

# FINDEPENDENCE DAY

One Couple's Turbulent Journey to  
Financial Independence

**26**

**Monday**

"A financial *Pilgrim's Progress* ...  
This book will keep you  
entertained and help  
you become rich at the  
same time." — *Bob Veres,*  
*Editor, Inside Information*

## JONATHAN CHEVREAU

Personal Finance Columnist for the

**FINANCIAL POST**

Foreword by Patricia Lovett-Reid

## PRAISE FOR FINDEPENDENCE DAY

“A financial Pilgrim’s Progress which offers both entertainment and real life examples and explanations about the things a family should know to navigate the complexities of our financial system. The result is one of the few ‘how-to’ books you’ll have trouble putting down. This book will keep you entertained and help you become rich at the same time.” —*Bob Veres, Editor, Inside Information*



“I had sworn never to read another book like David Chilton’s witty and wise *The Wealthy Barber*: I’d had the inspiration; it was time for more information. There’s also an aggravating sameness to the twig of literature known as the personal finance novel. So I was pleasantly surprised when my friendly counterpart, Jonathan Chevreau, had me hissing, cringing and wiping tears over the characters and moral quandaries faced by his protagonist, Jamie Morelli, on his steep path to financial freedom and personal happiness. Through Morelli, Chevreau recalls way too much about the music of my youth; but I couldn’t agree more with the financial advice, the strategies and caution he weaves into an engaging story. I hope he finds many readers!” —*James Daw, CFP, Toronto Star*.



“Finally, a common sense, no-hype finance book that guides you through all of life’s events through the spell-binding and wonderfully written tale of Jamie and Sheena. This is a book that once you start reading you won’t want to put down, and when you finish you’ll emerge finance savvy and more confident about who to trust with your money.” —*Linda Leatherdale, Money Editor, Toronto Sun and author, Money Is A Girl’s Best Friend*



“A lifetime of common-sense money lessons packed into a highly readable novel that follows the follies and fortunes of a young couple over 20 years as they struggle to achieve financial independence.” —*Gordon Pape, author, Sleep-Easy Investing*



“A financial voyage through the human lifecycle, introducing the reader to important concepts in portfolio theory, investment analysis and retirement planning. The book does a wonderful job of blending compelling fiction and financial facts and thus inspires the reader to personalize and define their own Findependence Day.” —*Moshe A. Milevsky, Ph.D., Schulich School of Business, York University*

“What makes the book different are the concepts of Findependence Day and Guerilla Frugality. Every Canadian needs to think about those concepts.” —*Dan Richards, Strategic Imperatives*



“Chevreau has a real winner. A good story, a wonderful morality tale and loads of financial wisdom all wrapped up in a fun read. You won’t want to put it down.” —*Larry Swedroe, author of Wise Investing Made Simple*



“Written without an axe to grind and sheds light on an important distinction that most people overlook – the difference between financial independence and retirement.” —*Jason Heath, fee-only planner, EES Financial*



“Chevreau has crafted a tale that explains how markets and the financial industry works in a way that you don’t even realize you are learning. Through casual conversations among ordinary people and the inclusion of familiar classic-rock lyrics, he has reached a new milestone of clarity in financial education.” —*Mark T. Hebner, president of Index Funds Advisors and author of Index Funds: The 12-Step Program for Active Investors, 2007*



“Jonathan Chevreau’s wonderful new book works on so many levels: at its core is an absorbing, realistic story that teaches us how to perform that financial balancing act that allows us to reach our dreams and goals. It reads like a terrific novel that has extra value — struggling with money is not exactly a day at the beach, but this is the closest you’ll ever come to a great beach book that will help you make enough money to retire!” —*Diane McCurdy, author of the bestselling How Much Is Enough? and president of McCurdy Financial Planning*



“A fiction gem from an icon of financial journalism.” —*Les Kotzer, co-author of The Family Fight*

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# Foreword

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## Patricia Lovett-Reid

*Senior Vice President, TD Waterhouse Canada,  
Host of BBN's MoneyTalk*

**M**ove over Wealthy Barber, there's a new fictional financial guru in town. Jon Chevreau has coined a new term—"Findependence Day," a contraction of Financial Independence Day.

