

OVER 130,000 COPIES SOLD

5-YEAR
ANNIVERSARY



SET FOR LIFE

REVISED EDITION

*An All-Out Approach to Early
Financial Freedom*

CEO OF BIGGERPOCKETS



SCOTT TRENCH

SET FOR LIFE

REVISED EDITION

*An All-Out Approach to
Early Financial Freedom*

BY SCOTT TRENCH



Praise for the First Edition

“Cogently written and ideal for those beginning their careers who are not averse to risk... [this] debut financial guide offers a novel approach to wealth creation.”

—Kirkus Reviews

“It’s not often a book is written that could completely change the mindset of a generation... but I believe Scott has written that book.”

—Brandon Turner, best-selling author of *The Book on Rental Property Investing*

Praise for Scott Trench’s Books

“Having rented my whole life, I had no clue what the whole house-purchasing journey would entail... And it really is a journey. Thankfully, Trench and Jensen have laid every aspect out, meaning that readers will be better informed regarding anything to do with money or people.”

—Rachel Dehning, Portland Book Review

“This book is the first, and maybe most important, investment you can make in buying your first home. There are a lot of moving parts when buying a house, and Scott and Mindy present each step with simple and precise language, seasoned with a dash of humor.”

—JL Collins, author of *The Simple Path to Wealth*

“Scott and Mindy have written an exceptionally clear guide that’s both counterintuitive and practical. It will help you find the best home, make the best investment, and help you potentially save hundreds of thousands of dollars. The ROI on this book is insane... I’m giving it to anyone who asks for advice on how to buy a first home.”

**—Grant Sabatier, Author of *Financial Freedom* and
Creator of Millennial Money**

“In *First-Time Home Buyer*, Scott and Mindy helped this long-time renter feel like buying a home doesn’t have to be so daunting! You’ll get answers to questions you didn’t even know you should have.”

—Erin Lowry, author of the *Broke Millennial* series

“It’s a rare treat when a book helps you see the world more clearly, and *First-Time Home Buyer* does just that. Instead of platitudes surrounding home ownership like “it’s the American Dream” or “it’s your biggest investment,” Scott and Mindy give a real-world masterclass on what to truly consider when purchasing your first home. This should be required reading for anyone looking to purchase a home!”

**—Brad Barrett, Co-host and co-founder of the
ChooseFI Podcast**

“If you’re a first-time home buyer, do not, I repeat, do not buy a home without reading this book first. From detailed renting vs. buying math, to loan types, to home inspections, to advice about pitfalls you need to avoid, authors Scott and Mindy do a great job teaching you everything you need to know to become a financially responsible homeowner. Buy this book, you won’t regret it.”

—Kristy Shen, Co-author of *Quit Like a Millionaire*

This publication is protected under the U.S. Copyright Act of 1976 and all other applicable international, federal, state, and local laws, and all rights are reserved, including resale rights: You are not allowed to reproduce, transmit, or sell this book in part or in full without the written permission of the publisher.

Limit of Liability: Although the author and publisher have made reasonable efforts to ensure that the contents of this book were correct at press time, the author and publisher do not make, and hereby disclaim, any representations and warranties regarding the content of the book, whether express or implied, including implied warranties of merchantability or fitness for a particular purpose. You use the contents in this book at your own risk. Author and publisher hereby disclaim any liability to any other party for any loss, damage, or cost arising from or related to the accuracy or completeness of the contents of the book, including any errors or omissions in this book, regardless of the cause. Neither the author nor the publisher shall be held liable or responsible to any person or entity with respect to any loss or incidental, indirect, or consequential damages caused, or alleged to have been caused, directly or indirectly, by the contents contained herein. The contents of this book are informational in nature and are not legal or tax advice, and the authors and publishers are not engaged in the provision of legal, tax, or any other advice. You should seek your own advice from professional advisors, including lawyers and accountants, regarding the legal, tax, and financial implications of any real estate transaction you contemplate.

Set for Life: An All-Out Approach to Early Financial Freedom
Revised Edition
Scott Trench

Published by BiggerPockets Publishing LLC, Denver, CO
Copyright © 2022 by Scott Trench
All rights reserved.

