Praise for *You Can Retire Sooner Than You Think*

"I love, love, love this book. Wes Moss has knocked it out of the park. So many people are intimidate by saving for retirement, spending in retirement, and living in retirement. Wes deals with all three of these concerns with plain-talking good sense backed by rock solid research. The goal is to be happy, not rich.

"The keys that Wes identifies to having a happy retirement are simple but brilliant. Read this book."

—CLARK HOWARD, consumer advocate, nationally syndicated radio talk show host, and author *Clark Howard's Living Large in Lean Tim*

"*You Can Retire Sooner Than You Think* is the modern day version of *The Millionaire Next Door*—it gives you an honest guide to an early and happy retirement. Through his national survey on money ar happiness, Wes Moss discovered a groundbreaking answer to the question 'Can money buy happiness?' and in this book he gives you the steps to retire early and happy. This book is packed wit great advice regardless of your age or financial situation."

—ANDY DEAN, nationally syndicated radio host of *America Now with Andy Dea*

YOU CAN RETIRE SOONER THAN YOU THINK

The 5 Money Secrets of the Happiest Retirees

WES MOSS

McGraw Hill Education

New York Chicago San Francisco Athens London Madrid
Mexico City Milan New Delhi Singapore Sydney Toronto

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This book is dedicated with love
to my wife, Lynne,
and three sons,
Ben, Luke, and Jake.

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Minimizing Risk in Your Investment Portfolio

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Foreword

I try so hard to get my listeners and viewers to save for a rainy day and save for retirement. You ma intend to do both, but life somehow gets in the way. Even if you have a mind to save, most of us find saving money intimidating. It is confusing to know how much to save, where to save it, what kin of investments to have, and who to trust.

I believe that you should start with a map: where are you trying to go? I know a guy who plays the lottery twice per week. He dreams of being the winner of one of those mega jackpots. I asked him what he would do if he won. His answer, “I won’t be at work tomorrow.” Then I asked him what he would do with his life after he stopped working. I was met with a blank stare.

Retirement or not working is fine, but only if you have a plan for doing what you enjoy, how you would spend your days, and what your ideal life would cost. Then you can start to set goals.

My 67-year-old brother Gary is a retired lawyer. He spends his days volunteering, and he and his wife take about a trip a month to see the United States and the world.

Gary and his wife Debra began planning 20 years ago. They hired a fee-only financial planner. Th planner did what any great planner will do. He asked what they enjoyed and what their dreams were. He then estimated what that lifestyle would cost and how much they would have to save to make it happen by the time my brother was 65. Debra has decided not to retire yet and is still working full time, which has made my brother’s transition to retirement easier.

But it isn’t just about dollars and cents. Retirement should be a joy. As you read this book, you wi learn the keys to having a happy retirement. You might think that happiness is strictly personal. Wha would make you happy is completely different from what would make me happy. However, you will be surprised and ultimately convinced that certain traits and steps are common if you want real, lasting happiness when your workdays sail into the sunset.

Wes Moss uses his many years of experience as an investment advisor to real-life families to crea a must-read for you if you want to retire happy. He has facts and many of the important keys that lea to true happiness as work goes into the rear-view mirror.

Wes unlocks the secrets to a happy retirement.

Clark Howa
Nationally syndicated talk show hos
consumer advocate, and author
Clark Howard’s Living Large in Lean Tim

Preface

Does Money Buy Happiness?

I've kept very few mementos in my life—only a handful—and most have been lost over time. But there's one movie ticket stub I've held onto for the last eight years.

I keep it in the same little wooden box that holds my watch and my wedding ring—the same little wooden box I open every morning as I'm getting ready for work. So I see the ticket nearly every morning of my life . . . and I've been looking at it since the movie came out in 2006.

The Pursuit of Happyness.

I have three young sons myself, so the story really resonated with me. Every time I even *think* about complaining about the financial industry or the lackluster performance of a particular stock, I remember the story of Chris Gardner (played by Will Smith) who was homeless and taking care of hi five-year-old son as he began what would eventually become a successful career as an investment advisor.

All this to say, I guess I've always put extreme importance on being happy—and trying to help others do the same.

So how do we get happy? Do we have to do what Chris Gardner did and start pulling a six-figure income? Is that what it's all about?

Even as a kid, I was intrigued by the relationship between money and happiness. I've spent my whole life asking the question: Does money buy happiness? It's still the number one question I am asked when I do radio and TV interviews: What's the link between money and happiness? Do you need loads of the first to get more of the second?

We all ask those questions. Every one of us is familiar with the nagging questions: "Do I have enough? Will I go broke?" And the one place in our lives where those questions really crystallize is when we start thinking about retirement. Talk about a landscape where people's biggest dreams collide with the harshest realities!

We want to retire early, but we're not sure we can. We have big plans for the future, but we don't know if we can afford them. We long to see the world, but we don't know when we'll be able to stop working—and we're too scared to find out.

My entire career has been devoted to helping people retire as soon as they possibly can. I do it every day at CIA (no, not the Central Intelligence Agency—in my case it stands for my firm, Capital Investment Advisors). I've helped hundreds of couples and individuals retire sooner—and more comfortably—than they ever thought possible. How do I do it? Naturally, we put financial strategies in place and rely on specific investment vehicles and tools. But there's something else, too, somethin bigger going on.