While fictional in nature it's firmly rooted in financial reality. This book is loaded with solid, practical financial advice. Chevreau makes financial planning fun, engaging and enlightening. It's a must read for anyone wanting to take control of their financial situation.

In fact, I liked this book so much it's going in the children's stockings this Christmas: all four of them, guerrilla frugality be damned.

I've known Jon for some time but had only read his non-fiction books like *The Wealthy Boomer* and his columns in the newspaper. But fiction? Who knew? I knew something was up when in an e-mail exchange late in the summer he told me he'd temporarily curtailed his obsession with *Internet Bridge*. My parents are hooked on the same game so I knew whatever had displaced it had to be serious.

But a novel? He told me it would be too boring to write another non-fiction book: too much like his day job, I think he said. He confessed to having written a "practice novel" a few years back and thought the classic novel structure was a good way to present the ups and downs of financial planning. I've read my share of Ludlums and Grishams in my time and know it's all about building suspense by having a failure or setback in every scene.

*Findependence Day* is not a thriller in the classic sense but you do get caught up in wondering whether the protagonists, Jamie and Sheena, will achieve their ambitious goal of financial freedom within the stated time frame. Over a 22-year span, they go through the kinds of tribulations and financial setbacks most married couples experience.

In fact, I see at least one other reviewer has likened *Findependence Day* to "a financial Pilgrim's Progress." That's not a bad way to sum it up. It's a fun and engaging story. Even though I've been in the financial industry for a long, long time, I've never really focused on this novel concept of Financial Independence Day. I guess the closest thing is *Freedom 55*. Come to think of it, *Findependence 50* does have a nice ring to it!

After the financial meltdown of 2008, frugality is going to be the new reality so I think we'll be hearing plenty more about guerrilla frugality and froogers. In the book, the common-sense approach to frugality, savings and investments is promulgated not by one but two certified financial planners: the wise old Theo and the vinyl-loving hippie, Bernie.

People have a financial age and a chronological age. Rarely are the two the same—you can demonstrate it's never too late to start saving and investing but the sooner you take control of your financial situation the better.

When you enter into a relationship you are in it emotionally and financially. Work through the issues, confront the facts, be honest and you stand a better chance of not becoming a divorce statistic.

I'm not going to give away the plot but Findependence Day is also a love story. I think couples will learn a lot about both money and their relationship by reading this book. Love and money are more intertwined in the lives of modern couples than most realize.

Since the book closes with a reference to a John Lennon song, I'll close this foreword with another Beatles quote that didn't make it into the book: "Your love gives me a thrill but your loving don't pay my bills."

*Patricia's best-selling personal finance books include *Live Well, Retire Well; Surprise! You're Wealthy; Get Real; and Retirement Strategies for Women.**

## Chapter 1

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# Take It to the Limit

[EAGLES, 1975]

**A**mong the myriad minor stars inhabiting the reality television galaxy, Didi Quinlan had an unusual specialty: her popular weekly network television show featured young couples starting their married lives mired in debt.

Based in the Windy City, the producers of *Debt March* had no difficulty finding takers happy to expose themselves to millions of financial voyeurs. Guests who implemented Didi's suggestions about frugality expected to be given a few thousand dollars to help pay off their credit-card debt. But the real pay-off, no matter how humiliating, was the requisite 15 minutes of fame.

Waiting on the set for the show to begin, Jamie and Sheena Morelli were typical fodder for *Debt March*. They were both 28, broke and willing to display their financial ineptitude to a nation-wide audience.

