Revista Electrónica de Comunicaciones y Trabajos de ASEPUMA. **Rect@**
Volumen 25(2024). Páginas 67 a 91
DOI:

THE FIVE DIMENSIONS OF FINANCIAL INDEPENDENCE, RETIRE EARLY

LILLIANA L. AVENDAÑO-MIRANDA
lilliana.avendano@urjc.es
Universidad Rey Juan Carlos, Departamento de Economía Aplicada I
P.º de los Artilleros, 38, Vicálvaro, 28032, Madrid.

Recibido (02/02/2024)
Revisado (18/05/2024)
Aceptado (24/07/2024)

RESUMEN: El objetivo del presente estudio es perfilar y ampliar los conocimientos sobre el ámbito conceptual de la iniciativa Independencia financiera, jubilación anticipada (Financial Independence, Retire Early initiative, FIRE). Este tema ha suscitado un interés creciente en el público, pero constituye un área de investigación relativamente nueva para los académicos. En este estudio, analizamos los cuatro pilares para alcanzar la independencia financiera y poder jubilarse anticipadamente: elaboración de presupuestos y control de gastos, ahorro e inversión para obtener ingresos pasivos; creación de fuentes de ingresos adicionales, y mejora de los conocimientos financieros. También analizamos las cinco dimensiones principales: FIRE como filosofía de superación personal, como iniciativa de autoayuda, como parte del estilo de vida simple/ecológico, como resultado de la financiarización, y como herramienta para la alfabetización financiera y el bienestar. Las cinco dimensiones que distinguimos permiten abordar la iniciativa FIRE desde diferentes perspectivas para tener una comprensión más completa, pero al mismo tiempo, estas dimensiones desvelan nuevos enfoques para investigar y comprender el impacto de FIRE en la sociedad.

Palabras clave: FIRE, educación financiera, bienestar financiero, autoayuda, superación personal, estilo de vida ecológico.

ABSTRACT The purpose of the present study is to map out and extend knowledge on the conceptual territory of Financial Independence, Retire Early initiative (FIRE). This topic has produced increasing interest in the public, but it constitutes a relatively new research area for academics. In this study, we analyse the four pillars to achieve financial independence to be able to retire early: budgeting and expense control, saving and investing to earn passive income; creating additional income sources, and improving financial literacy. We also analyse the five main dimensions: FIRE as a self-improvement philosophy, as a self-help initiative, as part of the simple/ecological lifestyle, as a result of financialisation, and as a tool for financial literacy and well-being. The five dimensions we distinguish allow to approach FIRE initiative from different perspectives to have a more complete understanding, but at the same time, these dimensions unveil new approaches to research and understand the impact of FIRE in society.

Keywords: FIRE, financial literacy, financial well-being, self-help, self-improvement, ecological lifestyle.

1. Introduction

The purpose of this study is to map out and extend knowledge on the conceptual territory of Financial Independence, Retire Early initiative (FIRE) by analysing five main dimensions: FIRE as a self-improvement philosophy, as a self-help initiative, as part of the simple/ecological lifestyle, as a result of financialisation, and as a tool for financial literacy and well-being. FIRE can be understood as an individual choice about spending money, saving, and investing to achieve financial freedom to retire early or, from a more up-to-date perspective, to work part-time or volunteer for a charity; but also, as the state in which the individual is able to maintain existing and desired future standards of living without having to work to cover living expenses (Brüggen et al. 2017; Perrone et al. 2015). The emphasis, therefore, is not so much on early retirement but on financial independence to avoid depending on a regular job to generate a monthly income.

FIRE, as an initiative, was born out of Joe Dominguez and Vicki Robin's seminars and educational materials. The authors become known thanks to the book The book Your Life or Your Money (Dominguez & Robin,1992). Dominguez was a stock market analyst who retired early (at age 31), invested his savings in U.S. Treasury bonds and lived off the investment income for the rest of his life (Affluenza, 1998). Robin joined Dominguez, also invested in bonds, and created The New Road Map Foundation in 1984 to supply Dominguez' educational programs to other non-profit organizations dedicated to sustainable practices (Rodriguez, 2017). In a similar fashion, other authors also proposed their own programs to financial independence during the 90s decade, i.e., Soros (1994); Broussard (1996); and Schwab (1997).

Several economic recessions and rising unemployment awakened individuals' desire for financial independence, strengthening the FIRE initiative (Sironi, 2018; Silinskas et al., 2021; Derousseau, 2020). The development of the internet (Alshubiri et al., 2019) has also helped the FIRE initiative spread around the world. For example, Google search tool shows 79.1 million results and 232 thousand videos on the topic (Google, 2024), while the network of communities Reddit shows 2.2 million members in the FIRE community (Reddit, 2024). Therefore, in this research we will differentiate authors from content creators. Authors are writers who wrote their books before social media became a channel to reach an audience. Content creators are who create books, videos, podcasts, blogs and/or any other multimedia content.

Some consider FIRE a social movement (Haenfler et al., 2012; Taylor & Davies, 2021). According to Diani (1992, p. 13), a social movement is "a network of informal interactions between a plurality of individuals, groups and/or organizations, engaged in a political or cultural conflict, on the basis of a shared collective identity", while Melucci (1989, p. 29) affirms that "is a form of collective action." As we mentioned before, FIRE followers interact through online communities to share information, decisions-making, opinions, and guidance. In that sense, we consider FIRE as "a network of informal interactions to share information between a plurality of individuals", but we cannot affirm that FIRE followers are "engaged in a political or cultural conflict, on the basis of a shared collective identity." The reasons are the following: firstly, some FIRE followers are concerned about increasing consumption and environmental issues, whilst others are only concerned about early retirement to enjoy life, as we can observe in the three main strategies to FIRE explained by Smith (2021): a) aggressive saving and investment to sustain a high standard of living, known as Fat FIRE, b) eco-minimalist lifestyle and low spending in retirement known as Lean FIRE and c) a combination of the previous two, which implies a part-time work and savings to live a less-than-minimalist lifestyle, known as Barista or Coast FIRE. A broader classification includes individuals who are at the middle point and who identify themselves simply as FI (Financial Independence) and those who save a little more than a FI but less than a Fat FIRE, called Chubby FI.

As we explained above, FIRE is a personal decision, therefore, it is understandable that each follower will choose a personalised strategy according to their own needs and time horizon. Secondly, for the same reason, FIRE followers do not show collective identity in the sense implied by Diani (1992). Thirdly, they do not display a collective action as described by Melucci (1989), on the contrary, we identified FIRE as a lifestyle (Featherstone, 1987). Posteriorly we will go back to this argument. Therefore, in our research, we will not identify FIRE as a movement but as an initiative. Authors and content creators are identified in this research as promoters. Also, we will call FIRE to FIRE initiative. This research draws on a combination of sources: blogs, video blogs, books, interviews in magazines and newspapers, and online communities that provide an increasingly valuable source of data on FIRE authors, content creators, followers, and practices.

First, we will discuss FIRE pillars, their rationale and the demographics of FIRE community; second, we will analyse the five dimensions of FIRE; third, we will examine some of the criticisms of FIRE initiative; and fourth, we will present our conclusions and directions for future research.

2. FIRE engineering

To implement the FIRE initiative the individual must follow what we have called the four pillars of FIRE. These pillars form the basis through which it is possible to build and grow the wealth needed for early retirement. Table 1 sums some examples of content creators that have released information on each pillar. In this section, we will explain the rationale behind each pillar.

Table 1 Four pillars of FIRE

Pillars	Sources
Budgeting and expense control	Financial Samurai (2022a) Mr Money Mustache (2015)
Saving and investing to earn passive income	El Club de Inversión (2022a) Mr Money Mustache (2016) Money and Mimosas (2022) The White Coat Investor (2019)
Creating additional income sources	El Club de Inversión (2022c) Financial Samurai (2022b, 2023a) Money and Mimosas (2022b)
Improving financial literacy	Collins (2016) Money and Mimosas (2022b) Thames (2018) The White Coat Investor (2019) Redling & Allison (2020) Snow (2021)

Source: Own elaboration.

2.1 First pillar: budgeting and expense control

Budgeting and expense control are crucial for any FIRE strategy firstly because it allows knowing the annual living expenses amount, as well as the total amount to retire. The purpose of a personal budget is to provide the basis for financial planning and a vision of the financial situation you want to achieve (Financial Samurai, 2022a; Mr Money Mustache, 2015). A budget allows projecting future expenditures in line with personal or household income. It is useful for calculating the optimal amount of debt repayment and planning savings under different scenarios. The design of a budget ideally includes a clear determination of income, taxes to be paid and monthly expenses, debt repayment as well as long-term savings. (Guthrie & Nicholls, 2015; Versal, et al., 2023).

A budget also allows individuals to analyse objectively their present circumstances, weigh up different alternatives and make the most appropriate decision. If we consider that the amount available for saving depends on income flows and expenditure flows, we can conclude that expense control is a natural consequence of proper budgeting. Berman et al. (2016) affirm that people tend to “rely too heavily on forecasts of income (and not enough on expenses) when predicting their future finances.” (p. 536). As a result, “they neglect to account properly for their own stated expenses relative to income” (p. 537). Budgeting and expense control can help to avoid neglecting expenses, prioritizing planning under different scenarios (Fernbach et al., 2015).

2.2 Second pillar: Saving and investing to earn passive income

Saving is key to reaching the expected amount for retirement. FIRE promoters advise saving at least 20-35% of annual pre-tax income, depending on the individual's age. Considering that the time horizon of the retirement portfolio will be longer for the youngest, the approach has to be more aggressive, reducing expenses wherever possible is an important habit (Financial Samurai, 2022a; Mr Money Mustache, 2015).

