The FIRE Movement Survey
Financial Independence, Retire Early

November 2018
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TD Ameritrade provides investing services and education to more than 11 million client accounts totaling approximately $1.3 trillion in assets, and custodial services to more than 6,000 independent registered investment advisors. We are a leader in U.S. retail trading, executing an average of approximately 800,000 trades per day for our clients, more than a quarter of which come from mobile devices. We have a proud history of innovation, dating back to our start in 1975, and today our team of nearly 10,000-strong is committed to carrying it forward. Together, we are leveraging the latest in cutting edge technologies and one-on-one client care to transform lives, and investing, for the better. Learn more by visiting TD Ameritrade’s newsroom at www.amtd.com, or read our stories at Fresh Accounts.

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About The Harris Poll
The Harris Poll is one of the longest-running surveys in the U.S., tracking public opinion, motivations and social sentiment since 1963. It is now part of Harris Insights & Analytics, a global consulting and market research firm that strives to reveal the authentic values of modern society to inspire leaders to create a better tomorrow. We work with clients in three primary areas; building twenty-first-century corporate reputation, crafting brand strategy and performance tracking, and earning organic media through public relations research. Our mission is to provide insights and advisory to help leaders make the best decisions possible.

TD Ameritrade is separate from and not affiliated with the Harris Poll, and is not responsible for their services or policies.
Methodology

This survey was conducted online within the United States by The Harris Poll on behalf of TD Ameritrade from September 28th – October 6th, 2018, among 1,503 U.S. adults aged 45 and older with over $250,000 in investable assets, including 753 who are financially independent or on the path to be.*

11 in-depth interviews were also conducted with pioneers in the FIRE movement.

*“Financial independence” is defined as a state in which an individual or household has sufficient wealth to live on without having to depend on income from some form of employment.
We also spoke to leaders who shaped the FIRE movement

Special thanks to all of those who helped shape this research:

**Physician On Fire**
Leif Dahleen

**Financial Samurai**
Sam Dogen

**Go Curry Cracker**
Jeremy Jacobson

**1500 Days To Freedom**
Carl Jensen

**Early Retirement Now**
Karsten Jeske

**The Money Habit**
JP Livingston

**Early Retirement Extreme**
Jacob Lund Fisker

**Root Of Good**
Justin McCurry

**Fiery Millennials**
Gwen Merz

**Millennial Money**
Grant Sabatier

**The Mad Fientist**

Those listed above are separate from and not affiliated with TD Ameritrade, which is not responsible for their services or policies.
Igniting FIRE
Motivations For the Movement
FIRE is a social lifestyle movement characterized by working to obtain financial independence and retire earlier

Despite news coverage, two-thirds of Americans have not heard of FIRE yet.

Awareness of FIRE Movement

- 11% Yes
- 26% Not the term, but the concept
- 63% No

Increase in Google searches for “Financial Independence Retire Early” in the last 5 years.

The way I would define FIRE is having enough money to pursue the things that are most important to you, without having to worry about money.”

- JP Livingston, The Money Habit

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503, Google Trends data 2013-2018
IGNITING FIRE: MOTIVATIONS FOR THE MOVEMENT

Financial Independence is the driver of the movement

People are looking for security and freedom, while leaving their job becomes a lower priority for both the Financially Independent and those who are non-FI

Most appealing about Financial Independence

<table>
<thead>
<tr>
<th>Most appealing about Financial Independence</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Financial security / peace of mind</td>
<td>74%</td>
<td>69%</td>
</tr>
<tr>
<td>2 Freedom to do what I want</td>
<td>65%</td>
<td>57%</td>
</tr>
<tr>
<td>3 Leaving a 40-hour a week job</td>
<td>35%</td>
<td>33%</td>
</tr>
<tr>
<td>4 Getting off the hamster wheel</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>5 Starting my own business</td>
<td>5%</td>
<td>3%</td>
</tr>
</tbody>
</table>

75%
Of the Financially Independent say FI (Financial Independence) is more important to them than RE (Retire Early).

"Financial independence to me means freedom, the freedom to do what I want to do, things that interest me, and have better balance in life."

- Gwen Merz, Fiery Millennials

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); Financially Independent n = 753
IGNITING FIRE: MOTIVATIONS FOR THE MOVEMENT

Retire Early is more about living life on one’s terms than leaving the workforce
It means having the means and freedom to achieve work-life balance

Most appealing about Early Retirement

<table>
<thead>
<tr>
<th>Rank</th>
<th>Description</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Living a leisurely life</td>
<td>60%</td>
<td>49%</td>
</tr>
<tr>
<td>2</td>
<td>Spending time with family / friends</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>3</td>
<td>Time to pursue passions</td>
<td>59%</td>
<td>49%</td>
</tr>
<tr>
<td>4</td>
<td>Not working</td>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>5</td>
<td>Having a related career, but working less</td>
<td>13%</td>
<td>14%</td>
</tr>
<tr>
<td>6</td>
<td>Having a second career</td>
<td>8%</td>
<td>5%</td>
</tr>
</tbody>
</table>

43%
Of both the Financially Independent and their non-FI counterparts plan to continue working in retirement because they enjoy it.

