

EPISODE 1597**[0:00:00]**

FT: So Money episode 1597, Brad Barrett, Co-Founder of ChooseFI, on small steps for big savings and redefining FIRE.

*“**BB:** The financial independence movement and FIRE, when it was maligned, is it seemed like this deprivation. It just seemed like it was all about just cutting to the bone and just racing towards some number on a spreadsheet or on a screen. That's no way to live a life.”*

[INTRODUCTION]

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ANNOUNCER: You're listening to So Money with award-winning money guru, Farnoosh Torabi. Each day, you get a 30-minute dose of financial inspiration from the world's top business minds, authors, influencers, and from Farnoosh herself. Looking for ways to save on gas or double your double coupons? Sorry, you're in the wrong place. Seeking profound ways to live a richer, happier life? Welcome to So Money.

[EPISODE]

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FT: Welcome to So Money, everybody. Monday, November 27th. Hope everybody had a restful and easygoing, Thanksgiving. Is it just me or was the post-holiday shopping season kind of slow? We went out for Small Business Saturday, very little foot traffic compared to previous years. I don't know, is everybody just shopping online? Is everybody just done with their spending in 2023?

If you are looking to save money, this episode is a good one. I've got Brad Barrett on the show today. You might remember Brad. He was on the podcast before the pandemic. He's also an incredible financial expert. He's the co-founder of ChooseFI, which is one of the top financial podcasts, a massive online platform for learning about FIRE, Financial Independence Retire Early. Brad and his wife reached FIRE in their 30s. When he was last on the show, he talked a little bit about that path and how the couple was able to save a million dollars in 11 years. They also paid down over \$168,000 in student loan debt.

Now, we're catching up with Brad. He's got some new ideas and views on the FIRE movement, his approach to earning and financial independence personally has evolved. I wanted to learn about that. Brad also shares some of his best tips, small steps for saving big money. I'm actually looking into one of the cost reductions he recommends. Yes, me. All right, here we go. Here's Brad Barrett.

Brad Barrett, welcome back to So Money. Co-founder and host of ChooseFI Podcast and platform where you're really encouraging everybody to get on this FIRE bandwagon, Financial Independence Retire Early. You, when you were last on this show, you talked about your own journey to millionaire status, FIRE status. I want to revisit that, but also catch up, because it's been a pandemic. I think as we were saying before we came on the show, you've had a little bit of a philosophical change as far as how you approach work and money and just life. I agree. First, welcome back, my friend. It's great to reconnect.

[0:03:02]

BB: It is so good to be back here. Thank you so much for inviting me.

[0:03:06]

FT: Listeners, I was on ChooseFI talking about a healthy state of panic, which I have to say, Brad, you not only liked it. You loved it. You loved the book. You read it. Page turner for you. How has fear been a force in your life, I guess? I didn't get to ask you this question on your podcast –

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BB: Yeah. I think why I love the book so much is it just, it spoke to me. It spoke to my soul truly. I think it's easy to bemoan things that you think are wrong with you in life and not then look at, "Hey, what is the superpower of this?" I think that was what was so beautiful about your book. Yeah, I mean, I've always been limited, I think in my own mind with fears, just fears of fitting in, fears of not being good enough, fears of just everything, fears of literal safety. I don't think I've ever done enough inner work on it, to be honest, to really grasp, where did they come from? Why are they there?

[0:04:17]

FT: Yeah.

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BB: Reading your book really helped me start that. I mean, to start down the road, I guess. Yeah, that was hopefully the first of many steps. Yeah, it really deeply spoke to me.

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FT: Well, thank you. I really appreciate that. I mean, especially coming from you, somebody who has achieved so much in his financial life and in his career and in his personal life. Last year on the show, we talked about your comeuppance into the FIRE movement and becoming a real spokesperson for FIRE, Financial Independence Retire Early. I talk about that in the book too, and how, while it is this potentially great achievement, for some people, it's not the right move. It's not the right move. There's FOMO around, okay, well, if I want to be financially independent, I have to do it this way. I have to be extremely frugal. There's like, there was a script for this.