An individual is considered financially independent when he or she has 25x annual living expenses. The 25x rule derives from the so-called 4% rule proposed by Bengen (1994), who calculated pensioners could withdraw 4% of their retirement portfolio (adjusted for inflation) without running out of money over a 30-year retirement horizon, knowing that if we multiply 4% of a given amount by 25, we will obtain 100% of the original value. A common example of the 25x rule is to assume that an individual's annual living expenses are $100,000, this amount will be considered a retirement budget. Thus, to be considered financially independent the individual should have a net worth of 2.5 million, preferably excluding the value of the primary residence. The first-year withdrawal will be $100,000 but the amount must be adjusted for inflation in the following years. For example, if in the second-year inflation is 1%, the withdrawal will increase to 101,000 [100,000 + (100,000 x 0,01)]. The amount needed to be financially independent is also called the FIRE number (Financial Samurai, 2022a; Costa et al. 2021). The same rule applies when there are some extra income sources. For example, if an individual annual retirement budget is $80,000 but income from pension, part-time job or royalties represents 25%, that is, $20,000, the remaining $60,000 must be covered with investments. Applying the 25x rule, total savings must be at least $1.5 million to safely withdraw $90,000 of income annually (Berger, 2021).

Bengen's assumptions are controversial. Firstly, according to Bergen's calculations, a 30-year time horizon for the retirement portfolio and a 4% withdrawal adjusted for inflation would avoid depleting the investment. However, his calculations were based on historical returns as a guide for future returns although it is well known that past performance is no guarantee of future results. Secondly, it may be the case that the 30-year time horizon for the retirement portfolio has been exceeded due to the rise in life expectancy but also because some individuals desire an early retirement (United Nations, 2019; Snyman et al., 2017). Besides, an individual has a 50% chance of living further than his actuarially determined life expectancy (Cooley et al., 1998). Thirdly, fees and taxes were not included when calculating returns, so that, considering the first example, the pensioner must keep in mind that part of the $100,000 withdrawal will be used to pay those expenses. The higher the fees, the lower the probability of portfolio success (Costa et al., 2021). Fourthly, calculations were based on a hypothetical portfolio of 50% stocks and 50% bonds. As we will see later, most researchers agree that currently, the higher the stock allocations, the higher the probability of portfolio success. Fifthly, the 4% rule seems rigid because it does not consider bull and bear markets or special circumstances that lead the individual to increase or decrease living expenses, for example, the need to support other members of the family and low or high inflations periods. Some of these criticisms were recognised by Bengen (2001) who proposed two alternative withdrawal strategies called "Prosperous Retirement", originally proposed by Michael Stein (1998) and "Performance-Adjusted Withdrawals".

For Prosperous Retirement strategy Bengen (2001) coined the term MAXSAFE to name the maximum (inflation-adjusted) initial rate of withdrawal in the worst-case scenario and calculated that a MAXSAFE that assures a 100% probability of 30 years of portfolio longevity would be between 4.15% to 4.75% of the initial withdrawal rate. Bengen modified strategy allows pensioners to withdraw more than the original method. Even so, he did not consider a period longer than 30 years.

The Performance-Adjusted Withdrawals strategy relates withdrawal to portfolio performance to increase withdrawals automatically during a long bull market. It permits increasing withdrawals, up to 25% above the real value of the first year's withdrawal, under bull market conditions. In a bear market scenario, withdrawals decline up to ten per cent below the real value of the first year's withdrawal. This strategy allows a lifestyle upgrade or downside according to the market performance. Bergen's recommendation is to be cautious when applying this strategy, advising pensioners to "be prepared to suffer cuts in real withdrawals during bad market conditions." (Bengen 2001, p. 119).

Cooley et. al. (1998) also measured the impact of withdrawals on portfolio success considering annual withdrawal rates ranging from 3% to 12%, the periods were 15 years, 20 years, 25 years, and 30 years, The portfolio allocations studies were 100% stocks, 75% stocks/25% bonds, 50% stocks/50% bonds, 25% stocks/75% bonds, and100% bonds; taxes and fees were not included, historical annual return data were used to calculate portfolio values after withdrawals. The study determined withdrawal rates of 3% to 4% for successful portfolios no matter the asset allocation, however "for withdrawal rates of 7% and lower, the 50% stock/50% bond portfolio has higher success rates than the portfolios with greater stock allocations for all payout periods." (Cooley et al., 1998, p. 4). This study, known as the Trinity Study, also shows that for a 50/50 asset allocation a withdrawal rate from 3% to 5% shows a 100% success probability with a 30-year time horizon and 98% for a 4% withdrawal rate. For 100% stocks, the success rate is 3%. Some believe that the Trinity Study validates the 4% rule (Costa et al., 2021).

Investors must be very precautious when the yield drops. Blanchette, et al. (2014) examined the probability of success of a diversified retirement portfolio in a low bond yield scenario. They concluded that in the case of a 40% equity portfolio and a withdrawal rate of only 2,8%, the probability of success would be 90%. Table 2 shows the probability of success for different withdrawal rates and time horizons.

Table 2 Withdrawal rates for various equity allocations, retirement periods, and probabilities of success

	40% Equity Allocation					
	Retirement Period (years)					
Probability of success (%)	15	20	25	30	35	40
99	4.6 %	3.3 %	2.5 %	2.1 %	1.8 %	1.6 %
95	5.2 %	3.9 %	3.1 %	2.6 %	2.2 %	2.0 %
90	5.6 %	4.2 %	3.4 %	2.8 %	2.5 %	2.2 %
80	6.1 %	4.6 %	3.7 %	3.2 %	2.8 %	2.5 %
50	7 %	5.5 %	4.5 %	3.9 %	3.5 %	3.2 %
	80% Equity Allocation Retirement Period (years)					
Probability of success (%)	15	20	25	30	35	40
99	3.4 %	2.3 %	1.8 %	1.4 %	1.2 %	1.1 %
95	4.4 %	3.2 %	2.6 %	2.1 %	1.8 %	1.6 %
90	5.1 %	3.8 %	3.0 %	2.6 %	2.2 %	2.0 %
80	5.8 %	4.6 %	3.7 %	3.2 %	2.8 %	2.6 %
50	7 .8 %	6.2 %	5.3 %	4.6 %	4.2 %	3.9 %

Source: Blanchette et al., 2014.

Some FIRE content creators still recommend the use of the 4% rule (MoneyHub, 2022; How to FIRE, 2022; The White Coat Investor, 2022) to estimate the total amount an individual must accumulate before retiring but others also question the validity of this rate. Sam Dogen (Financial Samurai, 2022c) believes the 4% rule is outdated, because when the Trinity Study was published the average bond yield was 5%, so that, a 4% withdrawal intuitively seems safe, but markets change over time and yields decrease. Dogen's new safe withdrawal rate, adapted to 2021 financial reality, equals the 10-year bond yield x 80% accordingly, for a bond yield of 1%, the safe withdrawal rate would be 0.8%. If the bond yield rises to 1.5%, the rate will increase to 1,2%. The rationale behind this is that "With a lower safe withdrawal rate, an individual could invest more or accumulate more cash during times of great uncertainty." (Financial Samurai, 2022d, para 8). He calls his formula a dynamic safe withdrawal rate. He also underlines that the 10-year Treasury bond yield is only a key variable, it does not imply a 100% bond investment.

2.3 Third pillar: Creating additional income sources

FIRE followers' advice: rather than cutting expenses, the best thing to do is to make extra money (Financial Samurai, 2023a). They also are aware that their salary may not be sufficient to reach their savings goals. Additional income sources accelerate financial independence. Sources of income can be cash income, e.g. wages, salaries, self-employment, or business income. Additional income sources can be cash market income, such as, net interest, dividends, rents, royalties, private pensions plus cash transfers, for instance, child allowance and disability insurance (Smeeding & Weinberg, 2001).

The third pillar raises the possibility of increasing savings. Most FIRE content creators use their expertise to earn extra money thanks to online businesses, advertising and affiliate marketing in their blogs, books, and conferences. They also recommend investing in rental properties such as flats, storerooms, and garages to increase cash inflows (El Club de Inversión, 2022c; Financial Samurai, 2022b).

2.4 Fourth pillar: Improving financial literacy

FIRE initiative cannot be implemented without financial literacy. Financial literacy is crucial to distinguishing the best investment options and opportunities. For example, Dominguez created an educational program to advise his friends on financial matters that later was published as a book (Rodriguez, 2017).

FIRE content creators communicate a wide range of financial information. Some disclose their personal investment portfolio and budgeting process encouraging participants to set financial goals and share savings strategies. They also recommend the products and services that offer the best value for money, including index funds and investing platforms. Financial apps to track expenses, savings, investments, and passive income are usually recommended by FIRE communities. Some content creators release free eBooks, spreadsheets, and financial books summaries, encouraging their audience to learn by doing. FIRE online communities are also an important vehicle for sharing information. We will not go any further into this topic because we will discuss FIRE and financial literacy in more detail later on.

The expansion of FIRE initiative and financial literacy is due, in part, thanks to technology development, specifically social media. Siegle (2009) recognizes video recording and the internet as powerful tools for literacy in the 21st Century. Other authors agree that videos on YouTube are an effective teaching strategy. Berk (2009) identifies 20 valuable results from using videos as a learning strategy, for example, increasing understanding and fostering deeper learning, which is also valuable for learning financial principles. Godwin et al., (2017) affirm that YouTube is an extremely useful source of education, especially for millennial and Generation X age groups.