I'll tell you my secret: **If you want to retire early, you have to figure out the relationship between money and happiness.** I truly believe this is the key—and it has the power to unlock the retirement of your dreams.

~~This isn't the sort of stuff you hear investment advisors talk about. Most people in the world~~ of finance are far more comfortable chatting about stocks and bonds than discussing the nebulous, feel-good concept of "happy." But not me. I love talking about this stuff. I talk about it all the time when hosting *Money Matters*, one of the most widely listened to and longest-running personal finance and investment radio shows in the United States. And, thanks to my radio audience and a healthy client list, I have access to one of the most extensive pools of retirees in the nation.

You'd better believe I make good on it. Using the world's most popular and robust online survey tool, I conducted a comprehensive study of more than 1,350 retirees across 46 states. I asked my survey participants more than three dozen questions on a variety of topics: income history, their assets, home value and level of mortgage debt, spending habits, sense of purpose, how many vacation they took, what kind of cars they drove, and where they went out for dinner—just to name a few. Son of my findings were exactly what I'd suspected; others weren't.

This book is the culmination of that journey, the result of all the studying and testing and researching I have done on my quest to figure out: Does money buy happiness? And more specificall Does money buy happiness in retirement?

I've been asking those questions all my life.

The answers, of course, are far from simple: it does, and it doesn't.

It Does

At its most fundamental level, money provides three things: safety, health, and freedom. No one can argue that your retirement income will provide:

- **Safety.** One of the greatest fears people face is running out of money. I hear it all the time: "I don't want to be broke." "I don't want to have to depend on my kids to take care of me." Once w reach a certain level of net worth and have obtained a "cushion," we can take these basic human fears off the table. What a relief! You'll no longer spend sleepless nights worried about running out of money and being forced out on the street, or fretting over not being able to buy groceries. It's a direct link: a certain level of money equates a certain level of safety.
- **Health.** There are certainly no guarantees that money will equal good health; plenty of millionaires die young, victims to cancer or other debilitating diseases (think Steve Jobs). However, having a financial cushion and a certain level of resources will ensure that if somethir does go wrong medically, you will have the best chance of getting the treatment and medical attention you need.
- **Freedom.** Once our basic needs are covered (food, shelter, health), money provides an additiona benefit: the ability to *enjoy* the fruits of our labor. This freedom takes different forms for different people: it could be traveling, going to the opera, playing volleyball, spending time witl grandkids, or volunteering at a favorite charity.

And It Doesn't

But here's what you may not know: money buys happiness *only to a certain point*. After a certain lev of wealth is achieved, a “plateau effect” occurs, resulting in a diminishing return on happiness.

In America, we tend to have a sense of what our standard of living *should* look like. Once we get there, we’ve essentially achieved our goals. The funny thing is, the more we add on from that point, the less it affects our overall well-being.

The Woodrow Wilson School at Princeton University recently conducted a study showing that onc people reach an income in the neighborhood of $75,000 per year, happiness levels off.[1] In other word your chances of avoiding unhappiness are greater if you make at least $75,000 per year, but you don’ keep getting happier and happier from there. I call this “diminishing marginal happiness.”

Yes, more income and more “cushion” get us to a point where we can enjoy greater safety and the freedom to pursue the things we love. But once we get to a certain point, we are often able to “buy an do everything that I ever wanted to do”—to borrow a line from one of my favorite happy retirees.

It’s all in the data—I’m not making this up. It’s as if, once we have a cushion, *more money doesn’ necessarily add to our sense of how great that cushion really is*.

I want you to keep that in mind as you read this book. Retiring early is not about saving as much money as you possibly can. Of course, you want to have a cushion that affords safety, freedom, and a better chance of staying healthy, and saving and investing your money wisely matters—I’d be crazy t say otherwise. But it’s also about the life you’ve been building for yourself, the choices you make, ar the activities you pursue.

The happiest retirees know this. They’re happy not just because they have money in the bank, or because they know the five money secrets: they’re happy because they are living with purpose—whatever “purpose” means for them.

If you want to know *how* they do it—if you want to follow in the footsteps of the thousands of mer and women who have been able to retire early and retire happy—then keep reading. I wrote this book for you.

Introduction

How to Read This Book

Here's a sobering statistic: 75 percent of Americans nearing retirement age have less than $30,00 in their retirement accounts. That's right—*less than thirty thousand bucks*. That's enough for one really nice family vacation, maybe, or a new roof, but nowhere near enough to guarantee the safety, health, and freedom a financial cushion could (and should) provide.

This is 75 percent of U.S. citizens we're talking about. What kind of retirement do you think these people are headed toward? An unhappy one, I'll bet.

I don't want you to be one of those people. We hear a lot today about the "1 percent," but I'm talking about a different percentage: I want you to be one of the 25 percent. I want you to have way more than $30,000 in the bank. More important: **I want to help you pave the way for a retirement that is infinitely more fun, thrilling, and fulfilling than you ever dreamed.**

There are plenty of books on how to retire happy, and there are plenty of books on how to retire rich. I want to show you how to retire *early*—and how to be happier than all your friends and family who are still toiling away at their nine to five.

