

Financial Independence

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When we say we want 'financial independence', what do we really mean to say?

If you had the option, would you show up to your job?

This is what I think:

When we say we want 'financial independence', we mean to say: 'I don't want to work a job I hate in order to pay for rent and my living expenses.'

Unfortunately, most of us are trapped and enslaved in jobs we hate, in order to pay our rent and make a living.

Thus, when we say we want 'financial independence', I think what we really mean to say is, "I don't want to show up to my job everyday in order to pay my bills."

Thus, what we really want is 'toilsome job independence' -- becoming independent (not dependent) on having to labor toilsome labor in order to make a living.

What is the difference between having a million dollars in the bank, versus spending a million dollars?

When most people say they want to become 'millionaires', I think what they mean to say is:

I wish I can buy all the shit I want, and live a fancy lifestyle, indefinitely.

But if we think about this more technically --

You can only be a millionaire if you have a million dollars in equity or cash in the bank.

A million dollars in the bank

Let us say you had a million dollars in the bank. The moment you go out and spend a million dollars, you no longer are a millionaire.

Furthermore, if you want to accumulate a million dollars in the bank, you must earn more money than you spend. And I think the easiest way to do this is by reducing your expenses to the bare minimum; this way, you don't need a large income in order to save up a lot of money.

Freedom from worry

I think there are some people who consider 'financial independence' as having freedom from financial worries or stresses.

And what is the easiest way to gain freedom from financial worries? Easy: reduce your living expenses to the bare minimum.

If you live a frugal lifestyle, you are more protected from uncertainty in life.

I forgot the philosopher who once said:

The poor man laughs at the robber in the face, and sleep well at night.

If you don't own anything which requires expensive maintenance, if you don't have expensive bills or expenses, an expensive mortgage, you don't really worry too much about finances. Why? **You know you can live well on relatively little!**

The myth of 'Passive income'

Another thing which I think people desire is gaining this mythical 'passive income'. The reason why I say this notion of passive income is a myth is because no matter what, all the income you earn MUST be managed, and therefore IS active!

For example, even if you make money from stocks and investments, you must constantly monitor and manage your investments! Furthermore, even if you have a business where you are drop-shipping products, you still must aggressively market your products, and promote your products (if you desire to actually sell anything!)

So I think when some people think that they desire financial independence, they mean to say:

I want to sit at home, do nothing, yet earn money.

This is a fantasy that is not grounded in reality.

Why do you want financial independence?

I think all of us (regardless of how we define financial independence) desire some form of financial independence:

- Not having to work a job we hate in order to make a living.
- Not worrying about finances.
- Having enough money to do all the things that we want and desire.

But let us say you gain financial independence (however you define it). Then what? What do you want to do with your financial independence?

Generic answers

I think most people will say stuff like:

- I want to travel the world!
- I want to pursue more of my passions, interests, and hobbies.
- I want to read more, or write more.
- I want to make more artwork.

But the question is this:

*Can you already do these things **without** 'financial independence'?*

For example, Albert Einstein came up with his theory of relativity while working as a clerk at the Swiss Patent office (equivalent job of working at the DMV). Einstein was still financially dependent on his job, yet was able to come up with his revolutionary idea on relativity!

Working a 9-5 job sucks.

Assuming you work an office job, I still think you have enough free time (before work or after work) to indulge in your personal passions and hobbies. However I still do admit, working an office job sucks your soul, and thus you have less soul-power to actually do the things you desire.

An idea:

Perhaps the goal isn't financial independence, but the goal is to work for yourself, to gain more personal freedom over your schedule, time, and life.

Why I love being self-employed

I endeavor to work hard until I die. I am fortunate that I don't separate my "work life" and my "personal life"; these two things are the same.

Technically, if I look at my behavior, I am "working" 7 days a week, from the moment I wake up until the moment I sleep. If I look at everything I consider "work" (reading, writing, making videos, researching, teaching, making photos), I put in 100+ hour weeks. But to me, it is all activities I enjoy doing!

The goal isn't to not work anymore; the goal is to NOT do "toilsome labor" which you hate doing!

The benefit of being self-employed is that I control my day and schedule.

What we really want is freedom (of time, schedule)

I think ultimately, what we are really striving towards isn't to be 'rich' or have a bunch of money. I think what we truly desire is to have freedom and autonomy over our daily schedules, our time, and our life.