A brief analysis of FIRE public information reveals that books dominated the 90s decade whereas the last two decades witnessed the emergence of numerous internet publications across the world. This is not surprising considering the hegemony of the internet and multimedia content over printed publications (McKenna et al., 2013). In this sense, FIRE initiative owns a great deal to social media.

3. FIRE profiles

So far, any financial institution has seriously studied the characteristics of FIRE community. In contrast, the subreddit r/financialindependence has conducted an annual survey on FIRE since 2016. Reddit is a platform structured into distinct communities, known as subreddits, where members actively discuss diverse topics by creating posts or replaying to posts or earlier comments. Reddit is considered one of the main platforms for the diffusion of FIRE information (Pedersen, 2022; Thukral et al., 2022).

The 2022 survey results are based on a sample of $n = 1299$ (r/financialindependence, 2023). Around 78% of respondents are white men, either American or resident in the United States (US) (Annexes A, B, C). 57.11%. of respondents are in the 26-30 and 31-35 age brackets, while those in the 36-40 and 41-45 age brackets account for 25.76% (Annex D). Married individuals account for 49.02% of the total while those who are in a relationship but not married account for 25.26%. The group of never-married individuals represents 21.79% of the sample (Annex E).

Regarding the industry in which respondents work or have recently worked, the Information technology (IT) industry (including software engineering) accounts for 31.81%, non-software engineering 11.91%, healthcare 10.28% and financial services 10.60% while professional and business services and manufacturing account for 7.34% and 4.49% respectively. As for the type of company they work for, 46% work for the private companies, 32.95% for the public companies, and 10.2% work for the government while 6.77% work for a nonprofit corporation and 4% are self-employed (Annexes F and G). Table 3 shows the type of FIRE profile they identify with.

Table 3 Type of FIRE profile that respondents identify with

Type	Response
LeanFI	3,93%
Barista / Coast FI	7,01%
FI	50,48%
ChubbyFI	24,87%
FatFI	5,63%
Don't Understand	1,91%
Undecided	6,16%

Source: r/financialindependence (2023).

To our best knowledge, the r/financialindependence's survey is the only survey systematically carried out for several consecutive years in the FIRE community. However, there are other surveys that provide further information on personal finances in the US. For example, the Federal Reserve Board's triennial Survey of Consumer Finances (SCF) collects information about family income, net worth, and other financial outcomes (Aladangady et al.; 2023a).

We compared SCF survey key information with the FIRE survey. We have assumed that the FIRE 2022 data correspond to the household (whatever its size) and before taxes in the same way as reflected in the SCF (2019,2022) survey. In addition, we have considered only the median since for the FIRE sample the outliers of high-income values distort the calculation of the mean given the sample size of the different subgroups.

Table 4 shows that the FIRE group corresponds to social groups with above-average educational backgrounds and with incomes well above the median of the whole group, except for the 45-54 age group. This is also the case for assets holdings, where the ownership of one or more assets is three to four times higher in the case of FIRE as it is in the case of retirement accounts (Table 5).

The SCF designates a reference person within the family as a means of organizing the data consistently, replacing the term "household head", to avoid passing judgment on how a family is structured. In a mixed couple the reference person is the male, in a same-sex couple the reference person is the older person, singles are the reference person if they are economically dominant. The SCF did not reveal the sex of the reference person, but it revealed that there is a large difference in wealth between white and non-white families. In 2022, the mean income for white non-hispanic families was 81.1 thousand dollars while for black and hispanic/latino families was 46 and 46.7 respectively (Aladangady et al.; 2023a, b). It also revealed that 9 out of ten families owned at least one financial asset, which includes retirement accounts, stocks, pooled investment funds, certificates of deposit, transaction accounts, savings bonds, other bonds, cash value life insurance, and other managed assets. In the case of FIRE respondents, around 7 out to 10 recognize to own at least five financial assets: brokerage accounts; retirement accounts; cash and/or cash equivalents such as savings, checking account and/or certificates of deposit; dedicated savings and/or investment accounts for healthcare and education; and speculative assets such as crypto, P2P Lending, and/or gold (Aladangady et al., 2023a; r/financialindependence, 2023).

Table 4 Before-tax median family income, 2019 and 2022 SCF and FIRE 2022 (Thousands of 2022 dollars).

	Median income		
	2019	2022	FIRE
All families	67.9	70.3	**185**
Age of reference person (years)			
Less than 35	56.4	60.5	**81.5**
35–44	86.2	85.9	**130**
45–54	90.2	91.9	**95**
55–64	73.7	81.9	**160**
65–74	58.1	60.9	**small sample**
75 or more	49.9	49.1	**small sample**
Education of reference person			
No high school diploma	35.7	32.3	**small sample**
High school diploma	53.1	53.0	**small sample**
Some college	59.4	60.0	**59**
College degree	110.9	117.8	**97.5**
Master's Degree	n/a	n/a	**141.7**
Doctorate Degree	n/a	n/a	**145**
Housing status			
Owner	89.7	94.0	**163.6**
Renter or other	41.3	42.3	**134**

Source: Own elaboration based on Aladangady et al. (2023a); r/financialindependence (2023).

Table 5 Holding and values of assets, 2019 and 2022 SCF and FIRE 2022 (Thousands of 2022 dollars)

	Conditional median value*		
	2019	2022	FIRE
Any asset	263.8	332.6	**879.5**
Retirement accounts	75.3	86.9	**270**
Primary residence	260.8	323.2	**500**

*Conditional on holding at least one asset.

Source: Own elaboration based on Aladangady et al. (2023a); r/financialindependence (2023).

In the case of debts, due to the problem of outliers in the FIRE survey, we have used the median as an indicator to compare both surveys. Moreover, given the non-additivity property of the median, we have considered only those items whose description was similar in both sources. We can see in Table 6 that there is a higher overall indebtedness that is not matched by the behavior in education and vehicle borrowing. This highlights the differences in the profile in terms of acquiring assets on which debt is incurred by the U.S. population compared to the U.S. FIRE community, which tends to acquire debt to invest in property or in their businesses. In fact, the FIRE survey revealed that 99.7% of FIRE respondents reported earning a salary, while 3 out of ten earn additional income from rental properties or businesses they own. Therefore, it is not surprising that debt levels appear to be higher in the FIRE population.

Table 6 Holding and values of debt items, 2019 and 2022 SCF and FIRE 2022 Thousands of 2022 dollars

	Conditional median value		
Types of debts	2019	2022	FIRE
Any debt	75.1	80.2	**187**
Primary residence	156.3	155.6	**163**
Education loans	25.8	24.5	**0**
Vehicle loans	15.2	15.4	**0**

Source: Own elaboration based on Aladangady et al. (2023a); r/financialindependence (2023).

In light of this information, the U.S. population as a whole appears more conservative and less financially active than the FIRE community, which appears to be more engaged in their personal finances and have more diversified sources of income through different financial investments. We recognize that the FIRE survey data is limited and difficult to compare with the SCF data but at least it provides us with quantitative information on the main characteristics of those who are part of the FIRE initiative which allows us to draw a more accurate profile.

Now that we have discussed the rationale behind FIRE initiative, as well as the main characteristics of the FIRE community, we will examine the five dimensions of FIRE shown in Figure 1. Table 7 sums the main characteristics, theories, and authors and content creators related to the five dimensions of FIRE.

Figure 1 The five dimensions of FIRE five

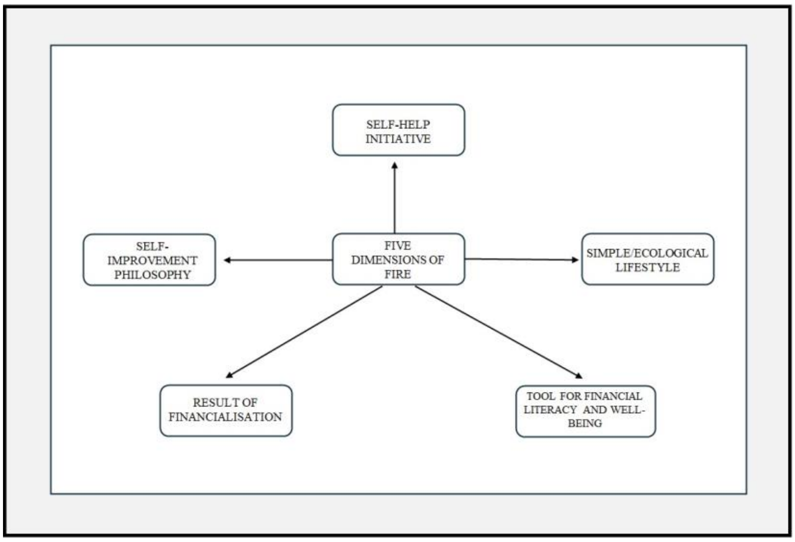

Table 7 FIRE five dimensions main characteristics

Dimension	Approach	Sources	FIRE Authors and/or Content Creators
FIRE as a self-improvement philosophy	Standards of conduct (FIRE pillars), certain aspirations, preferences, and beliefs create a personal world that reflects one's incentives (financial independence) and goals (early retirement).	Furman (2017) Iftode (2013) Sedikides & Hepper (2009) Wolf (2021)	Broussard (1996) Soros (1994) Schwab (1997)
FIRE as a self-help initiative.	New values and convictions, a community to find support and a common language to discuss and exchange ideas, to develop systems and methods to deal with their financial problems.	Campbell (1993) Effing (2009) Kurtz (1997) Schiff & Bargal (2000)	Collins (2016) Dominguez & Robin (1992) Mr RIP (2024a) Financial Samurai (2022a) Sabatier (2020) Shen & Leung, (2019)
FIRE as part of the simple/ecological lifestyle.	The result of connecting two main ideas, financial planning, and simple living.	Featherstone (1987) Haenfler et al. (2012) Elguin & Mitchell (1977) Jacob (1996, 1997) Sale (1993)	Collins (2016) Redling and Allison (2020) Dominguez & Robin (1992) Snow (2021) Thames (2018)
FIRE as a result of financialisation.	New technologies, investment options for small investors, stagnant or declining income, growing debt, as well as complex economic scenarios created favourable conditions that led the expansion of FIRE and the creation of investors online communities.	Alshubiri et al. (2019) Ashton (2009) Callon (1998) Davis & Kim (2015) Drummer et al., (2017) Krippner (2005) MacKenzie et al. (2007) Rodrigues (2021) Salem (2020) Stockhammer (2004)	El Club de inversión (2022d) Mr Money Mustache (2011) Mr Rip (2016)
FIRE as a tool for financial literacy and well-being.	FIRE content creators work has the potential to improve citizens' financial literacy and, by extension, their financial well-being, offering guidance to become more knowledgeable and proficient in investing.	Brüggen et al. (2017) Financial Protection Bureau (2015) Lusardi & Mitchell (2011) Mandell (2006) Mladina (2016) The Consumer TIAA (2022)	Mr Money Mustache (2011) Mr Rip (2016) El Club de inversión (2022 a, b, d) The White Coat Investor (2019) Collins (2016)

Source: Own elaboration.