Retiring early and happy isn't only about the money in your accounts. Sure, money is important— won't deny it. But the happiest retirees know it's about so much more than their bottom line. It's not necessarily about having the most money; it's about your outlook on life and the choices you make. It's about using your money as the means to reach your purpose, not the other way around.

This book is about money and happiness, and how to arrive at that intersection as soon as humanly possible. I've helped hundreds of retirees retire earlier than they thought they'd be able to, and now I want to do the same for you. I'm going to take you through the process step-by-step to mal sure you're on the right track.

You could be 35 or 60—it doesn't matter. The advice in this book works for anyone thinking abou retirement, whether you're retiring next week or you have 30 years to go. And if you're headed for troubled waters, it is not too late to turn the ship around. I've had people come to me who were practically bankrupt, both financially and emotionally, and within a few years of hard work and smar choices, we were able to completely change the course of their future. I know what works and what doesn't. I'm familiar with the myths people buy into and the common traps that ensnare them.

In these pages I'll be giving you five critically important money secrets that will lead to retiremen as soon as possible, but what I'm really giving you are the secrets behind how the happiest retirees g happy—and how they stayed that way.

In Part One we'll talk about the happy retiree basics. I'll introduce you to some of my favorite happy retirees—as well as some preretirees who are well on their way to retiring ahead of schedule. We'll talk about the life and money choices these people made to get them where they are today. We'll also look at some unhappy retirees and how you can avoid making the same mistakes.

Part Two will focus on the top five money secrets of the happiest retirees—the five inviolable financial strategies you need to adhere to. We’ll look at:

- **Secret #1:** Determine what you want and need your retirement money for.
- **Secret #2:** Figure out how much money you need to have saved before you retire.
- **Secret #3:** Pay off your mortgage in as little as five years.
- **Secret #4:** Develop an income stream from three or four sources, not just one.
- **Secret #5:** Become an income investor.

I’ll spend one chapter on each of these secrets, providing tangible tools, action steps, and how-to lists to get you started. I’ll also introduce you to a number of happy retirees who have put the five money secrets to excellent use.

In Part Three, I’ll share my proven approach to successful long-term investing. I’ll guide you through the process of minimizing risk and avoiding common pitfalls. Every investor is unique, and your portfolio should be unique, too: the mix of stocks, bonds, real estate, and cash should reflect both your risk tolerance and your specific financial goals. We’ll talk about how to make the right choices and sidestep the bad ones.

And in Part Four, we’ll zoom out a bit to look at the bigger picture. To get you excited about your retirement, I’ll show you the vibrant world of opportunities available to you. Travel, service, golf, time spent with friends and family—it’s all yours. Here we’ll meet more fantastic people from the happy camp, and you’ll see yourself in their stories: the many ways they are embracing and enjoying their rich and wonderful lives.

You bought this book because you want to retire early and happy. I can help you get there. In the chapters that follow, I’ve distilled the traits, strategies, and secrets of America’s happiest retirees into easy-to-understand, actionable steps. No matter how long you have until your years turn golden, you can start moving toward a happy retirement today.

Sound good? Glad to hear it.

Get ready to get happy.

Acknowledgments

There's a significant team of people that I must thank for their insight, guidance, encouragement, support, and effort on this book project. And yes, this has been more than writing a book—this has been a research project on *money and happiness*, and how the two can work together to make an *early retirement* a reality for the reader. So, many thanks and in no particular order to a wonderful team:

The Money Matters Team—a beautiful group of people, aka Team CIA, at Capital Investment Advisors. They have supported this project for the nearly two years it took to complete. From idea, to survey research, to analyzing survey data, to formulating a road map on how this book would develop, Team CIA has been integral in the formulation of this book.

Countless hours were spent with Ryan Ely, also part of the CIA team and the producer of *Money Matters* Radio. A financial brain in his own right, I applaud his efforts in helping me flush out the stories this book was written to tell—and the advice it was meant to impart on our audience.

My "English Professor" and literary agent Cindy Zigmund—who has been instrumental in helping me focus on what is truly unique and most important about this work. She was the original believer in the book's message and has been a wonderful guide through this process.

Two of the best storytelling, content editing, and literary polishing partners on the planet—Ryan Doolittle and Bree Barton, who made this project memorable, and just plain fun from start to finish.

To the many clients and listeners that I interviewed for their unique story on how they were able to *retire sooner than they thought* possible. This book changes their names and minor details to protect their anonymity—but their real-world financial success has taught me volumes, and it will hopefully be passed on to you.

My wife Lynne and three young sons—who "let dad slide" for the time it took to finish this book. "Dad, are you done with your book yet? When are you are you going to *be done*?" I'm happy to report we're here.

And to McGraw Hill—a publishing giant that has been kind enough to notice my work and the story I am trying to tell. Tom Miller—thank you for pushing this project beyond what I originally thought it could become.

PART ONE

The Happy Retiree Basics

CHAPTER 1

Who Are the Happy Retirees, and What Makes Them Happy?

R*etire*.

Few words in the English language carry as much weight as this one.

