

Financial Freedom Isn't All About Accumulation

This site and most other personal finance sites spend a disproportionate amount of time talking about accumulation (i.e., saving, investing, and net worth).

Accumulation is obviously the linchpin to growing one's net worth, but at the end of the day you may need to remind yourself that all that accumulation actually has a higher purpose.

The goal of reaching financial freedom is not to accumulate digits on a screen, because the reality is that you can't take it with you. Life here and now, lived well according to your definition of "well," is what any of us should focus on. The goal of financial freedom is to build enough wealth to fund the lifestyle you want to live, a life built of intentional choices and values that have meaning to you. **Yes, financial freedom starts with saving but is ultimately about spending.**

Think about the 4% rule to really allow that last sentence to sink in. That rule of thumb states the necessity of accumulating 25X your desired spending level to fund a 30+ year retirement with a high probability of success: "to fund" meaning what you'll spend during said retirement. It's all about spending...eventually!

Wealth is just stored up purchasing power. The more you have the more you can spend on the things-people-experiences that are important to you. Wealth is the means to an end, not the end itself.

I personally believe that the pursuit of financial freedom should be a balance of both saving and spending. That is why I created the law of 50/50 [the law of 50/50](#) back in 2015. If you adopt this law like the GYFG household has, you will aim to save 50% of your after-tax income and spend the remaining 50% guilt free. It also ensures *relative frugality* vs. the extreme kind that I'm not a big fan of (but good for you if it works for your family).

I'm also pretty evangelical about focusing on the income side of the equation since the sky's the limit in terms of how much you can earn. Expenses can only be cut so low [Expenses can only be cut so low](#): you'll still need food and shelter, after all. If you pair an increasing income with the law of 50/50, you get a free pass to embrace

any sort of lifestyle inflation you may desire - that you can finance with 50% of your take home. And let's just acknowledge that we are all chemically programmed to want more because of dopamine. This approach recognizes the pull of dopamine and builds its satisfaction into the equation: want more? Earn more!

I know lifestyle inflation tends to be a big no-no across most personal finance circles, but seriously, does anyone *really* want to live like a college student forever? Some of us (guilty as charged) want to enjoy the finer things in life.

A high income paired with a high savings rate (50% is a very high savings rate) is the surest path to a high net worth. And if you are a complete nut like me (not recommended) you may eventually reach a level of earning that outpaces your desire to spend, which increases your savings rate to 60% - 70% - 80%+.

Agree or not, financial freedom is ultimately about spending. It is of course a delicate balancing act, so don't get too carried away by the allure of **MORE** caused by the dopamine that is driving that desire in all of us. Just understand that a physical or digital store room somewhere filled with tall stacks of cold hard cash is not the end in and of itself: the lifestyle those stacks can buy IS.

- Gen Y Finance Guy



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](#)