

JW S04E04 Kaderli

Tue, Mar 26, 2024 2:29PM • 21:23

SUMMARY KEYWORDS

travel, work, money, billy, vacation, housing costs, call, spending, lifestyle, mexico, local, retire, place, medical tourism, housing, started, pat, put, living, critique

SPEAKERS

Akaisha Kaderli, Pat Bolland, Billy Kaderli

Pat Bolland 00:16

Can you imagine retiring early, as early as 38 years old? Well, I've got a couple of guests on that have done it for the last more than three decades. Akaisha and Billy Kaderle are going to be joining me right after this word from our sponsor. Akaisha and Billy, a real pleasure to meet you two.

Akaisha Kaderli 00:35

Thanks very much for having us, Pat.

Pat Bolland 00:36

The financial independence hub in your letters are there and your missives, and I've always been fascinated 38 years old, why would you want to retire early?

Akaisha Kaderli 01:20

Well, we were working an awful lot. In fact, we weren't seeing each other very much at all. And that was hard on our relationship. And it seemed like our days were filled with had to sort of want to. And Billy came to me with an idea about how, you know, we could like quit working and travel the world. And I thought he was kind of crazy, but but he's very persistent. And he presented it in a very convincing way, and talk to be right into it.

Billy Kaderli 01:47

We actually started this when we were 36. We actually started this when we were 36. And and what I say started is we started planning, I came to her with the idea like she said, we were we were our relationship was starting to show signs of where and we didn't both, neither one of us wanted to go down that road. So we've had some meetings and talks and and so I did the math when we were 36. And I said, Look, I think you know, we're there. You know, I used to, I used to manage other people's money. I was a stockbroker branch manager for years. And I saw how much wealth my clients had. And so I said, we've got that. And they're doing, they're running around the world and going on cruises, I said, so, you know, other than social security we'll be fine. And so ...

Pat Bolland 02:37

To be fair, I have been following you two, for a while. And I read The Adventures Guide to Early Retirement that you put out several editions of now. But what's interesting is, as I understand it, is you started off with a half million dollars and ... back of the envelope ... that's, at 5%, \$25,000 a year, you thought you could live on \$25,000 a year?

Billy Kaderli 03:00

In 1991 dollars, yes, we got the actual our number was 20,000. And we got to that number by going through all of our spending for a year, we've ripped out, we were able to track our spending through our credit card companies back then. And so we figured out how much we were spending just on ourselves. We we did not add in the mortgage, we did not add in car payments, car insurance, because ... we our plan was to get rid of all that stuff anyway. So we were no longer going to have work clothes to buy or, you know, hairstylist and things of this sort. So we kind of we kind of went, Okay, what's bare bones for us? Just what are we spending on ourselves? And so we came up with a \$20,000 figure. And so that's basically 4% of 500,000.

Pat Bolland 03:49

That's that whole 4% rule that's out there. But let's not dwell on that because you started off backpacking, working in restaurants occasionally. Isn't that how it started?

Billy Kaderli 04:00

Well, we originally went to the island of Nevis in the West Indies that we had visited before on a couple of occasions. And a friend of mine, who's the chef, he was he became the executive chef of the Four Seasons Resort there that they were just opening. And so once he heard that I was loose, because I have, I've been trained as a French chef. And he and I worked together a lot. He, he got a hold of me and said, I hear you're leaving. You want to come down here. And you know, we've basically said sure. Now it was not a paid gig. We, we went down there in exchange for our expertise. We were able to eat in their dining room, and critique their service and critique the staff and critique everything that we could they wanted a full complete critique of our entire experience from the time we walked on the property to the time we left. And so we did that for a number of times throughout throughout our time there until they finally opened.

Pat Bolland 04:58

Wow, and then It was a lot of travel because the Adventures talk, the books talk, about the travel that you've done.

Billy Kaderli 05:05

Correct? Yeah, from there, we went to Venezuela. And 1991 it was still open. And it was great. It was great. And

Akaisha Kaderli 05:15

we bought an RV, and we traveled the Western US. And then we went to Mexico and started doing international travel.

Pat Bolland 05:23

That's interesting, because I want you to walk me through the process a little bit, you're making it sound like a vacation, but you make the point several times in all your writings, then it's a lifestyle change, not a vacation, walk me through that process Akaisha.

Akaisha Kaderli 05:40

Well, on a vacation, you tend to spend a lot of money, you know, you buy presents, or you get that special little whatever gift for yourself and you kind of splurge and things like that. And that's a vacation style of living. vendors call them the two week millionaires. And we use this as a lifestyle, we travel as a lifestyle, we take it slower, we get local, we eat in the local places, get to know the local vendors. And once you do that, once you stay at like a month or three at a time, or whatever your costs go way down, because you know, the places to eat that are better, you know, pricing and you don't need all the clothes, you don't need all the zazy stuff that one does on a vacation. So it's living it as a lifestyle instead of a vacation gives longevity to your wallet.