In a baseball game, if a pitcher retires the side quickly, that means he shut the other team down. He's an ace! On the other hand, if the team retires his jersey, that jersey is no longer worn—it no longer functions. They hang it up in the rafters, or in a musty locker room that smells of sweat and dirty socks.

Even when I was young, I remember thinking retirement was a good thing. As far as I could tell, retirement meant you could just stop working, and that was good, right?

Or is it? When our heart stops working, we die. So what happens when we stop working?

Over time, as I've thought about this more, I've realized it's not really that we want to retire. It's that we want to be in the *position* to retire. There's a big difference. We don't want to stop working, but we do want to stop working with our annoying boss, or our lazy coworkers, pushy vendors, expensive lawyers, or demanding clients. We don't really want to stop everything and make shuffleboard or mah-jongg the highlight of the day. We just want to be in the financial position to no have to grind it out at a job we no longer love, or maybe never loved.

We want the option. We want the freedom. This is America!

As our economy has taken its lumps over the past decade, I've gotten the sense that more and mor Americans view a happy retirement as an elusive or even unattainable goal. So they work harder, logging more hours and losing more sleep, striving tirelessly toward the notion of a happy retirement Their logic is simple: work more, save more, be happier. Makes sense, right?

Wrong. It doesn't always work that way.

Today the paradigm has shifted. It's not always about working longer or harder; it's about making smart choices with your money and your life. Some of the old strategies still work, others don't—and you have to know what to keep and what to discard.

I'm here to tell you: you can create your own definition of retirement—and you can do it sooner than you think. I don't just want you to retire. I want you to retire *happy*. And now you can.

What Makes a Retiree Happy?

I don't claim to be a doctor of happiness, but I *do* claim to have done my research. In my comprehensive survey of more than 1,350 retirees across 46 states, I was ruthless in my quest for answers. I asked retirees the questions no one else was asking. Sure, I asked about net worth and income, total assets and home value. But I asked them other questions, too, about their overall quality of life.

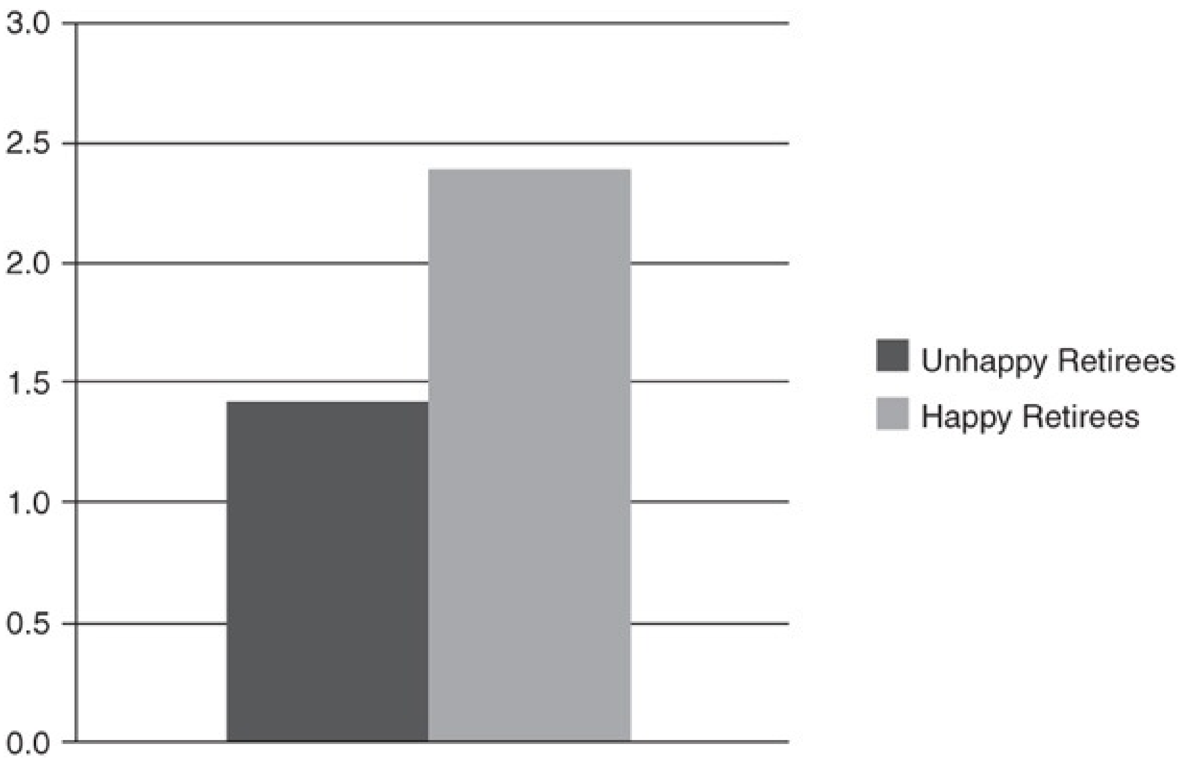
First, I asked them: How happy would you rate yourself on a scale of 1 to 5, where 1 is not happy and 5 is extremely happy? Then I invited them to tell me about their lives. Where did they shop? Wh ~~kind of cars did they drive? How many vacations did they take each year? Were they married or~~ divorced? Did they have children? If so, how many? What activities and interests did they pursue? How would they define their purpose in life?

