

[Guest Post] Freedom Fighter Interview #25 - The Frugal Vagabond

Today, the blog is taken over by the Frugal Vagabond. He and his fiancé have already traveled to 30 different countries together and have no plan to stop traveling anytime soon. Actually, they are on track to hit early retirement in 2019, where they plan to become full time Vagabonds. Their goal is to accumulate \$600,000 in stocks and bonds and enough rental real estate to produce \$3,000/month in rental income. By their math this would give them the \$5,000/month they believe they need to support their early retirement Vagabond lifestyle.



Who are you and what do you do? What is your story? How are you fighting for your Freedom? Where did you start, where in the journey are you, and where do you ultimately want to end up?

I'm The Vagabond! It's a name I go by because of the detailed nature of the personal financial information I share on the blog, but it's also an indication of what we value, what we do for fun, and what our future holds! My fiancé and I live in Silicon Valley, California, and we have been together for seven years. We both were raised middle class, but we were surrounded by the conspicuous and over-the-top consumption in the area. When your normal is everyone around you spending like a drunken sailor, you're bound to develop some bad habits!

I started on the path to financial freedom in around 2011, when I found the then-new Mr. Money Mustache. I lived paycheck to paycheck. All of my credit cards were maxed out, and I was usually afraid to answer my own phone because of

creditors calling to collect. Needless to say, it was a miserable way to live, but I've since come to know that hundreds of thousands of people live just the way I used to. I resolved to get my credit cards paid off, and over the next two years of so, I got myself completely consumer debt free (I had and still have my student loans and mortgages). It was an incredible feeling to hear my phone ring and know that even if I didn't recognize the number, I could answer with confidence.

That's my phone, and anyone calling it can't demand any more of me than I choose to give them.

Over time, the goal of being debt free became a goal of complete financial freedom and early retirement. I've become financially literate, and these days, I save over 50% of my gross pay into every tax-advantaged vehicle I have access to. We are rocketing towards financial independence and hope to retire early and travel the world full-time by the end of 2019. We're about 20% of the way to our final retirement income. About 60% of that income will come from rental properties, which we own around the country (because owning a rental in Silicon Valley doesn't make sense unless you use a time machine to buy it). 40% comes from a three-fund mix of index funds. We are avid travelers, and have visited almost 30 countries together. We manage to continue to travel frequently by pouncing on error fares, credit card reward offers, and other travel hacks.

My fiancé and I are getting married in either late 2016 or early 2017, and we will probably start a family before we reach retirement. Our hope is to take our kids and embark on a life of slow travel around the globe. We want to raise them with an appreciation for the things that make us all different, and the many things that make us all the same.

What is your favorite Quote or Mantra that you live by?

Mark Twain said "travel is fatal to prejudice, bigotry, and narrow mindedness, and many of our people need it sorely on these accounts." I have always liked that quote. In part because of our sense of adventure, but in equal part because we have to be flexible about the places we visit because we rely on great deals to get there, we have been to a lot of places that the average person in the US would call "dangerous" or "scary."

Without fail, we have an amazing time and people are generous and warm. It has been a great way to reinforce our belief that all people fundamentally want the same things— a safe and prosperous life for themselves and the people they love.

We've been shown love by people who conventional wisdom says should show us nothing but hate. That changes you, and it makes it easy to love all of humanity, not just the people carrying the same passport.

Where in the world are you from?

I was born in Chicago, but moved to the Bay Area with my family when I was only two. California has been home for most of my life. My fiancé was born and raised here.

What is the worst financial decision you have ever made?

That is an extremely tough call. I have made a lot of bad financial decisions in my life! I made a lot of the common mistakes (maxing credit cards, going on spending sprees), but I think my biggest mistake was the way I compounded those mistakes by using my bank's cash advance system to get an extra \$500 between paychecks. \$550 would be deducted from my account when my next paycheck was deposited. That's an APR of 260%! It's hard not to think of those times and want to kick myself... hard.

What is the best financial decision you have ever made?

For sure, it was my decision to pay off my credit cards. It was a tiny step at the very beginning, but it was the foundation that set me up for everything that has come since. I could point to a lot of decisions that have proven to be more rewarding financially, but none that had such a powerful effect on my financial discipline. That first step in the right direction, however small, is the most life-changing.

Are you a morning or a night person? What time do you wake up and go to sleep?

I'm a morning person! I wake up at about 6 AM. I go to sleep at about 10 PM, or whenever my whining and complaining convinces my fiancé to stop messing around on her phone.

What is your definition of Financial Freedom? And what is your FREEDOM number?

Financial freedom is the power to make every decision related to your own life on

the basis of personal satisfaction, not financial necessity. That is, when I am financially free, even if I decided to take a job, it would be because it would be fulfilling, and not because it was the key to my survival. At the moment, the plan is accumulate \$600,000 in stocks and bonds, and a further \$3,000 per month in rental income. This totals about \$5,000 per month. The truth is also that we're strongly considering calling it quits at 60-80% of that amount. Probably we'll get over \$3,000 per month in safe retirement income, and a day will come where we look at each other and say, "you know what, I've had enough." And that will be that.