Pat Bolland 06:26

I know but it's encompassed with fear too ... the fear of letting go of past income, of past routines, of friends, of family. I mean, it's got to be difficult.

Billy Kaderli 06:41

We went through some challenges with that. For two years, we did not tell anybody what we were doing. Not our parents ...

Akaisha Kaderli 06:48

Before we left,

Billy Kaderli 06:50

... not our friends, not our boss, no one did we discuss our plan with ... Akaisha and I kept trying to poke holes through it. And finally, we gave two weeks notice. And that's when we let the cat out of the bag that we were in fact going to retire. Now. Our friends thought we were going on a vacation. But ...

Akaisha Kaderli 07:07

I have to say that the the number part was really the easiest. The hardest part was like as you said, Pat, the emotional part of retiring, letting go. We expected our friends and family to go up yippidy-do-da. You know ... yay for you? They didn't,

Pat Bolland 07:23

but they'd be worried about you ...

Akaisha Kaderli 07:28

maybe or jealous,

Billy Kaderli 07:29

jealous or Yeah,

Akaisha Kaderli 07:30

who know... But,

Billy Kaderli 07:31

you know,

Akaisha Kaderli 07:32

that was difficult. That was the most difficult and being away, you know, the money wasn't ... because you know, Billy's good at it. We know how to budget or track our spending, we still do that today. And so that was never a problem. We always knew where we were in real time in terms of finances, thanks to you know, Billy, basically.

Pat Bolland 07:50

But you also wrote a whole chapter on how to fail. And you talk about things like housing, and finding self time or finding things to do.

Billy Kaderli 08:04

Yeah, right. Well, we both, we both, you know, 38 were much, much more active than we are today. Although we're pretty active today, still. But you know, there's a lot of cheap hobbies you can do, we were playing tennis all around the world. And Acacia is an artist. And so she collects linens and material and things from all over the world. And she makes note cards with them. It's just, you know, we don't have to, we don't we're not here to try to impress anyone with our lifestyle. You know, we just take things easy, let them let things happen. And unfold. It's like peeling an onion. You know, when you're in a place longer than just two weeks for a vacation. You start seeing things you start meeting people, local people, and you start hearing about their stories. And, and next thing you know, you're invited to their daughter's King city Agnes party or things of this sort. It just, it's so much more enriching than just blowing through a place for two weeks and say, Well, I went to this place or I went to that place.

Akaisha Kaderli 09:04

to your point, Pat about housing. It is the number one expense in anyone's budget. And so if you can monitor your housing costs, and we've got a whole lot of information on our site about housing choices, then you can live anywhere. So you know, if you have a high mortgage, or if you tend to, you know, do the resort type of living on your vacations, that's going to cost you a lot more than if you say rent an apartment hotel for three months or get something local. Even Airbnb offers a discount for months at a time, then your housing costs is low and you have all that extra money for other things. Other entertainment things are doing nothing or shorting a hobby or sending it home, sending something to your grandkids or paying for them to come visit you or whatever see your housing is something you have to manage their housing costs. And then you find all sorts of money to use for other things.

Billy Kaderli 09:55

Now that was back in the early days. I mean, you know, when we first did this, we were trying To, you know, yeah, our plan looks good on paper, but, you know, does is this really going to work? And we're

pretty confident that was we did not we, you know, we did not have a safety net under us. We just we just went for it.

Pat Bolland 10:13

Well, Akaisha said that you're good with money.

Billy Kaderli 10:17

Right. Right. But we, we, you know, like a case you said housing, you know, if you can get that down, so, so what my point is, is, instead of instead of renting on the beach, you know, go to three blocks inward and find a place, and you know, the cost is going to be a third or half or whatever, depending on where you're at.

Pat Bolland 10:38

Okay. But at 38 anybody feels that they can beat the world. You're not 38 anymore, it's been three decades, you start to worry about other things. Healthcare would be a big one. How are you dealing with that currently?

Billy Kaderli 10:54

Well, because we're both US citizens, we do have Medicare, we have what's called Medicare Advantage plans. But because we're not in the US very often. It's of little use to us. But we do maintain that, to keep that up to up to speed. So we pay out of pocket. Here in Mexico, I can go to a cardiologist, I go without an appointment, and see him I'm assuming he's got a slot for him if he'll make a slot for me, because I know him personally now. But for 40 US Dollars.

Pat Bolland 11:25

40 Dollars. Wow. Okay,

Billy Kaderli 11:26

40 dollars? Yes. And, you know, it's not it's, it's the way I can relate to it, I'm, I think you might remember, back in the 50s, healthcare was much simpler. A lot of speaking for us in the US, it was, you know, the, your doctor lived down in the corner and the nice house are a couple streets over the nice house, and he delivered the babies to everybody around, you know, all. And so it was much more simpler, much more human to me. And that's the same way it is here in Mexico for us. You know, we don't have to go through a bunch of hoops to see a doctor, we don't have to see a primary physician first to see the specialist or know, we could just go right to the specialist.