I think Nassim Taleb said it well when he said in Skin in the Game:

What we should strive towards is maximization of our free time.

To me this makes sense, because money is an unlimited resource, whereas time (years of life) is limited.

If you spend \$1,000, you can earn another \$1,000 down the line. However, if you "spend" 1 year of your life, no matter how rich you are, you cannot "add" another year to your maximum lifespan. And let us assume that our maximum lifespan is around 120 years.

Trade your money for more time!

Thus I believe the following:

Whenever we have the option, we should trade our money to obtain more time, flexibility, control, and options.

In this sense, **time is a trillion times more important than money**. Even if you're a trillionaire, you cannot live 300 years.

Fuck you money

Another nice idea from Nassim Taleb, the notion of “fuck you” money. The basic idea is this:

When you are no longer afraid of saying “fuck you” to your boss, because you're not afraid of being fired (because you have enough money to do so).

The way I interpret “fuck you” money is this:

When you are no longer afraid to speak your mind, because you're not a slave to your job or finances.

Can you speak your mind?

For example, if you're a tenured-track sociology professor (seeking tenure), you cannot speak your mind. Why? Let us say that you have a contrary opinion from the majority liberal elite inside the academy (let us say you are a UC Berkeley tenure-track assistant sociology professor, you are not allowed to say that you support Donald Trump). Because if you do, you will certainly not get tenure, and also, you might not be able to get hired by another other university as an adjunct (lecturer) professor, and you might even be “forced” to resign your position for your controversial opinion.

Now let us say you're not afraid of losing your job, or you're not afraid of becoming “unemployable” by other companies or institutions. Then you have the freedom to say what you really believe in, without censoring yourself, and without fear of becoming homeless or financially bankrupt.

Thus another takeaway:

We want financial independence because we want to have the freedom to speak our minds; the “freedom of speech” is what we truly desire.

But the sad thing is this:

Most people don't really care for freedom of speech; either because they have nothing they want to say, or they just don't value their own opinion.

If you're reading this, and if you have strong opinions or ideas, ask yourself:

Do I really care having freedom of speech?

Freedom to pursue your own “true interests”

All of us have an interest or curiosity in certain fields of knowledge, art, or ideas. Yet, most of us are wasting so much of our mental energy and power to make money, instead of focusing on producing knowledge in their chosen field.

So perhaps if you're already making 'enough' money at a random job, and you have the freedom to pursue your interests on the side-- perhaps you already have "made it" in life.

Another thing to ask yourself:

How many hours a day do I really need to pursue my intellectual interests?

For example, I cannot read for more than 3 hours a day. I cannot write for more than 2-3 hours a day. Thus, if you have a 9-5 job, and if you can wake up early enough-- perhaps you might actually have enough free time to pursue your intellectual pursuits. Or perhaps you can use your down-time during your lunch break to pursue your creative pursuits. Or after work. Or during your commute.

What is your end-game?

To end this essay, what I want you to ask yourself is this:

*If I were to gain 'financial independence', **then what?***

What is your final end-game?

For example, I make money *in order to* pay my rent, my coffee, eggs, and meat *in order to* live, *in order to* produce knowledge and information which I hope empowers humankind.

Also to maximize my intellectual production, I like having the fewest amount of obligations. I like having 100% freedom over my schedule in the day, even though I might not be able to be rich enough to drive around in a Pink Lamborghini. Thus for me, **money is a tool to maximize my free time**. Once I start trading my free time to make more money -- I am making a sucker trade.

Takeaways

Some takeaways:

1. Everyone defines 'financial independence' differently. Disregard how others perceive it; define it for yourself. And ask yourself, "Is financial independence important to me?" And if so, *why?*
2. Having a job isn't a bad thing. Jobs are only bad if you feel like it is 'toilsome labor' that you despise doing. An easy heuristic to gauge your enthusiasm for your job is this: "Would I do this job if I weren't paid for it?"
3. You might already be financially independent right now, and you might not be aware of it.
4. If you're not worried about money (which is possible even if you're poor), you might already be 'financially independent'.
5. Don't get suckered by false fantasies of living like a king via 'passive income'. All income is active. Furthermore, I think all of us like working and doing things to

some capacity-- as long as we like the work.

6. Gauge your own personal preferences: Seek to discover your 'true preferences' in life, via ruthless self-examination.

GO LEGEND! ERIC