Jamie squared his shoulders and ran his fingers through his thick brown curls. He knew he could handle Quinlan: he dealt with worse every day at his sales job at Tech Heaven, a giant electronics chain, where he talked gadget-hungry consumers into upgrading their toys. Most of them were like Sheena, who couldn't visit a shopping mall without adding \$100 to mounting piles of credit-card debt. As a schoolteacher, Sheena could hold her own with pre-teens but Didi Quinlan was a different story.

Jamie knew Didi was a flamboyant personality who loved to torment her guests with her devastating wit. Her handlers tended to slap on a little too much makeup for the cameras, heavy on the mascara and bronzer. In person, she looked younger and less sophisticated than the camera revealed.

Jamie's thoughts were interrupted by a technician, who put a microphone on his lapel, handed Sheena a glass of water and scurried off the set. The red light on one of the camera robots came alive. As the familiar *Debt March* theme played on the monitors, Didi settled confidently in the host's chair.

"Welcome viewers, debtors and creditors. Today our guests are Giamo and Sheena Morelli, a childless working couple who live in a rented urban condo north of the border. Thanks for flying down to join us."

"Thank you," Jamie said, "but please, everyone calls me Jamie, except my mother." Giamo was the name his hard-working Italian parents had given him a few years after they immigrated to Upper New York State. He was Jamie all through high

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school and he was Jamie when he met the love of his life, the green-eyed red head named Sheena.

"I'm certainly not your mama," Didi said with a grimace, triggering a ripple of laughter from the audience, "So Jamie and Sheena, how much money do you owe?"

Jamie glanced at Sheena, uncertain if he should start first. As he hesitated, the TV monitors zeroed in on her face.

"I have \$20,000 left on my student loans," Sheena said.

"You're a college grad?" Didi smiled.

"I studied English and history but—" Sheena said.

"Let me guess, you didn't minor in accounting or personal finance," Didi interrupted. She spun her chair to look directly at Jamie.

"How about you, Jamie? How much do you owe on student loans?"

"I worked part-time while studying at the electronics institute so I didn't have to borrow."

"How about credit cards?"

"We owe \$12,000 on credit cards plus \$10,000 in car loans," Sheena said.

"Which cards?"

"The big ones. You'd know them by heart," Jamie quipped, "Plus a few department store cards."

"They're the worst because they charge the most interest," Didi said, "Get rid of them, then tackle the regular credit cards." Didi gave Sheena a sympathetic smile but when the camera zoomed in on Didi, Jamie sensed something was amiss.

"Sheena, do you have these cards with you? Our viewers may like to see them."

"Sure." Sheena picked out a few from her wallet and waved two well-known bank credit cards before the camera.

"I love these cards. I couldn't tell you how many scrapes they got me out of. These two I got in college when I really needed credit. So today, we use them first. We pay off the minimum balance every month too!"

"The credit-card companies love people like you," Didi deadpanned.

That went over Sheena's head. "I guess we have a great credit rating. Some of these we didn't even have to apply for," Sheena said proudly.

Out of the corner of his eye, Jamie could see Didi reach for something shiny: the bright TV lights were reflecting off it into his field of vision.

The camera zeroed in on the pair of scissors Didi was brandishing. She made a cutting motion, "It's time, kids. Will you cut them up or shall I?"

Jamie and Sheena exchanged surprised glances. "I can," Sheena said, reaching for the scissors. When she cut two department store cards in half, Didi looked triumphant. But Sheena seemed more doubtful as she got to the cards she relied on every day. As the scissors drew nearer to her shiny new bankcard, she stopped. Jamie saw the hesitation in her face and knew tears were close to the surface.

"I can't do this," Sheena cried in anguish, placing the scissors and cards down on the table, next to her untouched water glass, "These cards have always been there for me when I really needed them."

Jamie turned to encourage his young wife with a quick hug. This earned him only a stricken glance. Then the dam broke and tears coursed down her cheeks.

Didi didn't miss a beat, raising her hands in mock frustration.

"Credit cards are an issue for you two. You're a nice fellow but you and the Missus have a problem. You can't ascend the tower of wealth while mired in debt in the basement."