Publisher's Cataloging-in-Publication

Names: Trench, Scott, author.

Title: Set for life: an all-out approach to early financial freedom, revised edition / by Scott Trench

Description: includes bibliographical references. | Denver, CO: BiggerPockets Publishing, LLC, 2022.

Identifiers: LCCN 2022935541 | ISBN 9781947200807 (pbk.) | 9781947200814 (ebook)

Subjects: LCSH Finance, Personal. | Investments. | Real estate investment. | Rental housing. | Self-actualization (Psychology). | Quality of life. | BISAC BUSINESS & ECONOMICS / Personal Finance / General | BUSINESS & ECONOMICS / Real Estate / General

Classification: LCC HG179 .T74 2017 | DDC 332.024--dc23

Published in the United States of America
Printed in Canada on recycled paper

10 9 8 7 6 5 4 3 2 1

Dedication

This book is dedicated to all the Average Joes out there who fear that the American Dream is dead or dying. To all the Joes who feel stuck in their job, who fear that their potential is being stifled or going unfulfilled. And to all the Joes who know that a life of freedom, choice, and abundance is out there.

Realization of the American Dream in the twenty-first century comes with a hefty price tag: a multiyear hustle, self-sacrifice, calculated risk-taking, and a bit of luck. And even then, success is not guaranteed. This book is dedicated to those Average Joes who are willing and able to pay that price and play the odds. I hope to see you on the other side of your journey to financial freedom, and I hope that you take that freedom and use it to leave your mark on the world.

TABLE OF CONTENTS

PREFACE TO THE NEW EDITION

INTRODUCTION TO FINANCIAL FREEDOM

Who Are the Financially Free?

What Is Financial Freedom?

Three Stages of Wealth Creation

PART I

THE FIRST \$25,000 IS THE HARDEST

CHAPTER 1

BUILDING THE FIRST \$25,000 THROUGH FRUGALITY

Why Wealth Creation Begins with Frugality

The Psychology of Frugality

Get Rich by Doing It Yourself

Getting by on Less than "The Best"

Slowly and Steadily Chip Away

Conclusion

CHAPTER 2

HOW TO LIVE AN EFFICIENT LIFESTYLE

An Overview of the Average American's Spending Habits

Fixed versus Variable Expenses

Tackling Major Life Expenditures in Order of Significance

Conclusion

CHAPTER 3

WHAT TO DO WITH MONEY AS YOU SAVE IT

"Bad" Debt versus "Good" Debt

Credit

The First Three Milestones in the Journey to Financial Freedom

Conclusion

PART II

FROM \$25,000 TO \$100,000 THROUGH HOUSING AND INCOME GENERATION

CHAPTER 4

TURNING YOUR LARGEST EXPENSE INTO AN INCOME-PRODUCING ASSET

Average Joe's Housing Dilemma

Joe's Financial Model

Costs of House Hacking

Conclusion

CHAPTER 5

YOUR HOME IS NOT AN INVESTMENT

Five Ways to Buy a First Property (and Their Financial Consequences)

Questions to Ask Before Buying a House Hack

Conclusion

CHAPTER 6

HOW TO MAKE MORE MONEY

What Is the Point of Earning More Money?

How to Make Time to Pursue More Income

The Problem with a Good Salaried Job

Changes Necessary to Increase One's Income

Why Do So Few People Take Control of Their Income?