Once the data was crunched, I went to the Georgia Tech Department of Mathematics and had the data’s “confidence and significance” verified by the former president of the GA Tech Math Club, along with one of her former math professors. I used the data to create a series of graphs and charts, which you’ll see throughout this book.

The more I looked at the survey data, the more things I found that surprised me. Happy retirees hate fast food and love steak. They avoid cheap chains but don’t overindulge either—Ruth’s Chris Steak House and Olive Garden rank among their favorite restaurants. They shop at Macy’s and Kohl’ They don’t drive BMWs, though unhappy retirees often do.

Happy retirees have busy social schedules. They play sports and volunteer, whereas unhappy retirees tend to prefer hunting and reading. They have at least two kids, and three seems to be the magic number. The happy folks have at least 3.5 *core pursuits*—the activities and interests they love to do. (More on core pursuits in Chapter 4.) And lest you think retirees are homebodies: take a look a Illustration 1.1. Happy retirees average 2.4 annual vacations, while retirees in the unhappy group take only 1.4. One vacation may not seem like a big deal, but it can mean the difference between being happy and being miserable.

Illustration 1.1 Average Number of Vacations per Year



Once a year, happy retirees are out rock-climbing in the Grand Canyon or swimming with sharks in Aruba, while their unhappy friends are stuck at home, reading.

In addition to the fun stuff, I pinpointed certain financial signifiers that showed up repeatedly among the happy retirees. They lived in homes with a value of at least $300,000. They didn’t have a mortgage; if they did, their payoff was in sight. They had a liquid net worth of at least $500,000, and they spent at least five hours per year planning for retirement, usually more. They also had at least tw or three different sources of income in retirement, including social security, pension income, income from ~~investments, income from rental properties, part-time work, and government benefits~~ (Illustrations 1.2 and 1.3). In Chapter 7, we'll go into more depth on how having diverse sources of income can lead to greater happiness.

Illustration 1.2 Happy Retirees' Number of Income Sources

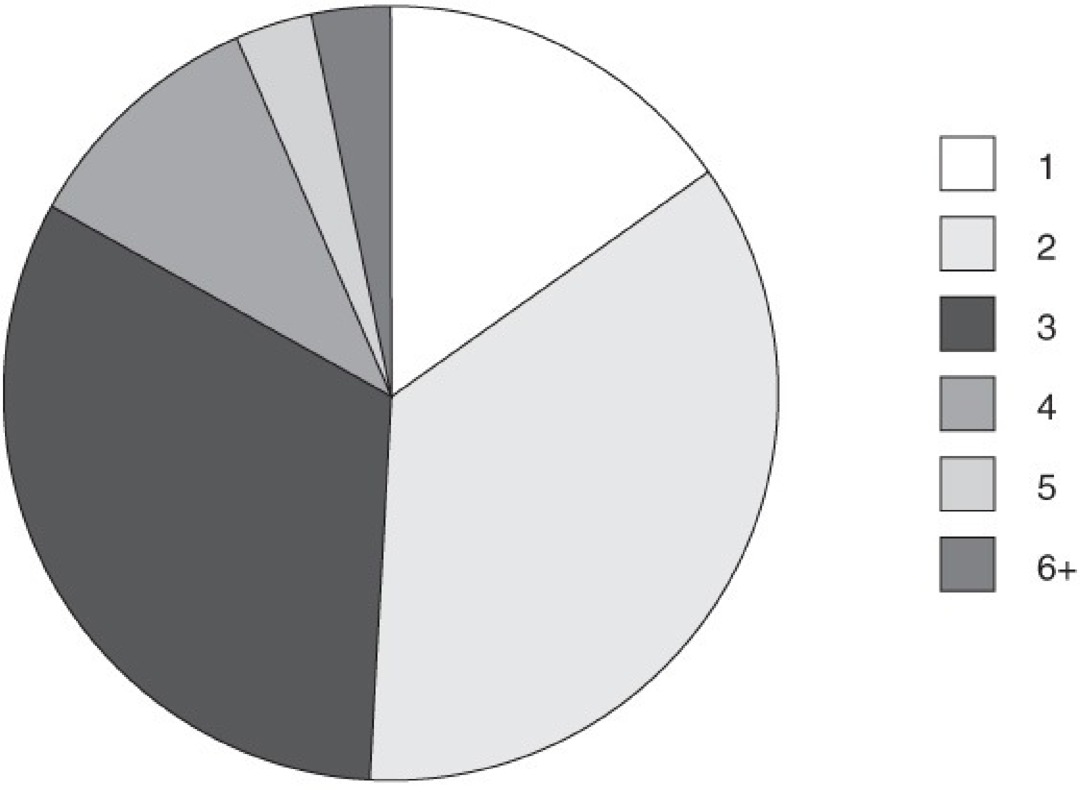
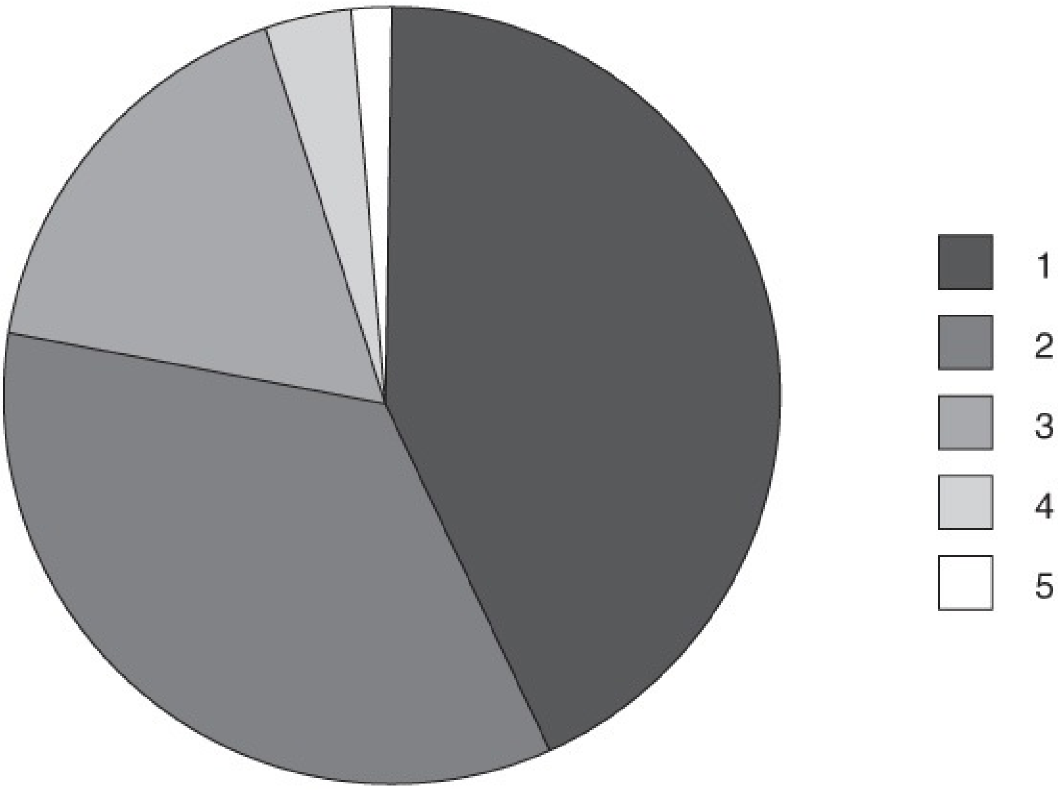


