

# Playing With FIRE Summary

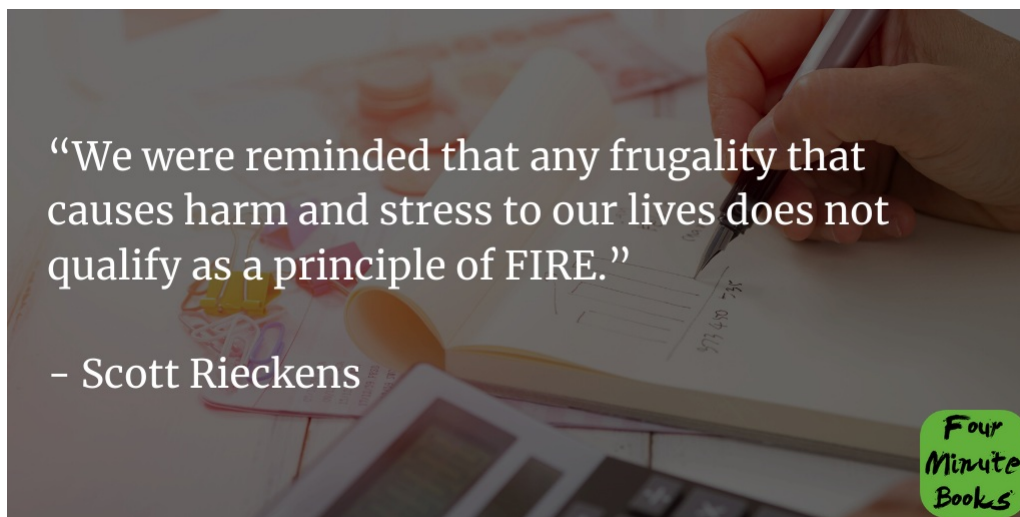
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 [fourminutebooks.com](https://fourminutebooks.com)

**1-Sentence-Summary:** *Playing With FIRE* will teach you how to be happier with your financial life and worry less about money by getting into the Financial Independence, Retire Early (FIRE) movement.

**Read in:** 4 minutes

**Favorite quote from the author:**



A couple of years ago my wife and I began looking at what it would take for us to buy a house. Even though I was making a decent salary as an engineer, it was just beyond what we could manage at the time. It was discouraging, but I got to work looking for how to fix this frustrating situation.

Since then I've discovered a lot about what it really takes to become financially healthy. A large part of it is being smarter about your money than just trusting what society tells you is normal.

That's why I love *Playing with FIRE (Financial Independence Retire Early): How Far Would You Go for Financial Freedom?* This book encompasses a lot of the principles that helped me drop my dead-end job, double my income, and begin to live financially free for the rest of my life. This one will change your life in a big way.

This book taught me these 3 important lessons (and more!):

1. You want to practice the FIRE technique so you can have the freedom to not need to work for money.

2. Wisely investing and aggressively saving your money are the vital components of financial independence.
3. Even if you don't make a lot of money, you can use the FIRE method flexibly for a better life.

Are you finally ready to feel relieved about your money situation instead of stressed by it? Let's light your FIRE!

## Lesson 1: **Practicing FIRE will help you not have to work for money and begins with taking advantage of the 4% rule.**

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The author discovered that FIRE isn't just a good idea, but that there are many people practicing it already. As he began it himself, he saw the potential it had to free him of a lot of stressful money woes.

But you might be thinking that super early retirement sounds boring, right? In reality, a lot of people don't actually completely stop working. They just use the freedom of not having to work for money for better things. **Like being flexible with their career, traveling, donating to charity, or pursuing passions.**

In 2005 a woman named Sylvia had just completed law school and got her first job in New Orleans. Then Hurricane Katrina hit. The aftermath made Sylvia drop most of her possessions and move.

This sudden loss of her things motivated a change to a more frugal lifestyle. Working extra on weekends and saving like crazy gave Sylvia the opportunity to try beginning her own law firm.

To start with FIRE yourself, find your annual expenses and multiply by 25. That's the amount that, if you saved and invested, you could live off of forever because of the 4% rule. This comes from a study that found that only withdrawing 4% of your investments allows you to survive market dips and inflation.

If you have \$60,000 yearly expenses, for example, you'd need \$1.5 million to live only off your investments for the rest of your life!

## Lesson 2: **Financial independence requires that you make smart investments and save aggressively.**

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So you know what the end goal is, but how do you get there? The next step toward financial independence is to look at your finances in detail. You'll need to maximize assets and minimize expenses.

Start by tracking where each bit of your money is going. Look at all spending and savings over the last year. With a FIRE mentality, you should aim to save and invest 50-70% of your income. **A good place to begin is with the main expenses of food, transportation, and housing.**

The author began traveling after he began his FIRE journey but lived with family to cut costs. They then found a more affordable city to live in. Biking to work made it possible to only get one car.

For this, the blogger behind the FIRE blog recommended looking for used cars in the \$5,000 price range as they don't depreciate as poorly as leased cars. They needed something that could handle the terrain, so they settled for a \$7,500 Honda CRV.

Then it came to savings. The author focused on just three types: stock market investments, business ventures, and real estate. For investing in stocks, it's best to go with index funds as they're cheap and perform at the average of the market as a whole. Even Warren Buffet recommends this over getting a money manager!

### **Lesson 3: The FIRE mentality is flexible and works for anyone regardless of income level.**

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You might be sitting there thinking this all sounds great but wondering how you can do this with how little you make. The truth is, it doesn't matter what you earn, it's what you do with it that makes the difference.

More money might get you to retirement faster, but it's not a requirement for FIRE. One 26-year-old woman from Colorado is a great example. At only 26 she got "millennial depression" which is when the idea of being in her job until 65 got her feeling trapped and down.

This is about when she heard about and began reading a few FIRE blogs. Between her and Kyle, her boyfriend, they made less than \$50,000 a year. But after cutting expenses to only \$32,000, they're on track to be financially independent in only six years!

The core of this mentality isn't to just go crazy with saving and investing. It's more about putting happiness over material possessions. Some people do get pretty wild with their saving plans, but you can be as flexible as you want.

I heard someone once compare it to being hot and cold. When it's cold, you can keep adding layers to stay warm. But in a heat wave you can only take off so much before you start to get into trouble.

**Money is the same way, you shouldn't expect yourself to just keep cutting expenses like crazy and live happily.** Cut some, yes, but focus mostly on increasing your income, saving, and investing. Soon you'll be financially free and ready to retire early!

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## **Playing With FIRE Review**

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*Playing With FIRE* is my kind of book, I loved this one! I'm not too keen on the idea of retirement, but the way this approached it was fantastic. If you're sick of the 9-5 slog and can't stand the idea of doing it for 30+ years only to have free time when you're too old to do much, you've got to read this book!

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## **Who would I recommend the Playing With FIRE summary to?**

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The 24-year-old who just began their first full-time job out of college and can't imagine staying there for a third of their life, the 45-year-old couple who lives paycheck to paycheck and feels trapped, and anyone who wants a better way of life than what society preaches is the norm!