Conclusion

CHAPTER 7

SCALING A SCALABLE CAREER

Five Tactics That Will Help You Earn More Money in a Scalable Career

My Personal Journey with Luck

Part II Conclusion

PART III

MOVING FROM \$100,000 IN NET WORTH TO FINANCIAL FREEDOM

CHAPTER 8

AN EXPLORATION OF FINANCIAL FREEDOM

How to Go About Pursuing Financial Freedom

The Components to the Financial Independence Equation

Conclusion

CHAPTER 9

AN INTRODUCTION TO INVESTING FOR EARLY FINANCIAL FREEDOM

Inflation

The Seven Core Tenets of Investing

Five Concepts for the Savvy Investor

Alternative Investments

Conclusion

CHAPTER 10

INVESTING IN THE STOCK MARKET

Do Not Attempt to Pick Individual Stocks

Index Funds Explained

How to Invest in an Index Fund

Conclusion

CHAPTER 11

RENTAL PROPERTY INVESTING

Five Reasons to Invest in Real Estate

Conclusion

CHAPTER 12

TRACKING YOUR PROGRESS

Tracking Your Money

The First Financial Metric: Net Worth

The Second Financial Metric: Spending

The Third Financial Metric: Income

The Fourth Financial Metric: Time

How to Analyze Your Findings

Final Thoughts on Tracking and Planning

CHAPTER 13

HABITS AND THEIR IMPACT ON FINANCIAL FREEDOM

Conclusion

CONCLUSION

APPENDIX

RETIREMENT ACCOUNTS

Conclusion

TIME LOG

ACKNOWLEDGMENTS

PREFACE TO THE NEW EDITION

When I approached Josh Dorkin, founder of BiggerPockets, about my idea for *Set for Life*, I told him that I was qualified to write this book because I had just finished getting over “the hump” on my personal finance journey. After a few years of extreme “grinding” (keeping my expenses low, putting in long hours at my job, optimizing health and fitness, and aggressively pursuing side hustles and investments), I had piled up several hundred thousand dollars in net worth and several thousand dollars in passive income per month. In my mind, I had certainly met a minimum threshold for financial freedom, and it was clear that—barring any black swan event—by continuing my current trajectory, I would have an ever-increasing amount of wealth and passive income for the duration of my life. I told Josh that only a person who was pushing through—or just beyond—this inflection point could articulate what truly must be done to achieve financial freedom in a hurry.

I believed that. I still believe it. And, thankfully, Josh did too.

This book is unapologetic in its extreme approach to financial freedom; it is an all-out approach, or close to it. When I wrote this book, *I* was unapologetic and fully committed in my extreme approach to financial freedom. I applied all of my mindshare and determination to building a financial foundation that could last me a lifetime, and I optimized my day-to-day life around the journey. Financial freedom was and is a passion of mine—something that I could not stop reading about; writing about; talking about with friends, family, and countless

individuals at meetups, conferences, and morning one-on-ones over coffee before work.

When I revised *Set for Life*—just a few years later and now in my early 30s—I cringed a bit at some parts. I was hard on many millions of Americans, and unfairly so! I couldn't write this book again today if I were starting from scratch. I've had too many interactions with reasonable people who have families and circumstances that differ from the life of a single man in his early 20s. I've met people who can't reasonably apply every waking moment of their day to the productive advancement of their mental, financial, or relational well-being. I've heard too many stories about money to think that the approach in this book is the only logical way forward.

I also find myself living seemingly at odds with many of the things I said in *Set for Life* five years ago. Here are a couple of examples of what some readers might find to be ironies in my personal life:

I live an upper-middle-class lifestyle in Denver, Colorado, with my wife and our cat, Fred.

When I was getting started on my journey, I spent very little. I often biked to work, packed my lunches, and lived with a roommate or in a house hack. This allowed me to accumulate wealth; steadily increase my earned income, passive income, and portfolio income; and ultimately create a large and growing asset base.

Now, I am married to a wonderful woman. I can spend a lot—and comfortably. I rent a nice apartment, eat out often, and am growing a little soft compared to the earlier version of myself who authored this book. I have a Peloton and some fancy electronics. I travel for leisure as frequently as the state of the pandemic allows me to. And while I do still drive my Corolla, I will probably buy a Tesla in a few years (maybe sooner) when/if the Corolla fails.

Financial freedom to me is not about living extremely cheaply forever. It is about getting to the other side of the rat race and staying there for a lifetime, so that life gets better and better, on your terms, throughout. I expect to spend more as the years pass—and I look forward to it. But I will never spend to the degree that I will risk having to force a lifestyle

reduction or be once again dependent on a paycheck to maintain my way of life. The income generated from my asset base allows me to spend at a much higher rate than I do currently. Knowing this, I feel comfortable steadily increasing my lifestyle expenses, provided I can permanently sustain a position where maintaining my lifestyle is not contingent on wage income.

I've worked essentially the same job at the same company for eight years straight, and I see no end in sight.

