaudible 00:07:01], just get

assets, they make money. He wasn't speaking about what assets, he was just get assets, they make money, eventually you'll become financially independent. And I was like, "Oh my goodness, now I have a goal to work toward." Because I was always a pretty good saver, but I didn't have a long overarching strategy or goal to work towards because it was always like a few thousand dollars and then I'd go spend it in Chadstone or something like that. I could never get past a few thousand dollars.

Matt:
So I had financial independence was the thing that really blew my mind. And financial independence isn't a new concept, it's been around since probably the dawn of the creation of money. But a lot of financial independence strategies and advice and everything like that is geared towards people reaching it in their 60 or if they're lucky in their 50. A lot of literature is written about that later in life you'll get to be able to retire later on. So that's when I come across financial independence. I can go on to FIRE if you like because it sort of rolls into this story. So financial independence, that's cool, but it's still four decades away, just started full-time work.

Matt:
And then I come across this blog, and I'm sure a lot of people in the FIRE community out there listening can relate, Mr. Money Moustache. Now, what Pete, he's probably the leader of the modern day FIRE movement, I would say. And there Vicky Robbins in the 90s who wrote a little bit about it. And there was blogs before Mr. Money Moustache, there was Early Retirement Extreme, JL Collins, a few other ones. And I actually come across those blogs back in the day. I remember reading Early Retirement Extreme for example, which was essentially the same thing that Pete at Mr. Money Moustache was writing about, but he was very extreme, true to his name. And I could never relate to it. He wrote about things, it just seemed so abstract, and that was a life that I would never want to live, so I just thought sort of got to can.

Matt:
It's very interesting blog whatever. But Pete wrote a few articles, and probably the one that exploded my mind again was the shockingly simple math to early retirement. And he unveiled the math and the investing behind how he was able to reach financial independence at 30 realistically without inheritance, without an extremely high paying job, although he did have a very good paying job. It blew my mind so much, I remember reading it. And that's such a great blog article I'd encourage anyone that wants to look into FIRE and how it works to read that article. That completely changed my trajectory of life pretty much because I had a new goal to work towards because I just started full-time work at the end of 2011. And I think I stumbled across Pete and what he was writing about in 2013.

Matt:
And up until then, I invested in investment property. So I was on the way to financial independence, but it was still decades away because that's what I was thinking how long it was going to take. And then what Pete was writing about was financial independence on steroids and how to practically actually do it. And the reason I think he's so popular, and the way I think he's the leader of the modern day FIRE movement is because a lot of people think FIRE is a

financial thing, it's a concept about finance. It's actually a life philosophy. And what Pete was writing to be about first and foremost was how to live a great and happy life. And it just so happens that money plays a super important role in that in modern day society. So that was a long-winded answer Kate, but essentially that's how I come across financial independence and FIRE.

Kate:
It's amazing how many people's lives have just been changed by that one blog that he wrote. I've sent that link to so many people, and we'll include it in the show notes because I think it's worth listening, and I definitely included it in our free FIRE course. But I think there's so many resources now. And as you mentioned, it is that lifestyle because it's not something that happens overnight. You can definitely speed it up so it's not something you have to wait until your 60s to achieve. But you have to build that mindset of all those elements of financial independence and investing and investing in what you love with your time and your energy. I think another thing I wanted to talk to you about was a bit about your motivation and what you learned along the way because a lot of us discover the idea of financial independence, but it's not until something clicks inside that we can motivate ourselves to work towards this pretty extreme goal over 10 or 20 years.

Matt:
Yeah, totally. My main motivation was getting back my time, that was the main motivation. The story behind that was started full-time work at the end of 2011. And I don't know about you guys, Kate or yourself Owen, but I remember when I started full-time work in the corporate world, it hit me like a tonne of bricks the first two weeks about ... I knew when I was at uni, everyone goes off, they work 40 hour weeks. And that's a lot of hours in the week. But I guess what I didn't know or what they don't tell you is all the hours and time and energy preparing for work, de-stressing after work, commuting to work. So it was not just 40 hours, it's a lot more than that. And I just remember the first two weeks, I was young, fit, healthy guy, I was exhausted.