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BB: Yeah.

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FT: We have many scripts now for FIRE, but when you pursued it, what was the desire or the initial desire? Be honest, like were there times where you're like, "This is really hard. I don't know why I'm doing this." You and your wife managed to save a million dollars in 11 years, 100,000 more dollars, X plus dollars a year –

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BB: Yeah. It's amazing –

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FT: That's a lot. That's a lot. It's a lot of not eating certain things and not doing certain things, I would imagine.

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BB: No, it certainly is. Yeah, I mean, there's so much there, Farnoosh. I suspect we could talk the rest of the podcast just on what you asked me in the last couple minutes, but yeah, I mean, I think my mindset has changed entirely, just coming to the broad point of this. I think the entire community's mindset has changed, which I think is wonderful. I will get to your specific question in a second.

I think as you're saying, financial independence, retire early, I think one of the things that I'm proudest of that ChooseFI has done is really take the focus away from the RE, because I think the retire early is such a distraction for people. It just sucks up all the oxygen in the room, right? It becomes like this distraction of, "Oh, this is just lazy people who want to run away from things." Right? They just want to sit around and retire early, and that's that. I just find that – I just totally disagree with that, frankly. I can't imagine there are many people, if any, that have the wherewithal to reach financial independence at any point in their life, early late, whenever, who are just going to sit around and do nothing.

We focus on that RE so little. It's just the universal good of financial independence and pursuing financial independence, however you define that. I think that's something we've been very diligent about is you get to define what your path to FI looks like. Yeah, I mean, since you asked about my path, specifically. It's hard, because I think with the benefit of hindsight and with the benefit of the psychological place that I'm in now after reading a book like, *Die with Zero* by Bill Perkins, or reading the article, The Tail End, at the website Wait But Why, and realizing, Farnoosh, we were talking about this before we jumped on about our kids getting older.

Realizing that literally, every year you spend with your child from zero to 18, according to this article, The Tail End by Wait By Why. It's 5% of the time you will ever spend with them. Literally, a full 5% each year. By the time they get to 18, they graduate high school, you're at 90%. Farnoosh, 90%. I mean, if you think about it, that actually makes sense. You don't want to think about it, because it's really, really sad, right? But think about your kids.

I think it's easy to get lost in the sadness of that, but I choose to look at it of, "Oh, wow. I still have all these years. I need to maximize this. When my daughter, who is a roller coaster, crazy enthusiast, wants to talk to me about roller coasters at 9:30 at night, and I'm really tired. I say in my head, I have a thousand more nights with her before she goes to college, a thousand more nights.

Again, it's easy to say with the benefit of hindsight that I was a little too extreme on my path to fly, but in the moment, Farnoosh, it didn't feel that way. It didn't feel like we were depriving ourselves. It felt like we were living a wonderful life. We were just being a little bit smarter with money. We were – the skill of spending, as we like to call it. I think we were honing that skill, and it didn't feel bad. It didn't feel like deprivation to me at all.

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FT: One of your very recent episodes on ChooseFI is about frugality and how to balance. You call it smarter spending. Frugality gets a real bad rap. I think for a good reason. I mean, I think maybe it's like the word budget or the – it's like very triggering. We think of a certain person doing certain things with their money that's very extreme. Yeah, it's still something that runs

rampant in the personal finance community. There's a lot of frugality idolizers, and frugality philosophers.

How do you balance the smart spending/frugality on the one end of the spectrum, smart spending on the other with all of your other financial pursuits, like buying a home and sending your kids to college, and planning for retirement, and also enjoying your life, which might include a few vacations? What was the outcome of that episode that for you was really compelling when you talked about frugality with your guests? By the way, if you're looking for some frugality experts, Jen and Jill of the Frugal Friends is who you had on that show.