Jamie's face reddened.

Didi flashed a motherly smile: "Stop spending and start saving. Let me drill two words into your skulls: *guerrilla frugality*. Say it for me."

"Guerrilla frugality," Jamie parroted, sheepishly.

Didi addressed the audience. "Jamie and Sheena have the same problem as you. You earn too little and spend too much. You run out of money before you run out of month. Am I right or am I right?"

Sporadic applause.

"Jamie, you buy coffee or snacks at work?"

"Sure."

"Say you go twice a day or buy your lunch. \$10 a day is nothing, you think? That's \$50 a week or \$2,500 a year you could save without breaking a sweat."

Jamie nodded.

"You smoke?"

"Used to. Sheena still has the odd one." The camera moved to Sheena for a moment, just as she was dabbing her eyes with a Kleenex. She looked miserable. Jamie didn't expect she'd volunteer to speak again on the segment.

"How much?" Didi probed, "Two packs a day?"

"For awhile."

"Know how much you squandered? Say you spend \$10 a day on the habit. Multiply by 365 gets you \$3,650 a year. Multiply by 40 years and it's almost \$150,000." She pretended to inhale an imaginary cigarette and exhale a cloud of smoke. "A fortune up in smoke!"

"We could almost buy our condo for that," Jamie smiled, "That's why I stopped—that and my health of course!"

Didi lit into Jamie as if he were a truant schoolboy.

"Do you know how many viewers whine about having no money, then light up another one? Let me tell you, Mister, we're talking about much more than \$150,000. Compounded at 6% in tax-sheltered investments, that habit alone could cost \$600,000 over your lifetime. More than a million with a 9% return."

"You're preaching to the converted, Didi." Jamie thought of his brother in Rochester still wasting \$5 a day on his butts.

Didi pointed to the audience.

"But THEY are not converted. THEY keep buying lottery tickets, booze, junk food, candy, cigarettes and waste a small fortune." She shook her fist, "Then they complain they're too poor to pay off their credit cards."

She challenged the camera as the operator zoomed in on her.

“PEOPLE. Wake up. It’s time for guerrilla frugality. Budget. Keep track of expenses. Spend less than you earn. You’ve got to be *frugal*.” She drew out the word *frugal*, using her best fake Scottish accent.

Jamie stared, speechless, as Didi turned back to him.

“Thank you for receiving my tough love, Jamie and Sheena. Next we have a fee-only financial advisor who’s going to give our guests some free financial planning tips,” Didi said, “Please welcome Theodoris Konstantin.”

Konstantin was a tanned, elegant man who looked to be in his early 50s. Jamie figured he was one of those aging wealthy boomers who were retired or just about.

“Always a pleasure,” Konstantin said.

“Theo,” Didi began, obviously well acquainted with her guest, “What do you think of our young guests’ financial situation?”

Theo gave Sheena a reassuring smile.

“They’re typical of many young couples who succumb to the lure of easy credit and instant gratification. I don’t see many in my practice because my wealthy clients are older and have no debt. I—”

Didi cut him off. “Is there any hope for Jamie and Sheena, Theo? Do they need electro shock therapy? What can we do to wake them up?” As she said the word ‘shock’ she looked at Jamie as if she were willing to administer such a shock herself.

“There’s always hope, Didi. Time is on their side. First, they must eliminate all credit-card debt and other consumer loans. Then they should buy a house and pay it off as soon as possible. The foundation of financial independence is a paid-for home.”

“Seems to me if they want to plunge into home ownership they would be perfect candidates for a 35- or 40-year amortization schedule,” Didi responded, “It wouldn’t cost much more than what they’re wasting on rent right now. How much do you throw away renting your condo, Jamie?”

“\$1,400 a month,” he stammered.

Theo frowned at Didi’s question, though the camera was still on her. Now it zoomed out to show all four of them in a single shot.

“The bank said we’d qualify for the 35-year schedule.”