Matt:
I guess you do get used to it, but I just remember thinking there is no way that I want to be doing this for the next 40 years. You're telling me this is how people do it for the next 40 years. And I could see the writing on the wall, I could see people at work that had just had a family and things were starting to slip. Things that were important to them, their health, their fitness, maybe playing footy, maybe golfing every Sunday. Whatever it was, they couldn't do everything. And then I could also see as I'm progressing in my career that you took on more responsibility, more things were expected of you, higher stress, higher anxiety. All those things come into play. I was like there's no way I want to be stuck in this cycle, I refuse to accept that this is just how people do it. There's gotta be a better way.

Matt:
And that is when I started to Google, and I picked up books about financial independence and I read Rich Dad Poor Dad and everything like that that my main motivator was getting my precious time back in the week. I didn't ever want to have to lose any more time because I felt

as a young, free person that enough of my time was being taken away by this job, which by the way I want to make very clear, I quite liked my job. It's not like I hated my job back then, but there was just a lot of BS, a lot of meetings, a lot of things I wasn't interested in. I would probably say 40% of my job was great, interesting, problem solving. The technical side of it, love that. All the other crap, no thanks.

Matt:
And I didn't like that I had to be here. I felt a little bit trapped, and I just invested in an investment property. So I had that looming over my head, this massive amount of debt that I'd never seen in my life, I'd just taken that on. Even though the property was pretty much neutral, cashflow was a little bit negative. I felt a little bit trapped and I was like, "I got to get out of this situation, surely there's a better way." And I discovered that there was. And yeah, that's it.

Owen:
I don't think you're alone in that at all mate, I think it's a reasonable thing. I speak to some people that are in retirement or approaching retirement. It's interesting to figure out if you're so bold to do it how much of your life you actually spent at work or in your case as you said, preparing for work just in and around work. And it's a substantial part of your life. For me personally, it's slightly different. I try to just maximise my happiness and do what makes me happy while I'm working because it gives me a sense of purpose as well. So totally not alone in those feelings and those sentiments. I guess one of the questions Kate I know you wanted to ask, maybe I'll let you ask this next one.

Kate:
Yeah, yeah. So I know you publish a lot on your blog as well. And so anyone who wants to read your progress documented over many, many years can actually go and see a historical representation of that. But I wanted to know how close are you to achieving your FIRE goals, and how did you work out what was enough for you?

Matt:
Yeah. I'm sure a lot of people have heard this. And if you haven't, there's heaps of literature out there. But there's this thing called the 4% rule. And I first come across that in that post from Mr. Money Mustache's SCADA. I think you're gonna put in the show notes. I feel as though it's like the constitution of FIRE, should be enshrined somewhere in a museum or something. But basically in a nutshell, I don't want to get too much into the weeds and the technicalities of it. If you can save or invest, that's a better word, definitely invest because you don't want to just have it in cash because that's not going to do it for you, especially in today's environment. You can invest 25 times your expenses.

Matt:
According to this study, the trendy study is not perfect. But again, we're just trying to make it simple here. There's a pretty good chance that you can live off the returns on that portfolio, that snowball that you've accumulated at 25 times your annual expenses, you can live off that forever. Again, not perfect and people pick it to shreds, but it's not the point of the 4% rule to be

set in stone, and it's always going to work and everything like that. Because what that is saying is you should be able to live off that portfolio forever depending on how old you are. That forever might be 50, 60, 70 years. So there's a lot of things you can do in between that time. I've seen a lot of criticisms of the 4% rule.

Matt:
And it's like, come on, if there's a big market crash straight after you pull the pin and stop working, there's things you can do. You can tighten your belt, you can not pull as much from the portfolio as you otherwise would have. There's a lot of different things. It's a guiding principle. So that's essentially what I use and what I'm using. We track our expenses, I've done that religiously for many, many years. And originally we wanted a million dollars invested in the portfolio that's outside super. And I've uped it now to 1.25. So right now we've got I think, I haven't done this month's update, but I think it's around about 760,000 invested. And that's not including my primary place of residency or super. So it's just cash shares and real estate. And we want to get to 1.25.