[0:10:18]

BB: Yeah. They're great. Absolutely go to them for all your budgeting tips, all your frugality tips. Yeah. I mean, again, like I said, a couple of minutes ago. I'm torn, because I've had an evolution as my FI journey has gone on. The place where I am right now is probably the spendiest, I've ever been, because I think I'm realizing I want to allocate my spending during these finite years I have with my daughters. I think that's okay.

I think that's what's wonderful about personal finance and FI is you get to decide. I know that just sounds almost self-evident, but it's really not. There's no path. There's no specific path, like you said, I think the financial independence movement and FIRE when it was maligned is it seemed like this deprivation. It just seemed like it was all about just cutting to the bone and just racing towards some number on a spreadsheet or on a screen. That's no way to live a life, right? I mean, who wants to live like that? That makes no sense to me.

I think every person has to find that line for themselves. Hopefully, they can figure out where the spending actually adds value to their life. I think that's my mantra is, find what you value and don't just do things unconsciously, because society has told you this means you're successful, right? Living in X house or driving Y car, right, like that means you're successful. I think you have to realize there's a finite pot of money that you're bringing in every month. Now, obviously, you can always earn more, you can negotiate, you can go to a different job, like there are clearly strategies for that.

Realistically, if we're honest with ourselves, if you're living paycheck to paycheck, if you're going into a negative every single month, you have to make changes, right, like I'm not going to lie to you. I'm not going to sugarcoat this to, Farnoosh to you or your audience, because that would be disingenuous. You have to make changes if you're in Arizona, FIRE type scenario, right? I think there are easy ways to make those initial changes. I don't know how micro we want to get right here, but like something simple, like a cell phone. If you're spending \$100 a month on your cell phone, that's crazy. I mean, I don't love to stand on high –

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FT: How much do you spend on your cell phone? My bill is \$120 a month. I have an iPhone.

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BB: For one person?

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FT: Yeah. Why? Why is that crazy? I have an iPhone.

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BB: Go to Republic Wireless. My family just moved. They all have iPhones. It's unlimited data. I think it's like, \$25, \$30 a month. It's fantastic. They run on –

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FT: Really?

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BB: Yeah. It's amazing.

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FT: Do you have an iPhone? I don't want to go up the iPhone.

[0:13:16]

BB: Three of the four. I don't have an iPhone. The three girls have an –

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FT: Republic Wireless. By the way, this is not an ad for Republic Wireless, but I'm just genuinely curious.

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BB: Actually, hold on, I'm going to update that. We were at Republic Wireless. We just moved to Mint Mobile. Mint Mobile, and it's fantastic. The service is amazing. Farnoosh, the reason why, like I'm harping on even like at something that seems small is when you're pursuing financial independence, every \$100, so like you might literally cut \$100 from your cell phone just by moving to Mint Mobile, okay? That's actually \$30,000 less you need in your net worth to reach financial independence. \$30,000, every \$100 a month you cut out of your budget. Sure, it sounds little, but it's actually big. That's cool. We could do the math if you wanted, but –

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FT: Keep going. I like this, because I know, I don't like to get into the weeds of to cut this out or cut that out or – I'm not even saying cut, we're just saying like make a smarter choice.

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BB: Yeah. Smarter choice.

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FT: Because there are also big things you could do, like my neighbor at one point, post-recession. Her real estate taxes had remained where they were pre-2008, but we know during 2008, nine, 10, 11 home prices came down. So, the comps in her neighborhood, sale prices were down. She was like, “Why am I paying the same property taxes?” She went to court, which sounds like a big deal, but it wasn't. It was like a morning. She came with her required documents, like you need like three home sales in your neighborhood to justify why your taxes should come down. She did. She saved \$5,000 a year by asking for an adjustment to her real estate taxes based on where the market had been going. That stuff too. I mean –

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BB: That's incredible.