“Your goal should be to move on to something else. The money in early retirement is just the tool that you use to move onto that next phase in your life.”
- Carl Jensen, 1500 Days to Freedom
FI feels more tangible, resulting in higher confidence in the ability to achieve it. While Retiring Early is slightly more uncertain.

<table>
<thead>
<tr>
<th>Somewhat or Very Confident in...</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>My ability to achieve FI</td>
<td>92%</td>
<td>40%</td>
</tr>
<tr>
<td>My ability to achieve RE</td>
<td>81%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503
The FI-Life
Timeline & Pathways to FI
For most, the journey to FIRE begins in their 30s

It is also common to continue working several years past achieving “FI,” delaying the “RE”

34% of the Financially Independent began their journey before the age of 30

Counting the hours

“Every $100 that I was saving, I was buying two days of financial independence in the future... I started thinking about saving in terms of units of time and days and weeks and months.”

- Grant Sabatier, Creator of Millennial Money & Author of Financial Freedom

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); Financially Independent n = 753
THE FI LIFE: TIMELINE & PATHWAYS TO FI

To achieve FIRE, strong financial discipline on spending and investing is crucial
Lifestyle sacrifices are less common

Steps taking / would take to achieve FIRE

Financial decisions
- Avoiding high-interest debt: 63% Financially Independent, 54% Not Financially Independent
- Sticking to a budget: 55% Financially Independent, 47% Not Financially Independent
- Investing in the stock market: 52% Financially Independent, 26% Not Financially Independent
- Maxing out retirement savings: 46% Financially Independent, 25% Not Financially Independent

Lifestyle / career decisions
- Downsizing my lifestyle: 37% Financially Independent, 36% Not Financially Independent
- Pursuing secondary career / income: 17% Financially Independent, 19% Not Financially Independent
- Living in a cheaper state: 17% Financially Independent, 16% Not Financially Independent
- Buying only used cars: 14% Financially Independent, 15% Not Financially Independent
- Pursuing a higher income career: 13% Financially Independent, 9% Not Financially Independent
- Limiting financial support for my children’s education: 5% Financially Independent, 2% Not Financially Independent
- Limiting financial support for my parents: 3% Financially Independent, 3% Not Financially Independent

Community is a key support, not a barrier
- Say friends and family have supported their FI journey: 69%
- Have sacrificed relationships on the path to FI: 22%

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503

11/27/2018
Most acknowledge that it’s worth it to sacrifice short-term, but with limits

The Financially Independent are equally likely as those who are not to draw the line around lifestyle limitations they’re willing to make to achieve FIRE

84%

Of the Financially Independent agree it’s worth it to sacrifice now to achieve financial independence sooner.

“I would rather sacrifice now to live later than live life to the fullest now without preparing for the future.”

82% 71%

Financially Independent Not Financially Independent

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503
The Financially Independent aren’t starving, they would rather retire FAT

While 1/3 choose to cut back to an extremely “lean” lifestyle, the majority would rather increase their top line to maintain or increase spending in the pursuit of “Fat FIRE”

**Fat Versus Lean**

(% Financially Independent)

- **32%**
  - Would rather retire early and live a leaner low-cost lifestyle

- **68%**
  - Would rather retire at a normal time and live more comfortably

**“Fat FIRE”** is focused on living with a large budget, pre- and post- retirement
- Forecasted retirement spend
  - $2MM+

**“Lean FIRE”** is focused on living with a small budget, pre- and post- retirement
- Forecasted retirement spend
  - <$1MM

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); Financially Independent n = 753
Some emphasize managing money, while others focus on mindful consumption

Though they all agree on the importance of focusing spending on what matters most

Stop spending on things that you realize don’t make you happier, but also be careful not to cut out everything fun, just so you can hit this goal sooner. That was my biggest mistake.”

- The Mad Fientist

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); Financially Independent n = 753
Ultimately viewing money as a means to an end

The Financially Independent value happiness and time more than dollars, seeing freedom as the ultimate reward

**Money is more important than happiness**
- 5% Financially Independent
- 95% Non-Financially Independent

**Money is more valuable**
- 16% Financially Independent
- 84% Non-Financially Independent

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503

- **Carl Jensen, 1500 Day to Freedom**
  - "I get to give my kids time and that’s really the best thing you can give them. It’s not stories or iPads or trips to Disney. It’s just time with them.”