Matt:
I'm actually in the middle of selling our last investment property, but it will be determined largely on market returns. So maybe 1.5, 2.5 years away depending on how the market does it. But to be honest with you, I'm living the life right now that I want to live regardless because I've reached the point now where the portfolio that the returns of the portfolio are eclipsing what we can actually put into it. We aim for roughly $5,000 a month to shovel in cash on the snowball to grow our portfolio, our FIRE portfolio. And it's so large now that the market swings dictate more about where the portfolio is going than what we can actually add to it, which is really cool. But it's also scary because obviously the last month wasn't great. That's essentially it in a nutshell.

Matt:
So we're trying to get to 1.25. But right now like we spoke a little bit about before we started recording, I'm only working 20 hours a week. And so I'm doing the semi retirement life anyway. And I think I'll do that forever or until it's not fun. I'm a freelance data and analytics consultant, which that's the work I love doing. And I get to do really, really fun work, meaningful work. It's like solving a puzzle, I love it. And I don't have to deal with the bureaucracy and the BS like office politics because I'm a consultant now. So in a weird sort of way, I'm living how I want to live right now, but I officially haven't reached financial independence, which will be a few years away.

Owen:
Quick question because it's a we in there, it's the two of you. How did the other half take it when you started on this movement? How does the relationship fare into fire?

Matt:
It's a fantastic topic Owen. So how does the story go? So I basically stumbled across financial independence, Mr. Money Moustache. I was obsessed with it insanely. I used to consume 20 articles a day. My now wife, you can ask her, I used to pull up, she used to wake up in the

middle of the night and I'd be on my phone with a calculator just doing sums. And I was like, "Oh man, if I do this and this rate of return." I was on another level of obsessness. And that sort of died now. The closer you get towards the end goal, it's funny that I don't care about money and investing as much as I used to, but that's a whole nother topic.

Matt:
So I went down, I'm like, "I want to reach financial independence." And at that point, I was investing in properties. And that was sort of the 'smart thing' to do at the time, it still is. I don't hate property investing, don't get me wrong. And my partner back then who's now my wife, I guess she was, "Awesome Matt, you go do you and make us all this money," and that's amazing. And we didn't join our finances until 2016 I believe. And when we joined them, I can categorically say to everyone out there listening, we or I would not have half as much or not have accumulated half as much wealth without her help because there are so many things you can do in a partnership if you're on the same direction and moving towards the same goal than you can as a single person.

Matt:
So people look at our net worth, they're like, "Wow, that's a lot of money for even a couple to have accumulated." And I can definitely say that I've gotten further even if you slice it in half with her because there's a lot of expenses that can be consolidated with a couple that you have to just cop on the chin as a single person. I hope I'm explaining that.

Owen:
Yeah. Even things like rent.

Matt:
Yeah, exactly.

Owen:
Health insurance. There's so many ways to-

Matt:
Exactly. Food even, the wastage of food. So we joined finances. Now, I'm so, so blessed that I found someone that I love who was decent, I'm going to say great with money for any normal person, I was just on another planet with the optimization. But she was very good with money, a naturally frugal person. She didn't know too much about investing, but frugal and good with money and waiting for the bargains and everything. I got really, really lucky that she was like that. Now, I was very obsessed with it, and we sort of balanced each other out over time, which has been really nice because I'm a lot more relaxed about money. Back in the day, I used to set hardcore budgets and try to stick to them religiously, I don't do that anymore. We've got to a equilibrium where we just spend our money and we know roughly how much we're going to spend. And it's just sort of happened, it's really, really nice at the moment.

Matt:

So I never really put any like hard restrictions on her or anything, it was more about how much am I going to spend and how much am I going to save even though we did have joint finances? And I guess we're just sensible about, she buys whatever she wants, I buy whatever I want. If there's a big decision to be made like obviously buying a house, buying a car, we're going to talk to each other about it. I guess I'm just really, really lucky in this regard, but we've never had any issues with this. I don't know if that's the normal, not because I know a lot of people write in and they're like, "I've got a partner who's a bit spendy, how do I get them on board with the FIRE movement?" I've never had that problem, she was always doing her thing, I was doing my thing.

Matt:

And we were just a team, and we worked really, really well together and we saved a bucket load of money. And it sort of just worked out. Everyone out there listening, I know I've been blessed in this regard. I can't really give any great advice on how to get a partner across or anything like that.

Owen:

I was going to ask you a follow up on that, so you've never found good advice or strategies that help get a partner on board with the FIRE movement? Because I know you've got a huge community around you as a Firebug.