4. FIRE as a self-improvement philosophy

Before starting to analyse this dimension, it is important to understand the difference between self-improvement and self-care. Self-improvement refers to the interaction between the individual and the social sphere, where self-concept is settled or adapted, to develop one's knowledge, status, or character through one's own efforts (Sedikides & Hepper, 2009). People engaged with self-improvement practices manifest preferences for feedback that “may provide tips on how one can accelerate progression toward a current goal, or it may simply indicate that one is progressing well toward a current goal” (Sedikides & Hepper, 2009, p. 900). Self-improvement is related to recognising opportunities for personal training on subjects such as stress management, networking, happiness, personal habits, and attitudes. Self-care, on the other hand, is a health-related concept that indicates the process of analysing, expressing, establishing one's own needs, and implementing care measures to provide well-being (Denyes et al., 2001).

4.1 Care of the self and FIRE

Individuals tend to shape reality according to their own preferences, incentives, aspirations, and beliefs. Furman (2017) claims that the individual system of representations is an image of reality called personal world. He describes personal world as a model that reflects a multidimensional reality linked to world perception (experience accumulated), world feeling (emotional perception of the world), the picture of the world (holistic picture of the world and its laws) and worldview (personal interpretations and beliefs).

Personal world is also a factor of self-improvement as it reflects incentives and goals. In turn, self-improvement (care of the self, in Foucault’s view) is not “about self-discovery but rather about self-creation or self-fashioning; not a turn inward but rather a modified relation to the “exterior”, that is to the web of social practices and discourse that equally express and constitute this self” (Iftode, 2013, p.78).The individual perceives himself as malleable material that can be shaped by the standards of conduct. The self-improvement process must be coherent, words and deeds must be aligned, as “the fundamental philosophical project is to give a certain shape or style to one’s living” (Iftode, 2013, p.78). Care of the self, therefore, can be seen as a modern spirituality, which has implicit the possibility of a knowledge constructed through search, practice and experience that enables the transformation of individuals to reach the truth.

In this sense, we can understand the process of achieving financial independence and early retirement as care of the self but also as the philosophical perception of the world in a certain way, shaping life by standards of conduct (FIRE pillars), developing certain aspirations, preferences, and beliefs to create a personal world that reflects one's incentives (financial independence) and goals (early retirement). FIRE as a self-improvement philosophy is implicit, for example, in the work of Soros (1994); Broussard (1996); and Schwab (1997).

4.2 Financial apps make self- improvement enjoyable

In the sphere of financial independence technology has a deep impact on self-improvement. Technology development made it possible for FIRE to spread but also to help followers to achieve their self-improvement goals, through financial apps and other tools that make not only easier to change money habits but also gratifying. Financial apps habitually contain characteristics that facilitate social interaction among users to help them in improving their engagement and performance.

Social structures, even if they are virtual, are effective instruments for impelling people towards financial literacy, well-being, and independence. They also make financial activities such as budgeting and tracking expenses more enjoyable while giving feedback and support (Hollenbeck & Klein; 1987; Wolf, 2021). Online communities play a similar role when, for example, Mr Rip goes live twice a week to interact with his followers through his Twitch platform.

5. FIRE as a self-help initiative

The FIRE foundational book was written in the purest self-help tradition. Tacitly or overtly, the goal is the achievement of happiness and fulfilment, through one's own effort and discipline. Taking control of one’s life and being ‘self-made’ are basic concepts of self-help that underlie the idea that anyone can achieve their dreams as long as they are willing to do whatever it takes (Effing, 2009). Dominguez and Robin (1992, p. xxxi) developed a step program, which aims to "liberate your mind and life from the thrall of the consumer culture," inviting readers to "stay aware and curious". Other FIRE authors follow a similar fashion (Collins, 2016; Shen & Leung, 2019; Sabatier, 2020).

According to the Cambridge dictionary (2022), self-help can be understood as “the activity of providing what you need for yourself and others with similar experiences or difficulties without going to an official organization”. Frequently, this activity is practised within a self-help group, that is, “a supportive, educational, usually change-oriented mutual-aid group that addresses a single life problem or condition shared by all members. Its purpose may be personal or societal change or both, achieved through the use of ideologies for dealing with a situation” (Kurtz, 1997, p.4).

5.1 Characteristics of self-helps groups

Schiff and Bargal (2000) identified several characteristics of self-help groups: instilling hope, universality and an alternative to loneliness, support, teaching and learning coping methods and communicating experiential knowledge. Although we cannot claim that FIRE supporters are organised in traditional self-help groups, all these characteristics are recognisable in FIRE online communities. For example, in self-help groups the idea of hope also includes the perception of control over the individual's circumstances and the conviction that any problem represents an opportunity and a motivation to grow, while universality and an alternative to loneliness imply that the individual is not alone, more people face a similar problem. In the same fashion, FIRE authors and content creators invite people to challenge their circumstances and change their lives, sharing stories of financial success as in Collins (2016); Shen and Leung (2019) and Redling and Allison (2020).

Universality, an alternative to loneliness, and support (Schiff and Bargal, 2000) are characteristics present in FIRE online communities, as in the case of Mr Money Mustache (2024) and Mr Rip (2024a). Other two characteristics, teaching and learning coping methods and communicating experiential knowledge are also evident in the step programmes, guides, books, podcasts, videos, and testimonials released by FIRE content creators.

5.2 The hero´s journey

FIRE initiative is so appealing not only because it promises financial independence, but also time and freedom to devote to personal interests. For Dominguez and Robin (1992), individuals do not exchange their work for money, but exchange hours of their life energy. Therefore, every hour of life energy expended should be tracked to reveal whether it brings fulfilment and satisfaction and is in harmony with personal purposes. Freedom is a promise repeated by most FIRE authors, however, the path to freedom comes with a cost and a transformation.

Like many self-help programs, several FIRE authors describe their own experiences in the manner of Campbell´s Hero´s Journey (Campbell, 1993). Typically, a shocking event (illness, unemployment, or an economic crisis) is the determinant to change the hero’s life. After meeting a mentor (in FIRE case, it can be a methodology, a book, a video) the hero changes his life, achieves his goals, and returns triumphant. During the process, FIRE authors transform themselves into mentors by giving their knowledge and experience to help others with their own journeys, i.e., Mr RIP (2024a) and Financial Samurai (2022a).

The 2008 economic crisis boosted the financial independence initiative multiplying the number of FIRE followers around the world (Derousseau, 2020). Economic crises not only represent the collapse of economic conditions in society but also alter value and belief systems. As a result, many individuals are left behind by the market system, either unemployed or on precarious contracts, worrying about the future. FIRE initiative represents the opportunity to find new values and convictions to rebuild their lives. If a part of the population is left on the margins of the economic system, it is reasonable to think that they will look for guidance and meaning within another system: a community to find support and a common language to discuss and exchange ideas, to learn from each other, to develop systems and methods to deal with their financial problems. In such context, the emergence of self-help groups, in this case, financial FIRE self-help groups, is natural.

6. FIRE as part of simple/ecological lifestyle

FIRE is not just a financial strategy; it is a lifestyle. The 1990s were a fertile time for financial independence authors to propose their own formula i.e., Paisley (1990); Soros (1994); Broussard (1996); Schwab (1997). However, their goal was to improve readers' financial literacy to take control of their household budget, savings, debts, and investments, while Robin and Dominguez's work was also a call to live a simple life by decreasing consumption. In other words, the authors were not only proposing a roadmap for living debt-free and earning passive income by investing in the stock market. They were also proposing a lifestyle.

Lifestyle “connotes individuality, self-expression, and stylistic self-consciousness” (Featherstone, 1987, p. 55) but also personal practices, attitudes, and consumption habits to identify with others who follow the mainstream or defy prevailing cultural norms (Haenfler et al., 2012). Voluntary simplicity is a term that describes a wide range of practices related to anti-consumption, material simplicity, self-growth, subsistence farming, and environmentally friendly attitudes and behaviour (Elguin & Mitchell, 1977). Voluntary simplicity as a lifestyle can be tracked to the back-to-the-land movement started during the 60s by North American urban residents who chose to live in the countryside to grow their own food and live a simple life close to nature (Jacob, 1997).