- **Sam Dogen, The Financial Samurai**
  - "I wanted to have the freedom to choose my destiny, whatever that may be.”
FI-nances
Financial Outlook & Tools
For most, Financial Independence equals $500,000 to $2MM in net wealth

Net wealth target to hit Financial Independence (% Financially Independent)

- Less than $500,000
- $500,000-$999,999
- $1,000,000-$1,999,999
- $2,000,000-$2,999,999
- $3,000,000-$3,999,999
- $4,000,000-$4,999,999
- $5,000,000+

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); Financially Independent n = 753
The Financially Independent prioritize long-term investments over current spend

They are more likely than those who are not Financially Independent to prioritize savings and investments than housing

% of income goes towards the following

<table>
<thead>
<tr>
<th>Category</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>17%</td>
<td>24%</td>
</tr>
<tr>
<td>Essential HH Expenses</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>Savings &amp; Investments</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>Discretionary Expenses</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Cars &amp; Transportation</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Utilities</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>Medical Expenses</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Travel</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Supp. Other Family Members</td>
<td>3%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503
For most, reducing expenses is more preferable than increasing income to maximize savings rate

Staying focused on the long-game helps perpetuate financial discipline in the short-term

Income Versus Expenses
(% Financially Independent)

- 38% Would rather increase savings rate by increasing income
- 62% Would rather increase savings rate by reducing expenses

"I saved 80% of my income the entire time. I drove the crappiest car, I lived in the cheapest apartment...You have to view saving as an opportunity, not a sacrifice."

- Grant Sabatier, Creator of Millennial Money & Author of Financial Freedom

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); Financially Independent n = 753
Their investment journeys typically begin at a younger age

The Financially Independent understand the value of compounding interest and have had the fortune of a bull market at their back.

% invested in financial markets

- **Financially Independent:** 94%
- **Not Financially Independent:** 68%

Age began investing

<table>
<thead>
<tr>
<th>Age group</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 or less</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>21-25 years</td>
<td>21%</td>
<td>14%</td>
</tr>
<tr>
<td>26-30 years</td>
<td>23%</td>
<td>16%</td>
</tr>
<tr>
<td>31-35 years</td>
<td>19%</td>
<td>16%</td>
</tr>
<tr>
<td>36-40 years</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Over 40 years</td>
<td>14%</td>
<td>11%</td>
</tr>
</tbody>
</table>

% invested by age 30

- **Financially Independent:** 49%
- **Not Financially Independent:** 34%

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503
Financially Independent see themselves as investors who can weather the storm. They are confident in the market both short and long-term.

Somewhat or very confident in...

“The stock market remaining strong in the short-term.”

<table>
<thead>
<tr>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>70%</td>
<td>45%</td>
</tr>
</tbody>
</table>

“The stock market remaining strong in the long-term.”

<table>
<thead>
<tr>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>63%</td>
<td>35%</td>
</tr>
</tbody>
</table>

63%
Of the Financially Independent consider themselves to be investors, compared to 27% of those who are non-FI.

A core tenant of the FIRE movement is educating, having a closer, more intimate relationship with money.”

- Grant Sabatier, Creator of Millennial Money & Author of Financial Freedom

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503
When breaking down their income, investments are the second most valued source, falling only after income from employment.

Investing is a cornerstone to their wealth.

*Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503*
Most attribute this additional investment income to dividends and annuities
Demonstrating the overall value of investments in their strategy towards building wealth

Income streams outside of traditional work

- **Dividends**: 47% (Financially Independent), 18% (Not Financially Independent)
- **Annuities**: 25% (Financially Independent), 7% (Not Financially Independent)
- **Real estate**: 20% (Financially Independent), 6% (Not Financially Independent)
- **Inheritance**: 19% (Financially Independent), 4% (Not Financially Independent)
- **Owning my own business**: 12% (Financially Independent), 7% (Not Financially Independent)
- **Freelancing**: 9% (Financially Independent), 6% (Not Financially Independent)

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503
They tend to focus on retirement accounts, followed by brokerage accounts. They also have higher representation across a variety of investment vehicles than their non-FI counterparts.