Matt:

It definitely is a question that pops up all the time. I see it, and I can never really ... I don't have too much experience. Honestly, hand over heart, I can't say that I really have a great strategy on how to get a partner across, it'd be tough. All I could say is that there's nothing worse than forcing people to do something that they don't want to do. I guess one thing I could say is my wife at the start, this is so funny to talk about now, she didn't really believe it was possible. When I was talking about this and I was obsessed with it, so I'm talking to her about, "Hey, check this out, we're going to get a point where we don't have to work."

Matt:

She revealed to me later on in life that she was like, "I just thought that was a pipe dream, I didn't actually think we would actually get anywhere near it." And I guess if you explain to your partner what is your ideal life and then how does money as a tool help build that ideal life? I think that would be a better way to go about it. And I think people can, especially if you're trying to get someone on board, the idea of saving and sacrificing because that's what you might have to do. I don't recommend it, I think if you're going to adopt a FIRE lifestyle, you really want to change your mindset about how to live an awesome life whilst being super optimising all your expenses and being naturally frugal.

Matt:

But there are some people that just want to sacrifice a little bit to then live a better life later on. And if you're going to do that, I'd say that don't aim for full financial independence because it might be 15 years away or something like that. But try to aim for one or two days off a year because that's really, really possible after three or four years. There's a whole bunch of variables there. But if you only need to shave one or two days off to be way more happier and live a fantastic life, then a couple years, three, four, five years of investing and saving and maybe sacrificing a few holidays here and there is really realistic for a lot of people out there. You just got to know what you're doing and do the right strategy and understand the math behind it. And I think that would be an easier pill to swallow for a partner.

Owen:
That's great. That's great advice mate. I think the hardest questions that we get is people that are involved in finance come back to relationships not just with other people but with things, which FIRE obviously touches on all of that. Our listeners will be really keen to know how do you basically go about investing your money to achieve fire? So you mentioned before that you're in the process of selling an investment property. And you made a comment before that you don't hate property, you're not anti property or anything like that. But can you just describe maybe how your strategy started and where it's at now?

Matt:
Absolutely. Interesting story. Like I mentioned before around the dinner table at my house was all about property and smart people invest in property. I got two older sisters, if one of their friends had bought a property, it was like a, wow, they're doing well for themselves, and look at this person go even though we had no idea about their finances. I could be swimming in debt, I could be $400 a week trying to pay back repayments, none of that mattered. It was just about how many properties they had. So I wanted to be a smart person, so I bought an investment property at, I want to say 23 or something, 24. It was just before the first home buys grant was ending because back then it actually dried up. I think it's back now, isn't it or you get the stamp duty off or something?

Matt:
But back then, it was just about to end, and I got in literally the day before it ended. And I was on the road. So as I said, I read Rich Dad Poor Dad. But one book I failed to mention in the previous story was I was convinced that my road to freedom was through properties. Wasn't through shares because I didn't know about shares back then. I thought the share market was a casino. I thought you put money in, it goes down. Elon Musk tweets this, Donald Trump tweets that, it's crazy, it's all over the place. It's like, "No, I'm not going to do that." You need a masters, you need to be a professor of investing. No, not for me. I understand property, I can see it, feel it, all that good stuff.

Matt:
I read a book called, I read heaps of property books. But my favourite author was Stephen McKnight, and he's very famous for the extremely click bait title 130 Properties in 2.5 Years, which is just insane. And trust me, everyone out there listening, this guy's actually legit, I've been to the seminars. The strategy that he did, and he actually did buy 130 properties in 2.5 years. The strategy he used, you can't use in today's market. He got in at such a unique time and the strategy was so niche that it was basically like no one else could have possibly done

what he did. But anyway, that's a whole nother story. So I was Mr. property back then, I was all about property. I would say to anyone at the pub, "You want to talk property?" And it's a good conversation starter, isn't it? You being in the pub and you talk to friends about properties, the barbecue talk.

Matt:
So I was on the road, I got up to three properties before I maxed out my lending capacity. Basically the strategy, this is such a classic strategy was like, "I'm going to buy 10 properties, sit on them for 10 years, sell half, live off the rent." Easy, eight? Everyone's doing that. That's how heaps of boomers have got rich. So I go for my number four, and I maxed out my lending capacity. I was obsessed with this goal of financial independence. I'm like, "Well, I'm not going to let that stop me. So what other options do I have?" And that's when I come back to Mr. Money Moustache because I'd already read him at that point, but I thought, share must be an American thing, whatever. I went back to the share market I didn't need other institutions, banks to get me going in there.