“Sure,” Theo replied, “You qualify if you can fog a mirror. If anyone takes the whole 35 years to pay off a home, that would be a costly financial mistake. The monthly payments seem low and you can buy more house, but you’ll pay so much interest in the first 20 years of the schedule the house will end up costing you three times its purchase price.”

Jamie whistled and was startled when the microphones picked it up.

It was Didi’s turn to frown. “But they don’t have to take 35 years to pay it off. The point is to stop renting and at least get them into a home of their own.”

Theo looked bemused. “As long as they’re disciplined enough to take advantage of the prepayment and payment increase privileges, they could soon get back onto a 25-year amortization schedule or—better yet—a shorter one still.”

Didi smiled. “Then they’re in the game.”

“True. The problem comes if they spend the extra cash flow on consumption and ‘never get round’ to paying down principal. Better to start small with a house they can afford in a reasonable part of town. Pay it off as fast as possible: ten or 15 years, not 30 or 35. Once mortgage-free they can move up to a bigger home in a better district, remortgaging if necessary.”

“When did you retire, Theo?” Didi asked.

“I don’t consider myself retired. However, I reached financial independence when I was 52, two years ago. That’s when the income from my investments and all other sources first exceeded my income from full-time employment. I didn’t *have* to work for the man any more.”

“So you retired at 52?”

“I didn’t say that. The day after achieving Financial Independence you may be doing exactly the same thing you were doing the day before. The difference is you’re doing the work because you *want* to do it, not because you perceive you must.”

“You’re a smart investor, Theo,” Didi said, “Any tips on how Jamie and Sheena could invest in the stock market?”

As the camera focused on Theo, Jamie thought he looked like a wise and kindly professor. But Theo shook his head at Didi’s question: “Young people should forget about investing until they’ve eliminated their debts. Enrol in the company pension plan if it’s offered but no investment pays as well as eliminating high-interest debt.”

“Sounds like a plan,” Didi deadpanned.

Theo smiled. “You took the words out of my mouth. They need a financial plan to map out the next 20 to 30 years. Jamie, you could start by declaring right now on TV when your Findependence Day will be.”

“Findependence Day?” Didi said, raising her eyebrows. It seemed this was a new term even for Didi.

“Financial Independence Day or Findependence Day for short. And in French ‘fin dépendance’ would mean the ‘end of dependence.’”

Didi didn’t cut in so Theo continued: “The day I set mine, I couldn’t fit all the words ‘Financial Independence Day’ onto that little square on the calendar, so I crossed it off and shortened it. It’s been ‘Findependence Day’ ever since. Tiny calendar, big plans!”

With that, Theo threw his well-manicured hands open and pushed them forward, upward and outward, as if releasing a messenger bird to a yearning throng. “Jamie, you should circle a date on the calendar. Pick some day in the future, like a birthday, when you believe you should achieve Financial Independence. That’s your Findependence Day. In my case, I chose June 1<sup>st</sup> of the year my youngest son graduated from university. I would still be only 52, enjoying my best years.”

“Did you make it?” Didi asked.

“On the nose,” said Theo, “There’s great power in drawing a line in the sand and saying this is the day. If you fall behind, take steps to speed it up. If you think you’ll overshoot, you can take a few more days of vacation.”

“So,” Didi said, pushing Jamie, “Can you declare when *your* Findependence Day will be?”

Jamie paused, knowing the cameras were picking up on his discomfort. “When my parents immigrated to the United States, they achieved financial independence through hard work and...”—here he glanced at Didi—“guerrilla frugality.”

Didi laughed, pleased he’d picked up on her pet phrase. “So when, Jamie?”

Flustered, Jamie said, “I don’t know. Dad died before he could enjoy his financial independence. I want it to be while I’m still young enough to enjoy life. I’ll let you know when I decide on the day.”

“Deal,” Didi said, shaking hands with her guests, “We’ll have to get you back on the show some day.”

She turned again to the audience with her trademark smirking smile, as the technicians rolled the credits to close the segment.