FIRE Up Your Future: How to Retire Early and Wealthy | Mint Money Festival

Published on 24th December 2024

This is one panel that applies to everyone regardless of if you're in the finance industry if you're not in from the finance industry this is one topic which applies to all anyone who missed it uh I'll just explain what this fire thing means so fire stands for financial Independence and retire early basically the concept is that when you're young you save as much of your salary as possible and then you retire early and then they will tell me what they do after they retire so we can just Begin by talking about what fire means to each one.

Vishal, you do this for the living - in the sense people come to you they day in and day out and they ask you for advice on retirement how do how to manage their finances so in short what's the definition of fire for you?

Vishal Dhawan: So I think the question I asked them is you know do you want normal fire do you want fat fire do you want lean fire you want Coast fire now they are like oh yeah because the fire that they know of is either they're firing their children they're firing their parents um or they're getting fired themselves by there you know who so um I think the starting point has to be really what is fire for you and I think um it's very important to Define it for yourself so I'm just going to give you a little bit of a theoretical framework in terms of making these more relevant so when you think about fire and visualize let let's say this retirement right you've retired early now what does it mean for you for some people it means that they can do all the things that they couldn't do many of those things will come with spending more money let's say travel the world or raising the standard of their living because they never got time to spend their money so those are those fat fire category of people then you could have lean fire people who are saying you know what I'll cut my expenses so much that I can retire early that's another type there's a coast fire or Barista fire what does that do it actually tells you that I'll just earn enough or save enough and invest enough so that my basic expenses are taken care of and then I live a slightly simpler life so I can choose what I want to work in maybe I want to work parttime maybe I want to do something else so I think the starting point for me I'm a fat fire kind of guy okay but everyone has to Define their own fire and that's what we tell investors.

Vishal, generally what kind of fire are people looking your clients?

Vishal Dhawan: So, I think it changes interestingly fire most as life stages happen, I think they start off with fat fire and then as they age many of them move towards lean fire saying ‘yeh sab Moh maya Hai’

Vishal, we are running little, short on time can you please quickly uh tell us how fire can go wrong?

Vishal Dhawan: So many ways I think the few things that we've seen often go wrong is how a health incident can completely change uh fortunes and uh this may be inspired of having health insurance coverage uh a very long hospitalization uh pre-existing conditions which were not declared I mean a lot of those things mean that even your health insurance that you thought was your sort of safety net does not work so that's one thing that we come across very commonly. The second thing is the inability for people to manage their time and Sumit spoke about it when he mentioned you know I'm an introvert right U I think the challenge with having extra time is that you know very often you spend money to deal with extra time that you have and therefore what you end up doing is you end up traveling much more you end up um in your brain telling yourself that I deserve this I have worked for 30 years and you know I have slogged morning to night Blood Sweat tears all of that I mean the whole JG goes on in our brain right and you end up therefore consistently overspending and you keep saying that it's only this one time the third thing that happens is that you always tell yourself that you know my kids are independent they will fund their own post-graduation and then your kid gets a great admission but he doesn't get a scholarship and now you're at this point of thinking saying now what do I do it's my retirement and it's a great postgraduation how do I solve this problem and Papa and Mommy will not agree on this so what will then happen is that you will end up taking out money from your retirement CPUs and putting it inside there so I think there are lots of things that happen in the real world uh assumptions of course are you know many problems but I also think life expectancy gets crossly underestimated there are just too many people who live significantly longer than what data shows us and the last many years of their life could come with very high cost for taking care of them and many of these things are not necessarily modelled in the way that uh retirement planning especially in the withdrawal phase works these are some things that we come across.

Vishal, I would like to know what is the mortality age for the normal male and female normal healthy male and female what is the mortality age as per data?

Vishal Dhawan: Yeah so there are so many assumptions in what you said first you use the word normal male I'm trying to understand what that means right then I'm trying to think about um all the stuff so I think we need to look at this very differently I think the data is very is very nuanced uh because the fact of the matter is that you know life expectancy at the age of zero is different from the life expectancy at the age of 40 is different from the life expectancy at the age of 50 and therefore I think there's no way for you to be able to model that well from a number perspective I think the bigger thing that uh you know anyone who's trying to find that number or the range of numbers has to think about is he or she going to be comfortable at some point when they will start eating into principal I think that's what we found is the inflection point that creates a problem as long as your money is going up Navin mentioned his portfolio has doubled in 10 years right great because you know money's gone up right in any retirement as you get older at some point you will see the curve starting to go down and that when we see all the Panic happens and I suspect that actually life expectancy goes down by 5 years just during that period because people can't handle the fact that they're now eating into principle um and I think that's the thing that we need to be really careful about I'm sorry I couldn't give you a specific number on that but I think uh it's just the reality that there is no one number as far as life expectancy as well uh which it will work across for everyone in the audience.