Illustration 1.3 Unhappy Retirees' number of Income Sources



The vast majority of happy retirees have two or three income sources, while the majority of unhappy retirees have one or two.

Have you noticed one theme that keeps repeating itself? **Overall, the happiest retirees live in the "middle."** When it comes to home values, vacations, restaurants, cars, and shopping, happy retirees have found the sweet spot in the middle. Nothing low-rent, but not high-end either. They're not spending lavishly—but they're also not depriving themselves. They've struck the balance that's right for them.

I'd like to help you strike the balance that's right for you.

On the 1-to-5 happiness scale, I want to see you at a 4 or 5. I want money to facilitate that happiness, not create it. Start thinking of money as a way to *support* being happy, rather than manufacture it. If you can make that subtle shift, you're well on your way.

In the following pages, I'll introduce you to a number of happy retirees who have applied these principles with great success. I don't have to look far for people in the happy group—my client base is chock-full of them. These are people who, for the most part, have done things right. They're not all millionaires and multimillionaires, but they have made smart choices with their money and are able to reap the benefits.

I'll also introduce you to some of the families I work with who haven't retired yet. These are men and women in their thirties, forties, and fifties who are making smart decisions *now* that will pay off later. Take, for example, Nick and Katie Benjamin.

The Benjamins Will Retire Sooner than You Think

Nick and Katie are one of my favorite couples. Both come from parents whose retirements were completely crushed by their respective companies. Both vowed never to let that happen to them.

Katie’s dad worked for Chicago Bridge & Iron. They laid him off a year prior to his full pension eligibility, so his pension got whacked down to 20 cents on the dollar. He didn’t really have a 401(k) because that just wasn’t a standard benefit during his era. In other words, he got a bum deal.

That means Katie felt the financial brunt as well. A lot of kids have to move back in with their parents early in adulthood, but it’s not usually because the parents need financial help. In this case, Katie’s parents needed her to pay rent in order to stay solvent on their mortgage!

Nick’s dad worked for Eastern Air Lines, a big airline in Atlanta that went out of business in 1991 It took him a long time to find work again. Like Katie’s dad, his pension got severely hit and he ende up with miniscule savings. Now, both of their parents are in their seventies and barely scraping by. Nick and Katie are going to have to help support them.

It’s easy to see the genesis of a mentality that has taken hold in Nick and Katie. It’s been apparent to me ever since they started working with me a decade ago. Their determination set them on a cours of making razor-sharp financial decisions. It kept them from sinking money into a house they couldn afford or cars they shouldn’t drive. If they stay on course, Nick and Katie may be able to retire in the midfifties. Do I have your attention yet? Good.