You are about to read a book that suggests that you reduce your spending to \$25,000 per year or less so that you can come out smiling on the other side, giving you the option to binge TV until 3:00 a.m. on a Monday, travel the world and live like a local, or spend a summer weekday afternoon at the park. My reason for starting the journey toward early financial freedom was to escape from a thirty- or forty-year career climbing the corporate ladder at a company I didn't want to work for.

Today, I approach my eighth work anniversary at BiggerPockets. It's conceivable that I will spend another ten or twenty years here—who knows? I am a company man through and through. I show up around the same time every day; I work until around the same time every day; I do a variation of my daily logs nearly every day.

And I love it. I'm continually forced to improve and bring my best, taxing my abilities to their utmost. My life as a CEO is ever-changing—it relies on me taking things to their logical extremes, networking, thinking in "bets," controlling expenses, driving revenue, making hundreds of investments, allocating capital, and relentlessly self-educating. I have good days and bad days, good months and bad months, good years and bad years. But through it all, we are changing society and making a real impact on people's lives, one investor at a time. I couldn't be prouder to dedicate my career to this work.

Looking at myself five years after writing *Set for Life*, I can see the ironies. And I can see that I could not write the same book today, in 2022.

However, I also see what is still a logical, aggressive approach to financial freedom with a high probability of success. The approach that I followed and which worked for me. It gave me options to the point where I can choose to live anywhere in the world—and I choose to live here in Denver. I can choose to do almost anything I want with my day—and I choose to lead BiggerPockets. I can build a life that I am proud of and happy with. I have the choice.

Since its first release in 2017, *Set for Life* has sold over 130,000 copies. I've witnessed many individuals read this book and achieve financial freedom far faster than I did. I've seen others surpass me in wealth by following its principles. I'm proud of this book; I know that only my former self—or someone just as passionate—could have written it, with all the force and zeal of an individual willing to do whatever it takes to shape their own reality and create their own freedom.

As I go on to state in the introduction of this book, and perhaps fifty additional times throughout the remaining pages of the book:

This book is designed for someone with a specific set of circumstances. It is designed for the full-time median (around \$50,000 per year) wage earner who has little to no initial savings but wants early financial freedom.

I'll add to this something that I can see today but couldn't five years ago; this book is written primarily for the young person—in their 20s or 30s—and it likely only fully applies to those without children.

If you are close to the "Average Joe" starting position in your personal finance journey, *and if you really want early financial freedom*, then I continue to believe that this is the best book of its kind available to you. You will find perspective-changing arguments and a clear path to the rapid accumulation of wealth in this book.

In this revised edition, I keep the core of *Set for Life* intact. The all-out obsession with achieving financial freedom and building a career, lifestyle, and investment approach that lead to financial freedom is unchanged. The basis of this strategy is the same.

But there are some alterations. Some of the tweaks you'll find in this edition include:

- Adjusting the numbers cited in examples for inflation in the past five years, especially with respect to housing prices.

- Making it clear that this book, while hopefully containing nuggets of value for all readers, is written specifically for the young person or couple willing to make drastic alterations to their lifestyle—changes which will be at odds with what is considered “normal.”
- Adding in more tips and tricks that I’ve picked up during my study of personal finance over the last five years.
- Removing or revising language that, in my current opinion, immaturely ridicules the decisions of millions of Americans.

The most important change I make in this edition is the update in tone, particularly when articulating the contrast between the lifestyle approach of the seeker of early financial freedom and the ordinary middle-class American. There’s no need to bash the choices of millions of who are trying their best.

I’ve had the privilege of interviewing nearly 300 people on the *Bigger-Pockets Money Podcast*, unpacking their personal finance journeys in detail over the years. I’ve absorbed the perspective of hundreds more in one-on-one meetings, forum discussions on BiggerPockets, or conversations in Facebook groups. And I’ve seen that there isn’t one right way to achieve financial freedom or even simply make and sustain meaningful investments. The approach in this book is not for everyone.

However, for those starting with a median income and little to no assets who badly want financial freedom, I think the approach you’ll find here in *Set for Life* is likely to propel you toward your goals. This book encapsulates what I did to build wealth in my 20s, and I’m proud to say that if given the chance, I’d do it all again. It wasn’t easy, but it was worth it.