The 90s decade witnessed a growing interest in simple life and environmental care. Jacob (1997) and Sale (1993) found evidence of an increasing number of North Americans involved in simple/ecological lifestyle. Jacob (1996) presented a group of back-to-the-land supporters with a series of statements and asked them to respond to each on a four-point scale of importance to see where they stood on several environmental and related issues. The research revealed that statements related to having time for oneself and having a sense of privacy ranked higher than environmental concerns (i.e., reducing energy consumption, preserving old-growth forests, and conserving animal habitats) and back-to-the-land concerns (i.e., growing my own food). Most respondents sympathized with activist groups, but less than half belonged to at least one activist group and only 10% spent a lot of time working with them. The study concluded that the typical back-to-the-lander prioritized privacy and had strong opinions on environmental issues but was not very involved in environmental or community organizing. In other words, back-to-the-landers did not show a collective action or identity, on the contrary, the results showed were more coherent with the definition of lifestyle.

The link between the principles of FIRE and voluntary simplicity seems evident. Dominguez, defining himself as a simplifier (Affluenza, 1998) reminds us of the essence of voluntary simplicity, which is also the ambition behind FIRE: "frugality of consumption, a strong sense of environmental urgency, a desire to return to living and working environments which are of a more human scale, and an intention to realize our higher human potential - both psychological and spiritual - in community with others and inwardly rich." (Elguin & Mitchell, 1977, p.2). These values are the basis of the original FIRE initiative. Thus, FIRE is the result of connecting two main ideas, financial planning, and simple living.

Other authors such as Collins (2016), Thames (2018), Redling and Allison (2020), and Snow (2021) also introduce the concept of voluntary simplicity as part of their financial independence programs. However, as we stated before, FIRE initiative is diverse, hence, not all followers practise simple life principles.

7. FIRE as a result of financialisation

Financialisation occurs when profit-making is achieved primarily through financial means rather than through trade and industrial production (Davis and Kim, 2015). It implies making money from money rather than from industrial and commercial activities. Financialisation involves the expansion of the size and importance of a country's financial sector which has led to a shift away from the industrial capitalism model. As a result, there is an increasing diversity of transactions and market players that pass through all parts of the economy and society (Krippner 2005).

Financialisation was decisive for the development of the FIRE initiative, firstly because of the transition from banks and other financial institutions to financial markets as the main intermediaries between savers and borrowers. This transition, which helped to diversify investment opportunities and financial instruments, was also possible due to financial conceptual developments that fostered new market practices that changed the market structure and loan characteristics (Callon, 1998; MacKenzie et al., 2007).

Secondly, financialisation became widespread and reached small investors, in part thanks to the development of new technologies. As the financial sector also began to invest in software to create more accessible financial instruments, more individuals were attracted to invest in financial instruments designed to generate short-term returns with relative ease. The possibility to collect, analyse and share data in real-time, in combination with the development of new financial tools, made trading on markets plausible for small investors (Drummer et al., 2017; Alshubiri et al., 2019). The blog Tradesocio affirms "The advancement of technology contributed to the proliferation of wealth management services and the rise of non-financial players that offer low-cost, automated investments mimicking traditional portfolio management in the form of proprietary algorithms managing customer portfolios." (Salem, 2020). Thus, the democratization of finance gives individual investors access to the means to expand their wealth creation opportunities, providing access to means previously only offered to high-level or institutional investors, while making services and solutions available to the public (Rodrigues, 2021).

Thirdly, because of the financialisation of the economy, financial sector incomes have increased more than other sectors since 1980 widening the wealth gap for society. Capital investment by non-financial firms in new productive assets dropped, while investment gains were reinvested in the financial sector. Investing in the financial sector instead of the productive sector has caused wages to stagnate and household debt to rise. At the same time, the income produced by financial investments has contributed crucially to income inequality (Krippner, 2005; Davis & Kim, 2015; Stockhammer 2004) which led workers to find innovative approaches to increase their income.

All these circumstances created favourable conditions that led the expansion of FIRE and the creation of small investors online communities, as in the case of Mr Money Mustache (2011), Mr Rip (2016) and Andrea Redondo (El Club de Inversión, 2022d).

8. FIRE as a tool for financial literacy and well-being

Financial independence, as a concept, is closely related to financial literacy and financial well-being. Financial literacy provides individuals with the expertise and abilities needed for financial decision-making (OECD, 2020), allowing them to obtain the education, knowledge, and information to make better financial decisions to meet financial goals (Mandell, 2006). As stated by Mladina (2016, p. 20), "Assets should serve a purpose—to fund a lifetime of financial goals. Therefore, a rational and informed investor should identify lifetime goals and intentionally allocate assets to fund them efficiently. If assets serve the purpose of funding lifetime goals, it naturally follows that optimal lifetime asset allocation should be goals-based and multiperiod". Optimal lifetime asset allocation can only be achieved through financial literacy.

8.1 Financial literacy: knowledge, behaviour, and attitudes

We can distinguish three main elements related to financial literacy: knowledge, behaviour, and attitudes. Knowledge is the theoretical or practical understanding of a subject; thus, financial knowledge helps individuals to understand and compare different financial products and services to make intelligent financial decisions. A better understanding of financial concepts and the ability to use mathematical skills in a financial context guarantees greater confidence in financial matters and a proper reaction to circumstances that may have repercussions on future financial well-being. Basic knowledge includes concepts like inflation, simple and compound interest, and risk (Fernandes, et al., 2014; OECD, 2020; The Consumer Financial Protection Bureau, 2015).

If financial knowledge gives understanding to individuals, financial behaviour helps individuals to put in practice certain actions to shape their financial position. For example, saving and long-term planning, making informed decisions and thoughtful purchases of financial services and products, and keeping track of cash flow. Displaying adequate financial behaviour provides tangible elements to minimize financial stress. For example, creating a financial cushion in case of unexpected events, exerting self-control, avoiding excess and debt, assessing products quality/price ratio, observing money inflows and outflows and being aware of the minimum amount to cover living expenses (Lusardi & Mitchell, 2011; OECD, 2020).

Attitudes are linked to a general way of thinking and feeling about a certain subject (Cambridge dictionary, 2022). This element is not only intangible, but often, individuals are not aware they display certain attitudes towards money. Consequently, a proficient level of financial literacy and the desire to display the proper behaviour is not enough if individuals do not have the right attitude towards money. Attitudes about money drive financial behaviours and can be associated with earnings levels, asset possession, debts, impulsive purchasing, and financial dependence. Often, attitudes are not easily recognizable by individuals because, normally, are learned from family and social context (Klontz and Britt, 2012; Shim et al., 2009). Thus, the path to achieving financial independence requires being aware of the internal frame of reference is critical to avoid sabotaging efforts to save and invest.

8.2 Financial well-being

Financial well-being is achieved when one has "the perception of being able to sustain current and anticipated desired living standard and financial freedom" (Brüggen et al., 2017, p. 229). The Consumer Financial Protection Bureau (2015, p. 19) affirms that financial well-being involves four elements "having control over one's finances day-to-day and month-to-month, having the capacity to absorb financial shocks, being on track to meet financial goals, and having the financial freedom to make choices that allow one to enjoy life." The first two elements are related to security, and the last two are related to freedom of choice. Financial well-being allows individuals to meet short and long-term financial obligations, feel confident in their financial future, and make choices that permit enjoyment of life. Financial freedom precedes financial well-being.

The OECD (2020) studied adult literacy by applying a financial literacy score with value ranges that comprises three elements we discussed before: a) Financial knowledge score (takes the range 0 to 7), b) Financial behaviour score (takes the range 0 to 9) and c) Financial attitude score (takes the range 1 to 5). The survey reveals that the average score across all participating countries and economies is 12.7 (the highest score is 21); whilst the score for OECD member countries is just 13.0. These scores correspond to 60.5% for the total sample and 62.0% for OCDE participant countries from the highest possible, which means that a considerable proportion of the EU adult population does not understand basic financial concepts such as compound interest, risk and return, diversification, and inflation. This problem affects vulnerable groups such as the low-income population, women, youth, and the elderly (OECD, 2020).

The survey underlines that the group of young people (aged 18-29) have a lower financial literacy score than the rest of the sample consistently and significantly. They are also less prudent in financial decision-making. A worrying outcome of the survey is that "The financial well-being average score of all the participants is below 50% of the maximum (47.4% for the total sample and 49.4% for OECD member countries). This suggests that on average the surveyed individuals do not consider their financial situation to contribute positively to their well-being, but rather to add stress and worry" (OECD, 2020, p. 9). The report concludes that the lack of financial literacy among adults needs to be addressed through digital tools and innovative techniques to reach the target audience.

8.3 FIRE improves financial literacy and well-being

Once discussed the main aspects of financial literacy and well-being, we will discuss why we assert that FIRE is a tool to improve both.

Firstly, FIRE content creators share information, use manageable language, and provide examples and tutorials to better understand financial concepts such as budgeting, simple and compound interest, passive income, stock market and index funds.

Secondly, content creators typically combine different platforms to increase their visibility and commercial impact around the world (Törhönen et al., 2021), that is also the case of most FIRE content creators that have thousands of followers on diverse platforms. Then, it is fair to affirm that each day thousands of followers receive information that potentially may enhance their financial skills.

Thirdly, FIRE content creators and online communities may have a considerable influence on individuals' financial well-being levels. Financial well-being is influenced by several factors, of which we highlight three: the social and economic environment, the decision context, and the available opportunities, to strengthen our argument (The Consumer Financial Protection Bureau, 2015). Frequently, individuals interact socially through online platforms. We mentioned before the role of FIRE online communities where FIRE followers meet, talk, and share personal experiences and tips. It is common knowledge that the more time we dedicate to a sport or a hobby, the more engaged we will be with such practice. That is the case with FIRE initiative. An individual’s social and economic environment can be influenced by other FIRE followers enhancing the level of commitment of the individual.