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FT: It's not a phone call. It's on a switch to Mint Mobile, but I mean, there's a lot of these bigger, as Ramit Sethi says like, these \$30,000 questions and not the \$3 questions, like when people want to know when they spend all this time thinking about like high yield savings accounts. Yes, important, but also, are you investing too? Are you as concerned about what the fees are on your mutual funds? Because that is where I'd be more focused on than like my interest on my savings account.

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BB: Yeah. I mean, that to me is the most massive thing of all, right? It's actually, the funny thing is people who think they're doing right by – and I don't want to malign an entire industry of financial advisors, but just the actual, the assets under management concept, right? It's crazy. Again, people think they're doing well. They've reached, they've gotten to a point where they're saving, they're investing. What do you do? You go to that professional down the road and you think they're going to help you, but realistically, essentially, nobody can outperform the market over a 40-year period. It's almost impossible.

The likelihood is probably one or 2%. The chance of you finding that person is again, almost zero. It's just the worst bet in the entire world, basically. How we look at it is, you control what you can control, which are fees when you invest. For me, it's just I buy low-cost, broad-based index funds, like S&P 500 or total stock market. The expenses on those are tiny, right? It's like .04% or something like that. It's essentially zero. But just contrast that, Farnoosh with – okay, hey, I went to a financial advisor. They're going to charge me 1% of my assets in a fee every year. Then because they're going to try to prove their brilliance, they're going to put me in some expensive mutual fund, probably at another 1% expense ratio or thereabouts. It all sounds tiny, right, like they'll, "Oh, it's just 1%. It's nothing."

When you look at a 2%, so let's say you're going to get a 8% market rate over 40 year period annual, just hypothetically. Of course, we don't know what the market's going to bring, but in a S&P 500 versus maybe if they can match the market, but then it's less 2%, right? You're only getting a 6% return with that financial advisor. You're going to lose. I've run the numbers on this so many times. Of course, it's case-specific, but you're going to lose about 40 to 50% of your net worth. Literally, 40 to 50%. I pulled up an article the other day. It was like, "Okay, I would have had a \$7 million net worth because I went to that financial advisor, and who put me in this expensive mutual fund, I lost \$3.5 million. I mean, Farnoosh, that's crazy.

One of the absolute best decisions you can do clearly is to invest, but for me, it's just, go to Fidelity or Schwab or Vanguard or wherever and just find an S&P 500 or Total Stock Market ETF for mutual fund and just keep pumping money in there, like you talk about the 30,000 hard questions, this is the \$3 to \$5 million question.

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FT: You just have one fund. You don't diversify beyond that, although that's very diversified within there, but like you don't have, like also international or real estate or anything like that.

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BB: Yeah. I mean, I personally don't. Of course, we can talk about this. I think people of good faith can argue over it. Should we have some bonds? Should we have whatever? I think clearly

there's room at the margin, but I personally don't. I mean, like when I invest in the total US stock market fund at Vanguard or Fidelity, I'm getting three to 4,000 companies that have 100 million plus American workers that have international operations all around the globe. I mean, to me, that's about as diversified as I can ask for.

Sure, again, there's always the argument of, "Oh, it's cap-weighted. You're really getting 20 tech firms in terms of 25% of your fund." I get those arguments. I mean, man. If I can match that market at rock bottom fees and get the ingenuity of 100 million American workers and people around the globe, like I'm pretty darn happy with that.

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FT: Yeah, awesome. Well, fast forward, we've been talking a lot about, well, this actually this part of the conversation I didn't expect, which I love, which is like Brad's best tips, Brad's best money tips. Let's get to current day and talk a little bit about your post-pandemic philosophies around work and earning, as you were saying before we were live, you and your co-founder of ChooseFI, you were like, the goal – because I think you launched in what 2018?

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BB: It was like 2017. Yeah.