What is your favorite Asset Class to invest in (i.e Real Estate, Stocks, Bonds, [Peer to Peer lending](#), etc)? Why? And what platforms do you use (i.e [TD Ameritrade](#) for stocks, Realty Shares for Real Estate, [Lending Club](#) for Peer to Peer lending, etc.).

Real Estate and Index funds are our tools. We invest using Vanguard (his) and Fidelity (hers). I absolutely adore real estate for the cash flow, but I believe that the diversification into stocks and bonds is necessary, even if it's only for my peace of mind. I own three rental properties (five units), and will add a further three (six more units) in 2016. My funds are VTSAX, VGTSX, and VBMFX (70/20/10).

What is your favorite online financial resource, paid or free (i.e. Mint, [Personal Capital](#), blogs, podcasts, [Tasty Trade](#), etc.)?

I'm still an avid reader of [Mr. Money Mustache](#) and I spend a lot of time in the forums on that site. I also think that [Bigger Pockets](#) is the most invaluable real estate investment resource on the Internet. I've written extensively on my blog about the shady real estate gurus who try to cheat people out of tens of thousands of dollars in "real estate education." Believe me, everything you can learn from one of those scam programs, you can learn for free at Bigger Pockets.

When it comes to building wealth, do you spend more time figuring out how to cut expenses or increase income? Why?

If you had asked the me of five years ago, the answer would be cutting expenses. Today, however, when expenses are already at an all-time low, I'm spending an equivalent amount of time on trying to increase income. I think it's just a matter of where you are on the journey.

How many hours a week do you watch TV? What's your favorite show?

Under 10, probably closer to five. That's not to say I don't enjoy TV, I do! We cut the cord a few years ago, so it's limited to streaming what we can when both of us are home and not doing something else. Right now we're really enjoying *The Expanse*, but we also like stuff like *Game of Thrones* and *Daredevil*.

If you had to recommend 1 book, what would it be? And why?

[The Millionaire Next Door](#)^x. This book changed my life by allowing me to see through the mask people put up to appear rich, and to see that truth that the truly prosperous are those who don't need to flaunt it. There's a direct correlation between wealth and modesty (unless you're part of the mega-rich), and it's one I try hard to emulate in my everyday life.

What is the best piece of advice you have ever received or what advice would you give to the readers?

It's paraphrasing the message of a lot of early retirement bloggers out there, but **cultivate an attitude of contentment**. What I mean is, the more you realize that you (and I, and anyone fortunate enough to be reading a blog about wealth on the internet) have more wealth, more opportunity, and more comfort than 99.9999% of everyone who is now living or who has ever lived, the more fortunate and fulfilled you are by the things you already have. It makes it much easier to suppress the urge to acquire more stuff. We buy *time* with wealth, not stuff.

What does living life by design look like to you? A typical day, week, month, year, or whatever?

Our life by design will involve waking up in the morning without needing an alarm clock, spending time with our future children, staying in touch with our friends, and learning about and forging new friendships with people wherever we go. We'll settle in a new place with no clear end date, and allow ourselves to go with the flow. If we're tired of it after a month, we'll leave. If we find ourselves so in love that we can't stand the thought of moving, we'll stay. I've said on the blog that the freedom to change your mind is one of the most powerful freedoms we gain from financial independence.

What is holding you back from living life by design?

The list of places where we could live the life described above is always growing

longer. At the moment, our safe retirement income would support a nice life for us both in parts of Asia and South America, but the goal is to have a (literal) world of options available to us. We'll hit a tipping point where our budget supports living more places than we want to be than not, but we're just not quite there yet.

Where can we find you online? If you're a blogger, this is the perfect plug to talk about your blog and why it's great

Online, I post at [The Frugal Vagabond](#). I try to post once or twice a week, depending on life. I think there are a couple of topics that I write about that few other personal finance blogs do. Firstly, I write a lot of content about [retiring on a budget around the world](#). As our safe retirement income increases, I write a series on the places that budget would support. So far, I've written about a lot of nice options for under \$1,000 a month. In 2016, we'll explore options between \$1,000 and \$2,000 per month if our saving rate and real estate purchases hold up.

Speaking of real estate, I write a series of articles about [real estate investment](#) which focus on the beginner. How should you [pick a market](#) in which to invest? [DIY or turnkey](#)? How do you properly [analyze a rental property](#)? Once you do, how do you get it up, running, and producing cash? These are the basic questions I write about, and I'm enthusiastic about helping give people confidence to invest in property.

Finally, of course, I write about travel hacking and creative ways to save money and explore the world. This year, I started a series about [dental tourism in Thailand](#) where I sought world-class treatment for less than half the cost of getting it done in the USA... and that's including flights and hotels!



Gen Y Finance Guy

Hey, I'm Dom - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at

least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)