Akaisha Kaderli 12:12

We have participated. Oh, sorry Pat ...

Pat Bolland 12:15

Go ahead. Go ahead. Akaisha ... My apologies.

Akaisha Kaderli 12:18

No, I was just gonna say we have participated in medical tourism, what they call medical tourism. Since the very beginning, since we were traveling, we found ourselves in various situations, maybe I needed a cap on my tooth, or we'd get sick, or we've had several emergencies over the decades. And we had to use local care, wherever we were. And so we did we paid out of pocket. And then now as we've aged, of course, you know, now we're looking at things like if we need assisted living, or those types of things, and the pricings of those homes and that kind of care, a nurse you know, coming to your house or doctor is far more affordable here in Mexico than we could ever dream of it being in the States. I don't know how it is for you in Canada, but the pricing is much better here.

Pat Bolland 13:04

It's almost for free here in Canada, but you have long, long waitlists and you can't you have to pay when you want to move up. Okay, a lot of people that I've talked to are retired, find that they don't get a lot out of life and they're not contributing to society. Now. You're, you're contributing, I mean, you're doing your blogs, and you're doing your articles into Financial Independence Hub and you're definitely contributing, but a lot of people don't. How do they find worth?

Akaisha Kaderli 13:31

Work or something to do?

Pat Bolland 13:32

Not worth? Like? Self value?

Akaisha Kaderli 13:37

Oh, worth? Worth. Oh, I'm sorry. Worth Yes, of course, volunteering. It'd be the number one thing I would say volunteering. And you can do that all over the world peep there's a lot of need out there.

Billy Kaderli 13:47

Mentors, some, some younger people, you know, Coach a sport, if you're good at that kind of thing.

Akaisha Kaderli 13:54

English as a second language. Yep. Yeah. read to the kids in school

Pat Bolland 13:59

Volunteerism is the big one.

Billy Kaderli 14:01

very big. There's, there's, you know, find a need and fill it and there's needs everywhere.

Akaisha Kaderli 14:06

I mean, you've got expertise from your career, any of your readers or listeners would have that. And so utilize your talents, your expertise, and then find a slot that you can donate your time or, you know, mentor someone and gosh, there's always food banks and soup kitchens. I mean, there's always something

Billy Kaderli 14:23

life doesn't stop the day you retire. No, I mean, you know, that's just sort of that's just a phase for for. For us. It was a you know, a beginning of an oven new adventure in our lives. And that's what we've always have

Pat Bolland 14:38

Have you had a favorite destination

Akaisha Kaderli 14:42

It depends... I mean, we'd like to ... the world was beautiful. And it's just depends, you know, you there's places you'd like for whether places you'd like for adventure or places you'd like for food.

Billy Kaderli 14:52

We get that we get asked that question quite a bit. And we always say well, we're we're ever we are currently is pretty much our favorite place and we're at now We're in Chipala, Mexico, Lake Chipala.

Pat Bolland 15:02

And you're living there, but I was watching one of your broadcasts so a couple of years ago, and you were intending to go to Asia, I think it was at the time and maybe India, I can't remember exactly the conversation. Do you have any future destinations in mind?

Billy Kaderli 15:15

Yeah, we're going to Japan in about six weeks. And we are ...

Pat Bolland 15:20

What are you going to do in Japan?

Billy Kaderli 15:22

Well, I don't know.

Akaisha Kaderli 15:24

We'll figure it out.

Pat Bolland 15:25

Seriously, you land on the ground, and you have no plans?

Billy Kaderli 15:29

Well, we've got a place to stay. But other than that, not really

Akaisha Kaderli 15:31

Yeah, we'd like the local people we do. Since Billy was a chef, we owned a restaurant, we do a lot of cuisine travel. And we like history historical stuff. So we'll get where the locals are, and, and, you know, take pictures and videos and such and just make stories out of them. For people to experience this as we see it. We'd like to down on the ground boots on the ground kind of thing. And then after Japan,

we're gonna go to Thailand, after Thailand will go to Vietnam, then come back here and then start our next trip in October.

Pat Bolland 16:02

Wow. Do you ever worry worry about the money running out?

Akaisha Kaderli 16:05

Oh, no, no, that's not that's not

Billy Kaderli 16:08

Oh, I worry about time.

Akaisha Kaderli 16:09

Yeah, at our age for sure.

Billy Kaderli 16:11

Yeah. Right, you know, in how much longer...

Pat Bolland 16:14

That half a million dollar initial investment, if you will, in your future has held up all this time.