Nick and Katie both work, and they each make around $150,000 to $175,000 a year. Not a bad chunk of change, especially in Atlanta. But they haven’t always had this powerful double income—and they’re certainly not one of the much-discussed “1 percent,” which in 2011 required a minimum household income of $516,633. For many of their first years of marriage, they were both averaging around $75,000 a year, both as consultants in the technology industry. So despite their new relatively high double income, Nick still drives a 1995 Nissan Maxima with 200,000 miles on it. Katie drives a 1998 Nissan Maxima with 300,000 miles on it. They do have a used 2001 S-Class Mercedes, which is pretty nice but reasonable.

They aren’t on financial lockdown, either. They aren’t total stiffs. I wouldn’t be writing about ther if they were. They go out to dinner, they eat what they want, and don’t have to worry about the little stuff because they know they are nailing it on the big fundamentals. **Because they are pound-wise, they can afford to be penny-foolish at times.**

The most important big-ticket item is their housing situation, and it almost didn’t go in the right direction. Like many, Nick and Katie were at a crossroads and nearly took the wrong turn. They made a deposit on an expensive house that would’ve basically depressed them financially—for years if not decades. Everyone else was doing it. Why not them?

But then they thought long and hard about what they were doing. Taking a small penalty, they decided to get their deposit back on the house and instead live in a two-bedroom apartment for the next two to three years. They took that deposit ($30,000) and used it to pay down student debt.

That gave them the momentum to continue making smart choices. They began to live by a rule of maxing out their 401(k)s every year, no matter what. Though they were both bringing in salaries, they decided to live on just one salary—the lower of the two. They had vacation time, but kept it regional, often opting for the “staycation” to avoid huge out-of-pocket costs.

When I met Nick and Katie in 2004, right after I finished my run on NBC’s *The Apprentice*, they were 34 and 32 years of age, respectively. They had $50,000 total in savings. Today they have over $450,000 in retirement assets saved. They own their own home, on which they owe less than $200,00 of its $250,000 value, and it will be paid off by the time Nick is 50 years old.

That’s not all. They own seven single ranch home rental properties, all in the $100,000 to $150,00 range. Sure, they made a few mistakes along the way, such as buying a couple of houses right before the housing bubble burst in 2007. However, they learned from those mistakes. They were able to do some financing through a government program called HARP 2, which essentially gave them a way to refinance and get better interest rates even on some of their properties that were "underwater" (properties that were worth less than they owed). Submarine financing, if you will.

Nick and Katie lowered their interest rates, which stopped the bleeding that was their $1,800 a month of net negative cash flow. From there, they began to break even, and they then bought a couple of other smaller places in 2009 and 2010 that finally provided a positive cash flow.

The Benjamins will have their mortgage paid off by age 50, and they'll be able to do the things the want to do. They'll have a real purpose behind their money. Katie will work part-time in real estate without any pressure. She'll teach spin classes rather than just going to the gym. Nick will play more golf. They will travel more. They are currently pregnant, having decided to have a child later in life. Since my studies have shown that the more kids you have (up to three), the happier you are, this was music to my ears.

Nick and Katie lived and still live slightly below their means, which is key. We all know how to d it, but we get caught with our hands in the consumer cookie jar. Ever since the days of "Mad Men" in the 1950s, marketing campaigns in America have been extremely adept at convincing Americans to buy whatever they want to buy. Madison Avenue has made us feel financially invincible.

We aren't.

But if we live like the Benjamins, we don't have to be. With judicious decisions and hard work, yo too can retire early. You don't need $5 million to do it. You may not even need $1 million. The Benjamins have less than half of that (though they're well on their way to having a good deal more). Thanks to their singular focus and smart financial choices, they're on track to retiring a lot sooner than their friends and coworkers.

Wouldn't you like that to be you?

5 Action Steps Toward an Early Retirement

The Benjamins are the kind of people who take action; it's just the way they live their lives. So, inspired by Nick and Katie, here are five action steps *you* can take. These steps will move you that much closer to retiring early—just like the Benjamins will be doing in a few years.

1. **Keep your primary monthly mortgage payments (as a percentage of your income) well below the conventional "25 to 30 percent of your monthly income."** If possible, aim for somewhere closer to 10 or 15 percent. Using the conventional "30 percent" rule that mortgage brokers will tell you, the Benjamins could "afford" a monthly mortgage payment of more than $7,000 a month. Instead, they pay less than $2,000 (or less than 10 percent of their taxable income) per month for their primary mortgage, including taxes and insurance.
2. **Pay your mortgage off early.** Using the above technique can give you plenty of room to make additional payments each month so your primary mortgage will be paid off early. Bankrate.com has a wonderful mortgage payment calculator section that allows you to see how $100 or more per month added to your mortgage payments can trim years off the overall life of the loan.
3. **Live on one of two incomes.** If you are a couple where both of you work, try to live on only one of the incomes. The Benjamins were able to live off the lower of the two, saving the majority of the rest—which also allowed them to start their mini–real estate empire. Even if

you can’t live on the lower of the two, living on the higher income and saving the entire lower income amount is still a wonderful practice.