Matt:
So I thought I can't buy any more properties, what else am I going to do? So research the share market, read a few more articles, picked up The Bogglehead's Guide to Investing, all these share market books. And that's actually at the same time that me and my now wife joined our finances. We had heaps of discussions. And I seriously was researching it, analysis paralysis for a year, a year and a half before we started buying shares. And then I thought, look, and Chrissy is my wife's name. I said, "Look, Chrissy, let's do this share thing. Let's just do it for a year and see how we're feeling after a year and then we'll figure it out."

Matt:
I think when we joined finances, she had a wage, so obviously our leading capacity opened up a little bit. So we probably could have went for a fourth and fifth property if we wanted to. And we did it for a year, and there are certain advantages and disadvantages with every asset class. But at that point in my life, I've done a few renovations in properties and I was getting really sick of going down to my investment property and adding value to it every weekend for like, I think I did that for at least 15, 16 weekends. It was a lot, it was a lot of physical work. It actually paid off in the end, but I realised that ... Well, over time I got over property as an investment class. I wasn't as obsessed as I once was and my wants and desires started to shift, my priorities.

Matt:
And after we invested in shares and I'd seen how passive and how hands off shares is compared to property, we made the decision we're going to slowly over time sell our investment properties and put all that money into shares. In my head, the goal to financial independence was a lot clearer through shares than it was through investment property. Investment property is a weird one. And again, let everyone know I'm not against investment property, I think it's a fantastic asset class for the right person. But it's a bit of a weird one because I never felt like I was investing properly with property, I know that sounds weird. The game in Australia for 90% of property is you buy it, you might lose money for five years. You might be lucky and have it

neutrally geared, positively geared if you're lucky, rent might rise a little bit. But the real payoff is at the very end.

Matt:
Now, I know you can withdraw equity and you can bank roll that onto the next one. I did that. Like, I understand all those strategies. It never ever sat well with me that type of investing. But when I invested in shares, it just clicked. I guess you either lean one way or the other, there's different asset classes. But with shares, I just like the idea of starting with this little snowball and you keep piling on snow, it gets bigger, and it gets bigger. It starts rolling down the hill and then market gains and the capital gains. And then four times a year money arrives in your account through dividends like magic. You haven't even done anything, and it's just like you get a little check. I just thought that was the coolest thing in the world.

Matt:
And like I said, the math and how to work out we were financially independent was a lot easier and a lot more succinct and clear. The road was a lot easier to understand with shares. So yeah, we made the choice after a year, we loved what the shares were doing. And I guess we got lucky because the market was quite strong. Can you imagine if I invested in shares in 2007. And this is where timing is everything, timing is everything now. So anyway, we really like shares and we made the decision, so we're going to sell out the property, we were done with them. I didn't want to actively manage them anymore. Still love it as an investment class, I want to make that clear. But we were more geared towards passive investing and then following our passions like obviously working on a business now, the freelance business and doing my Aussie Firebug podcast and blog and everything like that. So that's the story. And our last one is in the middle of being sold right now.

Owen:
Cool. I love it. It's a really, really interesting thing. And I think a lot of people can relate to that feeling that you had around not feeling like you're doing it properly. Because we look at people on the news and they're finance people, they wear shirts and they're talking about really complex things in financial markets and all this type of crap. I love it. And for those listeners that don't know about Matt's website Aussie Firebug, you can head there and there's a tab at the top for net worth, and it breaks down all of the different strategies and where he's at. So it's really interesting. Kate, over to you.

Kate:
I think that's been one of the amazing things about reading blog like yours and Mr. Money Moustaches is actually having a look behind the scenes about how people are investing and structuring their life and really designing it in a way that suits them. And I think there's so many resources you can look at nowadays, not to necessarily take advice from, but just to see how other people are doing things. And when you're trying to figure it out for yourself, it's a good place to start. And I just wanted to talk to you a little bit about what you think the hardest part of working towards financial independence has been for you.