Billy Kaderli 16:20

We've, our net worth has outpaced inflation and spending.

Akaisha Kaderli 16:26

We have more now than we did when we retired

Pat Bolland 16:28

You are good with money!

Akaisha Kaderli 16:32

It's not magic.

Billy Kaderli 16:34

It's not magic. No.

Pat Bolland 16:35

So okay, if it's not magic, what is it? You gotta tell me, how do you invest? I gotta do this tomorrow.

Billy Kaderli 16:42

Well, first of all, for your younger listeners or viewers, start as early as you can, and put your money into index funds. You know, we use the S&P 500 Index, or a ETF called VTI... Vanguard Total market, which is about 37-3800 stocks includes the S&P 500 plus, plus the rest of them. And that's pretty much our main holdings. Off of that we have some dividend things that pay us to keep give us some cash flow.

But in especially in the early years, when you're trying to accumulate wealth, you want to be in a growth aspect of the market. And those do not throw... VTI or the s&p 500 does not throw off a lot of income. So it doesn't affect your taxable income is too much. And then once you stop working, you don't no longer paying into in our case, Social Security and income taxes. So then you can ramp up other areas like dividend stocks and things of this sort in order to create some cash flow.

Pat Bolland 17:44

you know, full disclosure, we are sponsored by a robo advisor and all the robo advisors use are ETFs because they're low cost that's your that's your thinking as well,

Billy Kaderli 17:53

though very much so. Yeah, very much so. The cost on these things are minimal. I mean, I can I'm a happy dude for so so little.

Pat Bolland 18:03

Okay, so now you're earlier in your day in Mexico, I think your time difference is probably about three hours with me what's the rest of your day look like?

Billy Kaderli 18:11

Well, I went out and had coffee with a friend of mine while Akaisha stayed here and caught up on some computer stuff. And then for me I have a my exercise bicycle or exercise bicycle needed some mechanical work done to it. So yesterday I took it up to a machine shop guy and he's going to fix that and I'm expecting a call from him that it's going to be ready.

Akaisha Kaderli 18:31

I have a dentist appointment later.

Billy Kaderli 18:33

Yes.

Akaisha Kaderli 18:37

Yeah, I got a cracked my tooth and so he's gonna put some resin on it and fix me up you know

Billy Kaderli 18:42

and I got a haircut planned. So let's you know,

Akaisha Kaderli 18:44

and then we get lunch,

Billy Kaderli 18:45

we have lunch.

Akaisha Kaderli 18:47

And then and then we're gonna go to a rooftop rooftop bar this afternoon for happy hour, right?

Pat Bolland 18:51

I think the whole world should follow your example. But they can, as I understand it online, do you have a website or something you can tell us about?

Billy Kaderli 18:59

Sure it's retireearlylifestyle.com ... all one word, retireearlylifestyle.com.

Akaisha Kaderli 19:04

We have a free newsletter

Billy Kaderli 19:06

and they can sign up for the free newsletter on there, which we very much appreciate and recommend that people can write us and ask us anything. We we answer everybody. We just uh, we would appreciate it if they would put a name on it. So we don't feel like we're talking to a robot but yeah, we're we're, we're very open about our lifestyle and

Akaisha Kaderli 19:26

lots of information on housing and investment and travel and medical tourism.

Pat Bolland 19:31

Akaisha, Billy we will get you back. I really enjoyed this discussion, and there's hope for me to retire at some point.

Billy Kaderli 19:38

There certainly is. Certainly as you know, one thing let me just make a quick statement here. One thing that we that we we fell upon I'm going to say that's not today. It's called geo arbitrage. I don't know if you're familiar with that term

Pat Bolland 19:54

Yeah, its currency related.

Billy Kaderli 19:57

Its currency related, right. geo arbitrage is where you you Live in a low cost country, and you make your money in your home country. And so we have an arbitrage situation here where we're spending pesos but we're making dollars and so dollars go a long way down here. So our lifestyle here if we wanted to we could live on our I know window people living on less than \$1,200 US Social Security down here. And they have girlfriend, and they go out to eat and have a social life.

Pat Bolland 20:25

Yeah. ... I'll be honest ... I don't know whether I could do that because I would I would miss family. I come from a large family I would miss family. But I could see people want and you obviously are very successful on

Billy Kaderli 20:39

Yeah, that well, you know, in case you miss family well fly them down.

Pat Bolland 20:45

Yeah, build it and they will come.

Billy Kaderli 20:50

And then you'll get to a point where how can I miss you if you never leave?

Pat Bolland 20:56

I'm coming guys. Thanks so much for your time, and we look forward to getting you back in this thing.

Billy Kaderli 21:02

Thanks you very much for your time.

Pat Bolland 21:07

Thanks very much for joining us on this edition of The just word. I'm Pat Bolland. If you enjoyed it, subscribe, and remember, check out justwell financial. See you next time