4. **Forget about saving 10 percent a year.** It’s a great start, but it just won’t cut it—and it certainly won’t allow you to retire early. I dedicate an entire section in this book (in Chapter 5) to something called taxes, saving, and life, where I’ll show you the importance of saving at least 20 percent of your annual income.
5. **Start thinking about your future income.** If you know you will have some level of pension income, and social security, and investment income—great. But if you are like most Americans, you won’t have a pension from the company you work for. In addition to the income your investment and retirement accounts will provide to you, consider buying income-producing properties like the Benjamins did. I suggest you aim in the $100,000 range to get started—maybe start small with a single-level ranch or condo. Once the mortgage is paid off, you’ll have an asset that may be able to pay you nearly $10,000 a year in income. Talk about raking in some Benjamins!

CHAPTER 2
What Makes Retirees Unhappy—and How Can You Avoid It?

On a recent episode of my radio show, *Money Matters*, Chuck from Roswell called our listener line. He had just finished breakfast with his wife, and he was phoning in from the road. “Wes, I’m two years away from retirement. I’m driving a BMW 528i, and my wife is sitting next to me, saying, ‘You need to get rid of this car.’”

He was laughing. You could hear his wife in the background, nudging him.

“Let’s say I *do* want to be the happiest retiree,” Chuck said. “What kind of car should I buy? My wife wants me to get a nice Toyota. In my heart, I know she’s probably right. But what kind of cars d the happy people drive?”

“I’m so glad you called.”

I had plenty of advice for Chuck—a whole list of the financial laws of happiness—the things that made retirees either happy or unhappy.

“Do you really want to be happy, Chuck?” I asked. “Then trade the BMW in for a Lexus. If you want kids, have three of them. And you need to take at least two vacations this year: Learn how to enjoy your money, or you’re headed for the unhappy camp.”

You can’t control the economy, and you can’t always avoid health scares or changes in circumstance. But there are things you *can* control, from small to big: everything from the kind of ca you drive to the amount of money you put into savings each month. Why not start now?

In this chapter, we’ll look at the financial choices and behaviors that lead to unhappiness. Most unhappy retirees don’t even know they’re headed for disaster; they have no idea how small, seemingl innocuous choices can add up to big financial ruin. Lucky for Chuck, he was able to change course before it was too late. His first mistake?

That sleek and shiny 528i.

Ditch the BMW and Stick to the Asian Brands

If you are retired and drive a BMW, chances are you are *not* happy. My survey results found that BMWs are the top luxury car in unhappy retirees’ garages across America. My guess? The Chucks of the world are still competing. They buy the “Ultimate Driving Machine” because they’re looking for distraction—a high-end status symbol to make them feel better about themselves. But in purchasing such a car, they have opted, either knowingly or unknowingly, to add an additional financial burden t their lives.

It isn’t that driving a luxury car leads to unhappiness. There are plenty of non-BMW luxury cars listed for the happy group. Their preferred luxury brands are Lexus and Buick; they tend to prefer Asian luxury brands by a three-to-one ratio. Happy retirees are looking for two things in the cars they drive: *comfort* and *cushion*. Anything else is just a well-polished money sump.

We did a five-year average cost comparison between Lexus and BMW, and the gap was significan over ~~five years, the average cost of owning a Lexus is *16 percent cheaper* than owning a BMW.~~ Lexu is hardly considered the performance luxury brand, but retirees in the happy group don't seem all tha interested in speed and handling when it comes to luxury automobiles.

I'm not saying owning a Lexus will automatically make you happy, just like owning a BMW won' automatically make you unhappy. All I'm saying is, after the top four makes of cars—GM, Ford, Honda, and Toyota—these are the cars that happy retirees drive. I'm guessing that's no coincidence.

The Happy Cars

- Lexus
- Nissan
- Hyundai
- Subaru
- Buick

The Happy Luxury Cars

- Lexus
- Buick
- Lincoln
- Mercedes

If you want to know what the unhappy retirees are driving (so you can avoid their fate), you shoul familiarize yourself with the Unhappy Cars: Chrysler, Dodge, Kia, Mercury, and of course, BMW.

You Don't Need a Second Career as a Stock Trader

I can't tell you how many unhappy retirees I've met who decide to "play the market." Now that they're no longer working, they have more time on their hands than ever before, so they think they'll become investment experts and active stock traders overnight.

Big mistake.

I have a client who is a semiretired radiologist. We'll call him Doctor Ray Gamma. Once Dr. Gamma saw the retirement light at the end of the tunnel, he began to scale back at the hospital. He went from working 80-hour weeks and 2 a.m. shifts to having more and more free time. He started burning the midnight oil poring over *Barron's* and *Bloomberg* instead.

Don't get me wrong—I love *Barron's*—but it can be dangerous to read without a solid context in financial planning. Dr. Gamma lacks essential financial context, for obvious reasons. He's not a financial planner; he's a semiretired doctor. He's constantly trying to redo and upgrade a plan that wa put in place for him a year ago because he read about a hot new stock online. "Energy! Why don't I have more energy? Energy is the *it* buy!" "Biotechs! This biotech stock has a 14 percent yield—why don't we load up on this?"

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