Matt:
The hardest part. I would say at the very start, this is counterintuitive to think about, but I almost wish I didn't discover FIRE at the very start of my career because I was quite, I'm not going to say depressed, but I was quite upset that it was going to be so far away. And it actually made me hate my job a little bit at the start. I was quite liking my job, and I don't know, there's something about, okay, this is my life for the next 40 years, it could be worse. This is fine, it's quite good actually. And then I'm like, "Oh, there's this thing called FIRE, and you can do whatever you want and you can have all this time and freedom and options and days off. This is amazing. Oh, it's 10 years away, it's 15 years away." Now, I'm slumping in my chair and I'm like, "This is crap, hurry up time."

Matt:
So that was I guess the mindset of trying to ... I wanted to speed up time early on in the piece, and that is such a bad mindset to have. We should never ever waste our time, it is the most precious resource that we have. This whole thing of financial independence and FIRE and everything is about getting our time back, it is the most precious thing we have. Getting out of that funk of wishing my time away was a bit difficult. And then I never really had ... Some people say that sacrificing things is hard for them, but I didn't really sacrifice too much.

Matt:
In fact, I went overboard with the sacrificing, and that was my own decision. I never felt like whenever I didn't buy something that I really wanted to buy it. At the very start, I was so obsessed. And I would tell anyone this that you definitely want to live your life and make sure that you're doing things especially early on in the piece because there's certain things you can never, ever get back in your life. And I'll say, I'll give you an example, I skipped a Euro trip with the boys back in the day, and I had enough money to do it. And now I regret that, and I hate using that word, but I regret that now because it doesn't move the needle that much in my goal, my overarching goal of financial independence. It wouldn't have moved the needle that much, and I can never, ever, ever get back going to Europe with a whole bunch of my best mates when I was like 26 or 27, whenever they went.

Matt:
Now, mind you, I have travelled extensively, this is a first world problem here. I've done travelling, I'm not saying I haven't. But that one trip I regret. I don't regret not going to the pub every weekend and just pissing my money away, $200 every single weekend. I did that when I was 18, 19 20, I definitely was at the pub, and then I got over it. And they're the sort of things that the optimising your expenses, that is probably in my opinion I saw like I never regretted and it was worth me saving my money in those situations. But there's certain situations, and it's going to be different for everyone out there listening where you just need to have that fine balance. Hope that answered your question. I think probably the sacrificing is the hardest, but I never felt like I sacrificed too much if that makes sense.

Kate:
And I think it's really important not to put your life on pause for 10 years while you're working towards financial independence, you've got to design a life you want to live on the way.

Matt:
100%, 100%. And Kate, can I come back to something that you mentioned earlier about my net worth post and everything like that. Having numbers and things that you can tangibly see and understand how they reached a point because I want everyone to know that, yes, I do put my, not my our, my wife and I's net worth out there online, I update it every single month. I want everyone to know that the reason I do that is it was actually, it was a little bit selfish because when I first started back in 2015, the blog, everyone was writing into about this FIRE thing in America, there was no FIRE blogs in Australia. And I wanted to know if this thing, if this concept of early retirement and financial independence at such young age, it was actually applicable and doable in Australia.

Matt:
So I started writing about it, and I started putting myself out there, full transparency, how much we were earning, how much we were spending, what we're saving, what we're invested in. And I did it for a few reasons, but one of them, one major reason was so really smart people would pick it apart. It was actually selfish, I was like hopefully some smart people, some accountants, some financial planners, whatever. And that's totally what happened. And it's funny because some of the best parts of my articles are actually in the comment section, they're not even in the article. It's like these really, really clever people. And the community has told me what I'm doing right and wrong. So I just wanted to make that clear. And also there's nothing worse, well, for me anyway, when you read some stories on news.com or money.com, whatever, couple 25, 26 just purchased 15th investment property, see how they did it.

Matt:
And you read the article, and it's got absolutely zero information about whether or not their parents helped them out, whether or not they got an inheritance, whether or not they're on half a million dollars each in income a year. And then can conveniently most of the time at the end of those articles see how Joe and Linda did it. They've just now started a property investing company or something like that. And it's almost convenient that it's some sort of advert. So I didn't want to be one of those people, it's not a brag thing. I just want to make that clear that I didn't want to just put myself out that, hey, look how much money we've got. I wanted to show people how we actually did this, some numbers, some facts, some data. I just wanted to make that clear.