Referring to decision context, financial literacy tends to be higher than average in FIRE communities, so that, taking a decision in a context with a high level of expertise certainly makes a difference.

Regarding available opportunities, we also made clear before that this is one of the main purposes of content creators. In this respect, we believe that the work of FIRE's content creators has the potential to improve citizens’ financial literacy and, by extension, their financial well-being, offering guidance to become more knowledgeable and proficient in investing. We also believe policymakers should assess the potential of FIRE initiative as a tool for financial literacy.

9. Criticism

Empirical studies offer evidence that private wealth is a determinant of early retirement (Berkel & Borsch-Supan, 2004; Dorn & Sousa-Poza, 2005; Bloemen, 2011; Kuhn et al., 2021) however FIRE initiative has not yet been studied as a cause of private wealth that leads to early retirement. As we analysed throughout this study, the purpose of the FIRE promoters is, precisely, to provide regular individuals tools to increase their capital so that, they do not depend on pension entitlements for early retirement. We believe more research should be done to measure if FIRE is a determinant of early retirement. We also believe that FIRE principles and aims have been misunderstood in many cases, considering FIRE communities as reactionary, privileged in terms of financial literacy and with an attitude of moral superiority.

9.1 Greed, privilege and reluctant financialisation

Taylor and Davies (2021) portray FIRE followers as modern Mr Scrooge, avoiding purchasing and saving every penny. The authors consider FIRE followers are anti-capitalists, identify the movement with frugality and anti-consume, and point out that FIRE is opposite to growth, surpluses, and productive labour, all characteristics of capitalism. They also find it paradoxical that FIRE promoters and followers pursue financial returns but, at the same time, refuse consumerism, describing them as outsiders rejecting the system but willing to live inside it. We consider this vision is narrow and biased because the authors are studying only Fat FIRE strategy that is based in low expenses and an aggressive saving plan, ignoring the rest of the strategies and ways to apply FIRE initiative. In this research we explained why avoiding debt, saving, and investing the surplus is crucial to FIRE but not in the way Taylor and Davies (2021) imply. To this day, some FIRE content creators still advise to live a simple life i.e., Thames (2018), Redling and Allison (2020), and Snow (2021), in part, because they believe in voluntary simplicity principles but, overall, because it is the best way to achieve the investing amount required for early retirement. However, others, for example, Andrea Redondo (El Club de Inversión, 2022b) and Danetha Doe (Money and Mimosas, 2022a), do not mention specifically voluntary simplicity or minimalism as part of their FIRE strategy.

Anti-capitalism or anti-consumerism to protest against the system has never been part of FIRE's spirit. The evolution of FIRE has led to diverse ways to understand and apply saving, consumption and investing. What some critics forget is that the raison d'être of financial independence is not living frugally indefinitely but having the freedom to access material possessions and time to enjoy life. As Redling and Allison (2020,

p. 7) affirm "Many people still believe you have to cut spend to the bone. You can't have a house, a car, or the latest tech gadget. Although is useful to increase your income and be frugal, you can FIRE without going to extremes."

Pellandini- Simányi and Banai (2021, p. 2) calls reluctant financialisation "the phenomenon that households participate in financialisation – that is, they hold the financial products associated with financialisation – yet they do not, or only partially, engage in the financialised subject positions customarily associated with these products in neoliberal discourse". Bearing in mind that FIRE was a product but also a response to the financialisation of the economy, we agree with this view, in the sense that individuals were prompted to turn from passive to proactive financial subjects and to learn to think like financial experts to handle their consumption, investments and debts. What Pellandini- Simányi and Banai (2021) calls ideal financialised subjects, i.e., persons with a sense of individual responsibility for their financial future, a high degree of finance-driven mentality and a financial logic to assess daily life, home and relationships are subjects that we can easily recognise in any of the content creators throughout this study. In consequence, rather than calling FIRE promoters and followers anti-capitalists, we agree more that they may experience reluctant financialisation.

9.2 FIRE or FI?

For Le Fort (2011) the original FIRE initiative has disappeared since people who have reached financial independence continue working. He considers that the Retirement Early part is not a goal anymore and the whole concept should be replaced by the term Financial Freedom. As we explained in the introduction of this research, modern FIRE initiative emphasizes financial independence, rather than early retirement. This strategy, known as Barista FIRE, gives individuals the opportunity to commit to certain projects, using their time and skills to be productive and, at the same time, keeping their freedom to schedule activities in a convenient way. As Redling and Allison (2020, p. 2) point out "Because early retirement is optional, you may see FIRE referred to FI/RE or FI(RE)." The fact that productive young people do not want to retire early does not make less valid FIRE initiative, in fact, this is one of the biggest misconceptions about it. Sam Dogen's testimony illustrates this point: "I retired from banking in 2012 at age 34 and mentally unretired by 36 because it was just too boring. There were only so many gothic churches I could see and rounds of golf I could play. Now I call myself a fake retiree because I'm busy writing on Financial Samurai, sending out weekly newsletters, and recording podcasts (Apple, Google) in between school drop offs and doctor appointments" (Financial Samurai, 2023b, para. 7).

10. Conclusions and Directions for Future Research

Economic crises have the potential to devastate anyone's life. During the 1980s, the U.S. economy experienced a rise in wage inequality between 1979 and 1989 and a sharper deterioration in the mid-1990s (Katz and Krueger, 1999), causing the U.S. labour market to come under severe pressure in 1992, unemployment to rise, and white-collar workers, particularly in the financial, insurance and real estate sectors, to face an increasing risk of losing their jobs (Gardner, 1994). It is not a coincidence that FIRE initiative emerged during this period. FIRE is also an option for those who were left aside during the Great Recession and during the pandemic. FIRE is especially important for Generation X, born between 1965 and 1980, Y, born between 1981 and 1996, and Z, born between 1997 and 2012 (Bank of America, 2021). The four pillars of FIRE configure a strategic life plan but also a way to understand time, leisure, assets, work, and money. Some could say that FIRE is a trend, others that it is a response or even a modern spirituality. What is certain is that FIRE is a prism with multiple dimensions that invited us to look beyond and find new lines of research. The five dimensions we distinguished allow us to approach FIRE initiative from different perspectives to have a more complete understanding, but at the same time, they unveil innovative approaches to research and understand the impact of FIRE in society.

Future studies can assess the impact of FIRE on individuals' financial literacy, empowerment, resilience, and inclusion. The second suggested line of research is the potential contribution of FIRE content creators to change attitudes and behaviour towards money and personal finances. The third line of research is the possible impact of FIRE on the job market, the burned-out syndrome, and the freedom of choice over the decision to work and working conditions. The fourth line of research is a review of FIRE authors to distinguish what Effing (2009, p. 14) calls "the path of effort versus the path of absolute effortlessness", i.e., the self-made, taking charge of one's destiny authors versus metaphysical self-improvement authors of the New Age, that believe in positive thinking, minimal effort, and the help of the universe to reach one's goals.

References

Affluenza (1998). Your Money or your life. https://www.pbs.org/kcts/affluenza/show/joe.html

Aladangady, A.; Bricker, J.; Chang, A. C.; Goodman, S.; Krimmel, J.; Moore, K.B., Reber, S; Henriques, A.; & Windle; R. A. (2023a). *Changes in U.S. Family Finances from 2019 to 2022: Evidence from the Survey of Consumer Finances.* Washington: Board of Governors of the Federal Reserve System, October, https:// doi.org/10.17016/8799.

Aladangady, A.; Bricker, J.; Chang, A. C.; and Krimmel, J.; (2023b). *Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances*. FEDS Notes. Washington: Board of Governors of the Federal Reserve System, October 18, 2023, https://doi.org/10.17016/2380-7172.3405.

Alshubiri, F., Jamil, S. A., & Elheddad, M. (2019). The impact of ICT on financial development: Empirical evidence from the Gulf Cooperation Council countries. *International Journal of Engineering Business Management*, *11*, 1847979019870670.

Bank of America (2021). 2021 Workplace Benefits Report, Financial wellness in an increasingly diverse workplace. https://business.bofa.com/content/dam/flagship/workplace-benefits/id20_0905/documents/2021-WBR.pdf.

Bengen, W. P. (2001). Conserving Client Portfolios During Retirement, Part IV. *Journal of Financial planning*, *14*(5).

Bengen, W. P. 1994. Determining Withdrawal Rates Using Historical Data. *Journal of Financial Planning*, 7, (4), 171–180.

Berger, R. (2021, January 12). How the 25x Rule Can Help You Save for Retirement. Forbes advisor. https://www.forbes.com/advisor/retirement/25x-rule-retirement/

Berk, R. A. (2009). Multimedia teaching with video clips: TV, movies, YouTube, and mtvU in the college classroom. International Journal of Technology in Teaching and Learning, 5(1), 1–21.

Berkel, B., & Borsch-Supan, A. (2004). Pension reform in Germany: The impact on retirement decisions. *FinanzArchiv/Public Finance Analysis, 60,* 393–421.

Berman, J. Z., Tran, A. T., Lynch Jr, J. G., & Zauberman, G. (2016). Expense neglect in forecasting personal finances. Journal of Marketing Research, 53(4), 535-550.

Blanchett, D. M., Finke, M., & Pfau, W. D. (2014). Low bond yields and safe portfolio withdrawal rates. *The Journal of Wealth Management*, *16*(2), 55-62.

Bloemen H. G. (2011). The effect of private wealth on the retirement rate: An empirical analysis. *Economica*, 78, 637-655

Broussard Ch. D. (1996). *The Black Woman's Guide to Financial Independence: Smart Ways to Take Charge of Your Money, Build Wealth, and Achieve Financial* Security. Penguin Books.