Included in investment portfolio

- **Retirement accounts**
  - Financially Independent: 84%
  - Not Financially Independent: 59%

- **Brokerage accounts**
  - Financially Independent: 55%
  - Not Financially Independent: 28%

- **Other savings accounts**
  - Financially Independent: 34%
  - Not Financially Independent: 19%

- **Annuities**
  - Financially Independent: 33%
  - Not Financially Independent: 16%

- **Real estate**
  - Financially Independent: 30%
  - Not Financially Independent: 12%

- **Trusts**
  - Financially Independent: 14%
  - Not Financially Independent: 4%

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503
Traditional IRAs are the primary retirement tool for the Financially Independent
In contrast to their non-FI counterparts who rely on employer-sponsored 401(k)s

<table>
<thead>
<tr>
<th>Retirement Tool</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional IRA</td>
<td>63%</td>
<td>37%</td>
</tr>
<tr>
<td>Employer-sponsored 401(k)</td>
<td>55%</td>
<td>46%</td>
</tr>
<tr>
<td>Roth IRA</td>
<td>42%</td>
<td>25%</td>
</tr>
<tr>
<td>Annuities</td>
<td>32%</td>
<td>15%</td>
</tr>
<tr>
<td>HSA (Health Savings Account)</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Solo 401(k)</td>
<td>17%</td>
<td>7%</td>
</tr>
<tr>
<td>457 Plan</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

About half of the Financially Independent are somewhat or very likely to max out their...

- IRA: 47%
- 401(k): 45%
- HSA: 45%
Low and no fee accounts are a foundation of their investing portfolio
Many pride themselves on the ability to educate themselves to maximize savings

Somewhat or very likely to...

Invest in no / low fee ETFs

<table>
<thead>
<tr>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>44%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Invest in no / low fee brokerage accounts

<table>
<thead>
<tr>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>54%</td>
<td>37%</td>
</tr>
</tbody>
</table>

23% Financially Independent are 23% more likely than those who are non-FI to have more money in passive investments than active ones.

Discipline is at the core of the FIRE movement: self-discipline and self-mastery. People in the community pride themselves on their ability to do things themselves.”

- Grant Sabatier, Creator of Millennial Money & Author of Financial Freedom
Those still on the path to FI are even more prone to make financial cutbacks

After achieving FI, many slow down on sacrifices they took on the path to get there, but continue to remain just as active in investing.

Steps taking / would take to achieve FIRE

<table>
<thead>
<tr>
<th>Financial decisions</th>
<th>Lifestyle / career decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoiding high-interest debt</td>
<td>Have already achieved FI</td>
</tr>
<tr>
<td>Sticking to a budget</td>
<td>On The Path To FI</td>
</tr>
<tr>
<td>Investing in the stock market</td>
<td>Not Financially Independent</td>
</tr>
<tr>
<td>Downsizing my lifestyle</td>
<td></td>
</tr>
<tr>
<td>Maxing out retirement savings</td>
<td></td>
</tr>
<tr>
<td>Pursuing side career / secondary income</td>
<td></td>
</tr>
<tr>
<td>Living in a cheaper state</td>
<td></td>
</tr>
<tr>
<td>Buying only used cars</td>
<td></td>
</tr>
<tr>
<td>Pursuing a career with higher income</td>
<td></td>
</tr>
<tr>
<td>Limiting contr. to my children’s education</td>
<td></td>
</tr>
<tr>
<td>Living in a cheaper country</td>
<td></td>
</tr>
<tr>
<td>Limiting financial support for my parents</td>
<td></td>
</tr>
</tbody>
</table>

Those with a savings rate of 50% or higher are 23% more likely than other groups to max out their retirement savings to achieve FI (58%, compared to 35% overall).

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503

11/27/2018
Appendix: Demographics
Demographics

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503

Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>Midwest</td>
<td>22%</td>
<td>22%</td>
</tr>
<tr>
<td>South</td>
<td>35%</td>
<td>34%</td>
</tr>
<tr>
<td>West</td>
<td>19%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Female</td>
<td>41%</td>
<td>59%</td>
</tr>
</tbody>
</table>

Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Financially Independent</th>
<th>Not Financially Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>45-54</td>
<td>29%</td>
<td>32%</td>
</tr>
<tr>
<td>55-64</td>
<td>32%</td>
<td>40%</td>
</tr>
<tr>
<td>65+</td>
<td>39%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503
Demographics (cont’d)

### Income

- **Less than $50K**: 6% Financially Independent, 24% Not Financially Independent
- **$50K-$99.9K**: 33% Financially Independent, 35% Not Financially Independent
- **$100K-$199.9K**: 47% Financially Independent, 33% Not Financially Independent
- **$200K+**: 14% Financially Independent, 9% Not Financially Independent

### Assets

- **$250K to $499K**: 30% Financially Independent, 27% Not Financially Independent
- **$500K to $749K**: 14% Financially Independent, 10% Not Financially Independent
- **$750K to $999K**: 13% Financially Independent, 5% Not Financially Independent
- **$1MM to $2.49MM**: 17% Financially Independent, 4% Not Financially Independent
- **$2.5MM to $4.9M**: 5% Financially Independent, 1% Not Financially Independent
- **$5MM+**: 4% Financially Independent, 1% Not Financially Independent

Source: The Harris Poll on behalf of TD Ameritrade (October 2018); n = 1503