Owen:
That's completely reasonable.

Matt:
Thanks.

Kate:
It's important because there's always, I feel like it's every week on Twitter someone's sharing, oh, there's another one of those articles where 23-year-old buys property but entire deposit given by parents, they didn't actually save anything.

Matt:
I know, I know. I didn't want to be one of those people. And I always used to read those articles, and I was like, "This is amazing, this is where I want to be. Tell me how they did it." And you never, ever find about how they did it. And it was always about, hey, if you want to know, join this company, pay all this money. And pay all this money will reveal our secrets. I'm thinking if you're financially independent, why are you charging people money? But anyway, that's a whole nother thing.

Owen:
We've probably got time for two more questions, it's been an awesome chat so far. So hopefully these two end on a good note. Kate, what's your final question for Matt?

Kate:
I think when people hear about the idea of financial independence, there's a lot of myths or rumours floating around. And I'd love to know if there's any myths about the financial independence movement that you'd love to dispel on this episode?

Matt:
Absolutely. I'm so happy you asked this question Kate because I've got two, the two big ones, everyone trips up about this. And the first one is, and I forgive majority of people because it's in the bloody acronym, It's the retire early part of FIRE that everyone gets tripped up on. And what they think of, they might read, hey, these people are saving all this money and then they don't want to work. And that's completely not true. I've yet to meet one person that has reached FIRE or is on the way to FIRE that doesn't want to work. And again, I forgive everyone because the word retirement has a certain connotation to it. Probably is not the best word even to describe what we're trying to do, but it's a catchy acronym, so we're stuck dealing with it.

Matt:
To me, the retire early part of FIRE had always been about retiring from the rat race or the cubicle, it was never about work, meaningful work. Something that you're passionate about that brings you meaning is awesome, awesome. I'm doing that now, I want to do it till the day I die. And every single person that I've met wants to do meaningful work, every single person. In fact, most of them when they reach financial independence, that's what they do. They quit, they retire from their job and they go on to meaningful work. Now, whether or not that's paid or unpaid doesn't matter. 9 times out of 10, probably 99 times out of 100 they will go on to make money in the field of their passion. And sometimes, not all the time, they end up making more money in the field of their passion because that's just how it works.

Matt:
They're really passionate about it, they're probably doing 60 hours a week, but it doesn't feel like work because they're so passionate about it. Anyway, that's a whole nother thing. But that's a huge myth I want to dispel that we don't want to work, we do. It's actually part of the reason we reach financial independence so we can do meaningful work. The second one is, and this is a little bit more, I want to dispel this, make this clear is we are all living in tents and we're eating rice and beans, absolutely false. I don't know anyone that lives like that. Look, there are some extreme people, and I blame mainstream media for this. Whenever they run a FIRE story, they will get the extreme people. It's no different to a lot of other niches or a lot of other movements.

Matt:
They'll interview someone that pretty much is living in a tent eating rice and beans, and everyone thinks that everyone that's doing FIRE is doing that. Here's the deal basically, if you've got a savings rate, the whole concept of FIRE is really down to how much you can save. It is how much you earn and everything, but it's less how much you earn, it's more about how much you've done. If you've got a savings rate of 60%, I think the math is you can retire roughly or you can reach financial independence in roughly 10 years.

Matt:
So optimising expenses is by far the biggest bang for your dollar and then increasing your income is obviously very important, and then investing your money is very important as well. But I just want to make that clear that, yeah, we live a fantastic life, and you can follow aussiefirebug.com, my website is predominantly about our journey to FIRE. And if you look at the articles, we live a fantastic life I think, a fantastic life. The mainstream, not mainstream media, the marketing machine consumerism has warped a lot of people's minds about what you actually need to be happy. You need this, you need that. You don't need any of that. There's a few staple things like shelter, your food, community, significant other, relationships. Those are the key staple things that makes a human being happy, all this other stuff is fluff.

Matt:
I want to make that clear that a great life in Australia doesn't actually cost a lot of money. That's the key, that's what makes FIRE work, the retire early part. People think it's extreme frugality, but really it's just getting back to basics and identifying what makes you happy and then zoning in on that and being extremely optimising all your expenses. If I was to say the movement where crazy in any regard, I'd say it's the optimization. That's really where a bit of freaks in. And that's it, that's my thoughts on that.