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FT: 2017. You've had astronomical growth, your podcast is one of the top podcasts, you're like the go-to website for financial independence. You're like, we're going to take on the kahunas of personal finance. We're going to dominate the world, which I think is like, it's a respectable goal. At one point, also wanted to become the Zarena of personal finance. I then had two children, it was like, "I want something else." I don't know if this is like, really what? What's the new philosophy that you have around your leadership at work? Why has it changed?

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BB: Yeah. It's a good question. It is so interesting that you and I have both gone through this same level –

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FT: I mean, it's like inevitable. You get a little bit of success and you're like, “Oh, my God. I want more of this, and more of this, and more of this.” Until you realize, like actually, more is not more.

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BB: No. More is not more at all. Yeah, I mean, I think obviously so many negative things from the pandemic, etc. but I think one of the very positive things for a lot of people is it's been clarifying. It's provided some level of clarity in your life that maybe you never would have gotten. I think, that came to us at ChooseFI and certainly to me personally. Yeah, I mean, it's hard to even put myself back in the shoes of 2019.

Realistically, October 2019, we win podcast of the year at the big FinCon Financial Conference, that whole conference was essentially ChooseFI, it was this crazy, we were on top of the world. We thought that we could take on essentially anyone in terms of providing value to the country and the world for financial, personal finance and financial independence, certainly. We had the appetite for it then.

I mean, honestly Farnoosh, like it's hard to put myself in those shoes these days, because I don't have the appetite for it anymore. I mean, I love helping people. That's why I'm still doing this probably 40 plus hours a week at this point, when I've reached a point of financial independence. It's costing me. It's obviously, it's costing me a good portion of my life on a weekly basis to do this. I think I'm doing good in the world. I genuinely believe that I'll look back some, some many, many decades from now and say like, “Man, that was a pretty good life.” You did something good and it didn't have to be, you were bigger than Dave Ramsey, like it didn't have to be, right?

I think we started down the path of, “Oh, we're going to publish books, we're going to be a book publisher, we're going to have a foundation, we're going to have this big team, we're going to have all fill in the blank.” It's so easy. To the audience, I think this to me transcends certainly just myopic podcasting thing, but it's so easy to say yes in life, but man saying no, it's a real skill. You have to zealously guard your time.

I think it's easy to say yes to things, especially when they're good, right, or even better than good, but if it's not that great or that hell, yeah. I think you have to be really, really mindful of your time and your energy and what you'd actually rather be doing, frankly. Yeah. I mean, Farnoosh, I have come full circle on this. I mean, basically at this point, the ChooseFI side, really are our business, it is, it's just me. It's me. I have a friend named William, who's been our tech guy for years, who was on our podcast years ago.

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FT: I love it.

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BB: That's it. I mean, it's literally, there's no big team. There was a big team, but it's just the two of us now.

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FT: Yeah. That resonates so much with me. I was just having a conversation yesterday with somebody who said, “What I really appreciate about you most, Farnoosh, is that you're really honest about how you, just like do it yourself.” It's not because I'm looking for high fives. It's not because I'm looking for – it's not because I want to make my life harder, just because for me, what is harder is managing a team. For me, what is harder is feeling responsible for other people's finances, livelihoods, happiness. I like to solopreneur it. Even if that means leaving a lot of money on the table, because I know that the cost to achieve that for me is not, is not worth it.

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BB: I'm still with you, that's okay. That's a beautiful thing, like it is okay.

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FT: It doesn't mean you're not ambitious. I used to conflate those two things.

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BB: Yeah.

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FT: If you don't aspire for more, you're not ambitious.

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BB: No, it's crazy. It's yeah, but it's so messed up. I mean, for me, it's like, okay, again, it cuts to the essence. Again, for people looking at ChooseFI, what is the essence of what we produce? I don't think honestly, virtually anybody who has followed us for years would know that really anything is different on the inside of our organization, to be perfectly honest, because the podcast comes out. Sure, Jonathan's not on anymore, but Jonathan and I are still great friends, business partners, etc. but the podcast comes out. My newsletter comes out every Tuesday. We have our ChooseFI local groups around the world. I'm actually trying, like one of the things I'm trying to do is make them better now.