Brüggen, E. C., Hogreve, J., Holmlund, M., Kabadayi, S., & Löfgren, M. (2017). Financial well-being: A conceptualization and research agenda. *Journal of Business Research*, 79, 228–237.

Callon M. 1998. Introduction: the embeddedness of economic markets in economics. *The Sociological Review*, 46, 1-57.

Cambridge dictionary (2022). Self-help. https://dictionary.cambridge.org/es/diccionario/ingles/self-help

Campbell, J. (1993). *The Hero with a Thousand Faces*. Fontana Press.

Collins, J.L. (2016). *The Simple Path to Wealth: Your road map to financial independence and a rich, free life.* CreateSpace Independent Publishing Platform.

Consumer Financial Protection Bureau (2015). Financial Well-Being: The Goal of Financial Education. Report.

Cooley, P. L., Hubbard, C. M., & Walz, D. T. (1998). Retirement savings: Choosing a withdrawal rate that is sustainable. *AAII Journal*, *20*(2), 16-21.

Costa, P; Pakula, D. & Clarke, A. S. (2021). Fuel for the F.I.R.E.: Updating the 4% rule for early retirees. Vanguard Research, June.

Davis, G. F. & Kim, S. (2015). Financialization of the economy. *Annual Review of Sociology*, *41*, 203-221.

Denyes, M. J., Orem, D. E., & Bekel, G. (2001). Self-care: A foundational science. *Nursing science quarterly*, *14*(1), 48-54.

Derousseau, R. (2020, April 22). Here's How a Deep Recession Could Alter the FIRE Movement. Forbes. https://www.forbes.com/sites/ryanderousseau/2020/04/22/how-downturn-could-alter-fire-movement/?sh=b683d755fa44

Diani, M. (1992). The concept of social movement. *The sociological review*, *40*(1), 1-25.

Dominguez, J. & Robin, V. (1992) *Your Money or Your Life: Transforming Your Relationship with Money and Achieving Financial Independence*. Penguin.

Dorn, D., & Sousa-Poza, A. (2005). The determinants of early retirement in Switzerland. *Swiss Journal of Economics and Statistics*, 141, 247–283.

Drummer, D., Feuerriegel, S., & Neumann, D. (2017). Crossing the next frontier: The role of ICT in driving the financialization of credit. *Journal of Information Technology*, *32*(3), 218-233.

Early Retirement Now (2016, December 7) The Ultimate Guide to Safe Withdrawal Rates – Part 1: Introduction. https://earlyretirementnow.com/2016/12/07/the-ultimate-guide-to-safe-withdrawal-rates-part-1-intro/

El Club de Inversión (2022a, July12). Actualización de cartera 2022. https://www.youtube.com/watch?v=wz3nUYjJunQ&list=PLGhMNiZphep5ApEPhTwcHhO-CpcWXxfCy

El Club de Inversión (2022b) Cómo administrar tu dinero https://www.youtube.com/watch?v=CEpmtSAi2HM&list=PLGhMNiZphep5q3feD3GHPAcQmXxFo0cN6&index=2

El Club de Inversión (2022c, February 2). Cómo invertir en negocios: Ventajas, inconvenientes y cuáles son mejores. https://www.youtube.com/watch?v=SGpw1DPbEOU&list=PLGhMNiZphep5q3feD3GHPAcQmXxFo0cN6&index=25

El Club de Inversión (2022d) Entrevista a Andrea Redondo por la academia de trading MDTA. https://www.elclubdeinversion.com/entrevista-andrea-por-academia-mdta/

Elgin, D. & Mitchell, A., 1977. Voluntary simplicity. *Planning Review*, 5 (6), 13-15.

Fernandes, D., Lynch Jr, J. G., & Netemeyer, R. G. (2014). Financial literacy, financial education, and downstream financial behaviors. *Management Science*, *60*(8), 1861-1883.

Fernbach, P. M., Kan, C., & Lynch, J. G. (2015). Squeezed: Coping with Constraint through Efficiency and Prioritization. Journal of Consumer Research, 41(5), 1204–1227. https://doi.org/10.1086/679118

Financial Samurai (2022a). About. https://www.financialsamurai.com/about/

Financial Samurai (2022b) How Much Should I Have Saved by Age 20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70? https://www.financialsamurai.com/?s=How+Much+Should+I+Have+Saved+By+Age+20%2C+25%2C+30%2C+35%2C+40%2C+45%2C+50%2C+55%2C+60%2C+65%2C+70%3F

Financial Samurai (2022c, July 25). Real Estate Versus Blogging: Which Is a Better Investment? https://www.financialsamurai.com/real-estate-versus-blogging-which-is-a-better-investment/

Financial Samurai (2022d, July 20). The Proper Safe Withdrawal Rate: 4 Percent Rule Is Outdated. https://www.financialsamurai.com/proper-safe-withdrawal-rate/

Financial Samurai (2022e, September 7). Your Dynamic Safe Withdrawal Rate in Retirement Can Now Increase. https://www.financialsamurai.com/dynamic-safe-withdrawal-rate-in-retirement/

Financial Samurai (2023a, October 5). 20 Best Side Hustle Ideas to Make Extra Money https://www.financialsamurai.com/best-side-hustle-ideas/

Financial Samurai (2023b, October 10). The Ideal Retirement Age To Minimize Regret And Maximize Happiness. https://www.financialsamurai.com/ideal-age-to-retire/

Featherstone, M. (1987) Lifestyle and consumer culture, Theory, Culture, and Society, 4, pp. 54–57.

Furman, A. A. (2017). Personal World as the Basis and Factor of Self-Improvement of the Human. *Innovative Solution in Modern Science,* 4(13).

Gardner, J. M. (1994). The 1990-91 recession: how bad was the labor market? *Monthly Labor Review*, 117(6), 3–11. http://www.jstor.org/stable/41844298

Godwin, H. T., Khan, M., & Yellowlees, P. (2017). The educational potential of YouTube. *Academic Psychiatry*, *41*(6), 823-827.

Google (2022, August 5). Financial Independence Retire Early. https://www.google.com/search?q=financial+independence+retire+early&client=firefox-b-e&sca_esv=8add31af34f47e86&sxsrf=ACQVn0-0RIm8ub0cnYJvppKlkg2r2vZ_HQ:1706632405478&source=lnms&sa=X&ved=2ahUKEwjej6mSxYWEAxU-gP0HHfo7ChMQ0pQJegQIAxAC&biw=2182&bih=1073&dpr=0.88

Guthrie, C. P., & Nicholls, C. M. (2015). The Personal Budget Project: A practical introduction to financial literacy. Journal of Accounting Education, 33(2), 138-163.

Haenfler, R., Johnson, B., & Jones, E. (2012). Lifestyle movements: Exploring the intersection of lifestyle and social movements. *Social Movement Studies*, *11*(1), 1-20.

Hollenbeck, J. R., & Klein, H. J. (1987). Goal commitment and the goal-setting process: Problems, prospects, and proposals for future research. *Journal of Applied Psychology*, 72(2), 212–220. https://doi.org/10.1037/0021-9010.72.2.212

How to FIRE (2022). Chapter 3: The Math Behind FIRE https://www.howtofire.com/fire-guide/the-math-behind-fire/

Iftode, C. (2013). Foucault's idea of philosophy as 'Care of the self:'Critical assessment and conflicting metaphilosophical views. *Procedia-Social and Behavioral Sciences*, *71*, 76-85.

Jacob, J. (1997). *New Pioneers: The Back-To-The-Land Movement and the Search for a Sustainable Future.* The Pennsylvania State University Press.

Jacob, J. (1996). The North American Back-to-the-Land Movement. Community Development Journal, 31(3), 241–249. doi:10.1093/cdj/31.3.241

Klontz, B. T., & Britt, S. L. (2012). How clients' money scripts predict their financial behaviors. *Journal of Financial Planning*, *25*(11), 33-43.

Krippner, Greta. (2005). The Financialization of the American Economy. *Socio-Economic Review*. 3. 10.1093/SER/mwi008.

Kuhn, U., Grabka, M. M., & Suter, C. (2021). Early retirement as a privilege for the rich? A comparative analysis of Germany and Switzerland. *Advances in Life Course Research*, *47*, 100392.

Kurtz, L. F. (1997). *Self-help and support groups: A handbook for practitioners*. Sage.

Katz, L.F. & Krueger, A.B. (1999). The High-Pressure U.S. Labor Market of the 1990s. *Brookings Papers on Economic Activity, Economic Studies Program, The Brookings Institution*, 30(1), 1-88.

Le Fort, B. (2021) Early Retirement Is A lie. October 18, 2021. https://themakingofamillionaire.com/early-retirement-is-a-lie-40d25f4cec26

MacKenzie DA, Muniesa F, Siu L. (2007). *Do economists make markets?: on the performativity of economics*. Princeton University Press.

McKenna, M. C., Labbo, L. D., Kieffer, R. D., & Reinking, D. (2013). *International Handbook of Literacy and Technology: Volume II*. Routledge.

Mandell, L. (2006). Financial literacy: If it's so important, why isn't it improving? *Networks Financial Institute Policy Brief*, (2006-PB), 08.

Melucci, A., Keane, J., & Mier, P. (1989). *Nomads of the present: Social movements and individual needs in contemporary society*. Hutchinson Radius.

Mladina, P. (2016). Optimal lifetime asset allocation with goals-based, lifecycle glide paths. *The Journal of Wealth Management*, *19*(1), 10-22.