Owen:
So tents for you.

Matt:
Hey, camping is fun, there's nothing wrong with tents, but no.

Owen:
It's actually a cheap, good holiday.

Matt:
It's fantastic.

Owen:
If you've got kids and whatever.

Matt:
And I've got to say, we just bought a house recently. We bought a four bedroom on a 700 square metre block that cost half a million dollars. Now, I know people in Sydney and Melbourne are probably like, "Oh my God, that's so cheap." But that's a lot of money, that's a lot of money. I'm trying to make the point that I think we live a extremely abundant lifestyle. It's not going to be as abundant as probably a normal, quote-unquote, normal lifestyle that an Australian sort of the marketing machine tells you that you should live. I'll drive a Camry for God's sake, it's a grandpa car. There's a few other things that people would be like, "What?" But my point is I think we live an awesome life, and that's the goal. And we live a healthy life and we're healthy, we're happy. And I'm doing meaningful work, which is what it's all about I think.

Owen:
Yeah, cool. Ditto. One final question from me other than aussiefirebug.com, you've got the podcast Aussie Firebug Fridays, which is super cool too, it's like a segment in there, where else can our listeners go to start their own journey? You've got great articles, but where else would you send them to go as well?

Matt:
Great question. There's so many good content creators in Australia in this space now, so I can recommend a few. If you are interested in the investing side, and this is where everyone starts, and it's really not the most important thing because I said FIRE is almost a life philosophy. I would say investing there's a great website passiveinvesting.com.au maybe. That will answer 95% of your questions about the FIRE movement, common questions like should I invest in my mortgage or should I pay down my mortgage first, should I invest or invest? Heaps of really super common questions that website will answer. In my Facebook group, "I'm like read this website, it's only going to take you like two days to read the entire website. And then if you've still got an investing question, then ask it." But really this group in Facebook should be more about lifestyle design and choices and interesting things rather than investing because that's the boring stuff.

Matt:
And then in terms of other great FIRE content and reading materials, you've got Dave at strongmoney.com, he is awesome, Pat at Life Long Shuffle. You've got moneyflamingo.com I think it is, she's great. I'm missing a heap. Lacey Filipich, she has a book Money School, she's fantastic. All Australian bases, all Australian content creators. And of course, if you want to start

as well, you can go to the godfather himself, Mr. Money Moustache is a classic. He is a fantastic writer, you can't really go past him. He's actually Canadian, but he's living in America. So a lot of the stuff he's writing about isn't going to be applicable to this audience. But he's fantastic because the concept and the principles of FIRE, they're country independent, they work everywhere. They're some great resources that people can look at.

Owen:
We'll provide all the links to those. I think Kate's mentioned them in the FIRE course that she's created too.

Matt:
Oh, in the FIRE course, of course. Yeah, yeah, yeah.

Owen:
As well as your website. So we'll provide all the links there to the podcast. It's great to say may crack the top 10 in business.

Matt:
I did, I did. I don't even know if I'm eight anyway close at the moment. It might've just been after you come on. One of the podcast that was doing quite well, I was seeing the stats and I'm like, "Oh, I'll check the top 10 now because I know the algorithm favours more content constantly." So I had a look and it was, yeah, the Aussie Firebug podcast got in the top 10 in iTunes business. I was like, "Wow, this is insane."

Owen:
It's a real deal.

Matt:
Look, I would have never imagined in a million years because it's such a niche topic. I think personal finance is such a big umbrella, and FIRE has to be at one of the most extreme ends of that umbrella. So for my show to be a top 10, I feel blessed and humbled. And thanks for everyone out there that has supported the show over the years, truly blessed.

Owen:
I'm sure you'll get a few more listeners out of this mate.

Matt:
Thank you.

Owen:
Thanks for joining Kate and I on the show, we really appreciate.

Matt:
No worries. It's been a pleasure to be on. Guy, keep doing amazing work. I love this podcast, it's always on my downloads in my Spotify. So hats off to you.

Owen:
Thanks mate. Kate as always, thanks for joining me.

Kate:
Thanks Owen, thanks Matt.

Matt:
Cheers.