I'm spending dozens of hours now trying to – we've made it very hands off. These are in real life meetups. We have a ChooseFI New York City group with a couple of thousand people in this Facebook group, and they're meetups and all these things, but like, I want to provide support. I've let it be this, like an autonomous decentralized organization. Those local groups, those in real life connections, I think they matter more than anything. That's where I want to spend my

time. That is what I'm spending my time on. Those three things, the podcast, the newsletter, and those local groups.

Again, I don't think anybody notices from the outside that, "Oh, ChooseFI is different or smaller." It still looks like the same thing, because we're still providing the value. I think that again, okay, to you who is listening to this, like my story might not resonate to you, because you're not creating a podcast or whatever, but I think it can and I think it does, right? Because – what in your life, what is clarifying in your life that you could cut out, that you can get rid of that, doesn't bring you energy. I think, right Farnoosh? Like that's how I look at it. It's like, what brings me energy and what doesn't?

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FT: Being selective. Being really deliberate about where you show up. When I show up in certain ways, in certain places, like I don't do everything, I don't do all the TikTok and the threads, whatever. I don't have a YouTube that I'm actively populating. So, there's a lot of other stuff that I'm not doing, but what I do is very intentional and why I do it is a factor of a few important variables that are personal to me. I have to feel like I have to see these variables present before I step into something.

One is, there's a market viability for this, like you're doing in-person gatherings, not just because it's fun. There's evidence that people want this. People are showing up, people are buying tickets, my book launch. This is my fourth book launch. The other three, I never charged for book events, but realizing that now more than ever, people want to gather. Psychologically, you need to charge people ahead of time, because they're not going to show up left to their own volition, especially since the pandemic. We much prefer being in our pajamas at home. We will find all the excuses to not show up.

I charge ahead of time and boom, 80 people show up, whereas maybe 10 would show up. I like doing it. When you said that this is like for you, not just impactful work, but for your audience, but for you too. That's also the variable, it's like will this spark, joy? Is there a market viability? Will this spark, joy? Can I keep at it? Because I don't one and done. I mean, sure. I do things on an experiment basis. I will throw a dart, but I like stuff that endures. That to me is a measure of

success, because what is that really saying to me? Like, you're good at it, you're consistent, there are results, there's an ROI, it's worth doing again.

The podcast, my books, my speaking, this stuff is what I hope to do forever. I've identified this stuff as like where I really want to show up. Because again, all those other variables are there. Yeah, I know, I'm not doing TikTok. I'm not, I can't. But then there are those people, you know them, Brad. They're like always in all the ways. That's actually one person's – oh, my God, but he also runs like a 100-person firm.

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BB: Yeah. I can't imagine. but I mean, in fairness, there is, certainly I experienced this. You talk about fear with your book, like I definitely experienced FOMO on some level of, “Oh, maybe I should be doing Twitter, maybe I should be doing this.” But to your point, you eventually come around to, “I'm just one person. There's only so much I can do. There's only so much I want to do.” That is okay, right, like that's the big takeaway, that is okay. You add value to your world and your life in the way that you see fit in. I think I've, I finally really become deeply settled with that, which is wonderful.

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FT: I'm thrilled for you. I'm glad we've reconnected. I want everyone to go, if you aren't already familiar with Brad and his work at ChooseFI, please, I have all the links in our show notes. Brad Barrett, thank you so much for all these great information, your insights, your honesty, your candor. I'm cheering you on.

[0:30:17]

BB: Thank you, Farnoosh. I always love to be here. I always love to chat with you. Thanks again for having me.

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FT: Thanks to Brad for joining us. Learn more about him at choosefi.com. I'll see you back here on Wednesday. I hope your day is so money.

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