Money and Mimosas (2022a). Ethical Investing: Can You Save for Retirement Without Compromising Your Values? https://www.moneyandmimosas.com/

Money and Mimosas (2022b). What is Equity Crowdfunding? https://www.moneyandmimosas.com/growmoney/what-is-equity-crowdfunding

Mr Money Mustache (2016, May 2). High Efficiency Real Estate Investing with PeerStreethttps://www.mrmoneymustache.com/2016/05/02/peerstreet/

Mr Money Mustache (2015, January 26). How Rich are You? Find your Net Worth, Spending, and Savings Rate.

Mr Money Mustache (2011, April 8). Mr Money Mustache's Own Story https://www.mrmoneymustache.com/2011/04/08/mr-money-mustaches-own-story/

Mr Money Mustache (2024, August 5). The Money Mustache Community. https://forum.mrmoneymustache.com/

Mr Rip/ Retire in Progress (2024a). About me. https://retireinprogress.com/about/about-me/

Mr Rip/ Retire in Progress (2022b, August 5). Retire in Progress YouTube channel. https://www.youtube.com/c/MrRipYT

Mr Rip/ Retire in progress (2016, June 16). My Financial Story – Chapter 2 – High School and Maturity. https://retireinprogress.com/mystory2/

OECD (2020), OECD/INFE 2020 International Survey of Adult Financial Literacy. https://www.oecd.org/financial/education/launchoftheoecdinfeglobalfinancialliteracysurveyreport.htm

Paisley, C. A. (1990). *Wouldn't You Rather Be Rich?: How to Achieve Financial Independence Soundly and Surely*. Cherokee Publications.

Perrone, L., Vickers, M. H., & Jackson, D. (2015). Financial independence as an alternative to work. *Employee Responsibilities and Rights Journal*, *27*(3), 195-211.

Pellandini-Simányi, L., & Banai, A. (2021). Reluctant financialisaton: Financialisaton without financialised subjectivities in Hungary and the United States. *Environment and Planning A: Economy and Space*, *53*(4), 785-808.

Pedersen, L. H. (2022). Game on: Social networks and markets. *Journal of Financial Economics*, 146(3), 1097-1119.

Redling, D. & Allison, T. (2020). *Start Your F.I.R.E. (Financial Independence Retire Early): A Modern Guide to Early Retirement*. Rockridge Press.

Reddit (2024). Financial Independence/ Retire Early. https://www.reddit.com/r/financialindependence/hot/

Rodriguez J. (2017). The US Minimalist Movement: Radical Political Practice? *Review of Radical Political Economics*, 50(2), 286-296.

Rodrigues, J. (2021). The Democratization of Finance through the Banking Revolution and Financial Technologies in Brazil. Honors Theses. Ouachita Baptist University. https://scholarlycommons.obu.edu/honors_theses/821

Sabatier, G. (2020). *Financial Freedom: A Proven Path to All the Money You Will Ever Need*. Penguin Random House.

Sale, K. (1993), *The Green Revolution, The American Environmental Movement*. New York, Hill and Wang.

Salem, W. (2020, December 15). Democratization of finance and investment. https://www.tradesocio.com/insights/democratization-of-finance-and-investment

Schiff, M., & Bargal, D. (2000). Helping characteristics of self-help and support groups: Their contribution to participants' subjective well-being. *Small Group Research*, *31*(3), 275-304.

Schroders (2021, February 23). Chasing "financial independence, retire early" (FIRE): is it possible? https://www.schroders.com/en/insights/economics/chasing-financial-independence-retire-early-fire-is-it-possible/

Schwab, Ch. (1997). *Charles Schwab's Guide to Financial Independence: Simple Solutions for Busy People*. Crown.

Sedikides, C., & Hepper, E. G. (2009). Self-improvement. *Social and Personality Psychology Compass*, 3(6), 899-917.ç

Shim, S., Xiao, J. J., Barber, B. L., & Lyons, A. C. (2009). Pathways to life success: A conceptual model of financial well-being for young adults. *Journal of Applied Developmental Psychology*, *30*(6), 708-723.

Siegle, D. (2009). Technology: Literacy in the 21st Century: The Fourth R—Video Recording. *Gifted Child Today*, *32*(2), 14-19.

Silinskas, G., Ranta, M. & Wilska, T. A. (2021). Financial Behaviour under Economic Strain in Different Age Groups: Predictors and Change Across 20 Years. *Journal of Consumer Policy,* 44, 235–257.

Sironi, M. (2018). Economic Conditions of Young Adults Before and After the Great Recession. *Journal of Family and Economic Issues,* 39, 103–116.

Shen, K. & Leung, B. (2019). *Quit Like a Millionaire: No Gimmicks, Luck, or Trust Fund Required*. Tarcher Perigee.

Smeeding, T. M., & Weinberg, D. H. (2001). Toward a uniform definition of household income. Review of Income and Wealth, 47(1), 1-24.

Smith, K. A. (2021, December 7) How to Retire Early With FIRE. Forbes Advisor. https://www.forbes.com/advisor/retirement/the-forbes-guide-to-fire/

Snyman, L., Van der Berg-Cloete, S. E., & White, J. G. (2017). Planning for financially independent retirement. *South African Dental Journal*, *72*(5), 204-208.

Snow, T. (2021). *Retirement Planning QuickStart Guide: The Simplified Beginner's Guide to Building Wealth, Creating Long-Term Financial Security, and Preparing for Life After Work*. ClydeBank Media LLC.

Soros, G. (1994). *The Alchemy of Finance: Reading the Mind of the Market.* Wiley.

Stein, M. (1998). The Prosperous Retirement: Guide to the New Reality. EMSTCO, LLC.

Stockhammer E. 2004. Financialisation and the slowdown of accumulation. *Cambridge Journal of Economics*, 28, 719-741.

r/financialindependence (2023). The Official 2022 Survey. https://www.reddit.com/r/financialindependence/comments/141xbp1/the_official_2022_survey_results_are_here/

Taylor, N., & Davies, W. (2021). The financialization of anti-capitalism? The case of the 'Financial Independence Retire Early'community. *Journal of Cultural Economy*, *14*(6), 694-710.

Thames, E. W. (2018), *Meet the Frugalwoods: Achieving Financial Independence Through Simple Living*. Harper Collins publishers.

The White Coat Investor (2019, July 2). Mutual Funds Vs ETFs: Which is Best? https://www.whitecoatinvestor.com/mutual-funds-versus-etfs/

The White Coat Investor (2022, Junio 4). The 4% Rule and Safe Withdrawal Rates. https://www.whitecoatinvestor.com/the-4-rule-safe-withdrawal-rates/

TIAA (2022), Financial Wellness Survey. https://www.tiaa.org/public/pdf/2022_financial_wellness_survey_final_results.pdf

Törhönen, M., Giertz, J., Weiger, W. H., & Hamari, J. (2021). Streamers: The new wave of digital entrepreneurship? Extant corpus and research agenda. *Electronic Commerce Research and Applications*, *46*, 101027.

Thukral, S., Sangwan, S., Chatterjee, A., Dey, L., Agrawal, A., Chandra, P. K., & Mukherjee, A. (2022, November). *Understanding how social discussion platforms like Reddit are influencing financial behavior.* In 2022 IEEE/WIC/ACM International Joint Conference on Web Intelligence and Intelligent Agent Technology (WI-IAT) (pp. 612-619). IEEE.

United Nations (2019). *World Population Ageing 2019: Highlights*. Department of Economic and Social Affairs, Population Division (ST/ESA/SER.A/430).

Versal, N., Honchar, I., Balytska, M., & Erastov, V. (2023). How do savings and personal budgeting matter on financial literacy and well-being. Business, Management and Economics Engineering, 21(2), 190-203.

Whitehouse, E. (2007). *Pensions panorama: Retirement-income systems in 53 countries*. Washington, DC: World Bank

Wolf, T., Jahn, S., Hammerschmidt, M., & Weiger, W. H. (2021). Competition versus cooperation: How technology-facilitated social interdependence initiates the self-improvement chain. *International Journal of Research in Marketing*, *38*(2), 472-491.

Annexes

Annex A. FIRE Race / ethnicity

Race / ethnicity	Response
White	77.72%
Black or African American	1.57%
Pacific Islander	0.24%
American Indian	0.24%
Asian	15.83%
Southeast Asian	1.73%
Middle Eastern	0.55%
North African	0.16%
Hispanic or Latino	4.96%
Decline to state	2.13%
Other	0.87%

Annex B. FIRE Nationality / residence

Are you in the United States?	Response
Yes	89.53%
No	10.47%

Annex C. FIRE gender

What is your gender?	Response
Female	20.62%
Male	78.52%
Non-binary	0.87%

Annex D. FIRE Age

What is your age?	Response
<20	0.94%
21-25	8.72%
26-30	27.34%
31-35	29.77%
36-40	17.67%
41-45	8.09%
46-50	4.24%

51-55	2.20%
56-60	0.86%
61 >	0.16%

Annex E. FIRE Relationship status

What is your relationship status?	Response
Single, never married	21.79%
In a relationship, but not married	25.26%
Married	49.02%
Other	3.94%

Annex F. Industry in which FIRE work

Which of the following best describes the industry in which you currently or most recently worked?	Response
Engineering (NOT software)	11.91%
Healthcare	10.28%
Financial Services	10.60%
Information Technology (incl. software engineering)	31.81%
Manufacturing	4.49%
Professional & Business Services	7.34%
Other	23.57%

Annex G. FIRE type of employer

Which of the following best describes your current or most recent employer?	Response
Nonprofit corporation	6.77%
Public agency (Government)	10.20%
Public corporation	32.95%
Private corporation	46.00%
Self-employed	4.08%