

The Prairie FIRE Financial Independence Policy Statement - 2018

This is the first draft of the Financial Independence Policy Statement for the Prairie FIRE Family. The purpose of the FI Policy Statement is to act as a guide and map to my path to financial independence (FI). I will take the time to review this annually to make sure that everything is going according to plan.

[Click here to find out what is and how to create your own FI Policy Statement.](#)

Our FI Philosophy

Values: The Prairie FIRE family is driven and founded on our values. We want our spending and investing to reflect those values:

- Stewardship: We understand that we do not own the money, home, resources, and people that have come into our lives. Instead, we see ourselves as stewards and are responsible to look after these gifts and use them to our best ability to make a better world. We believe being a good steward means living within our means and not depending on credit and getting into consumer debt to support our day-to-day living.
- Home: Having a good, stable, and welcoming home is important to us. We want to invest in a house, neighbourhood, and community that we can make better and long-lasting.
- Family: We make our family a priority, making sure their present and future needs are taken care of and that we spend as much time together to support each other throughout our life.
- Friendships: We want to have healthy and supportive relationships with our friends. We want to do this by showing hospitality, grace and a welcoming space for people to feel safe and supported. The best way for us to do this is to have a good homebase for people to visit and experience life together.
- Giving Back: We believe in giving back and investing in the community we live in. This includes tithing, donating to causes we believe in, and volunteering.

Our Money Priorities

When we receive income, money will go the following areas first:

Priority	Focus
1.	Basics: Food, mortgage, property taxes, utilities, etc.
2.	Debt Repayment
3.	Giving/Tithing
4.	Investment Savings (RRSP, RESP, TFSA, Emergency Fund)
5.	Home Improvements

My FI Goals, Strategies, Objectives & Tactics

My FI Target Date: 2033

My FI Number: \$1.4 million ([click here to find out how I calculated my current FI Goal](#))

Specific Measurable Attainable Relevant Timely (SMART) Goals/Objectives/Tactics				
Goal	Strategy	Objective	Tactic	Timeline/Status
Goal 1: Reach FI by 2033	To grow an investment savings portfolio to \$1.4 million by 2033	Objective: Build up an investment savings portfolio	Tactic: Find a full service financial adviser	Complete
			Tactic: Max out matching work pension contributions	Automated - Complete
		Objective: Increase overall monthly savings rate to 35%	Tactic: Create a Budget	Complete
			Tactic: Create automatic savings/contributions to investment savings	In progress 7% Pension 2% TFSA 2% RRSP

	<i>Strategy: Develop and expand rental properties</i>	Become more efficient at managing existing rental properties	Tactic: Hire out property management	Complete
		Objective: Purchase two cash flow positive multi-unit rentals in 5 years	Tactic: Identify financing options	Not started
			Tactic: Find an experienced real estate agent	In progress: - Scoping out 2 real estate agents
			Tactic: ID Communities to invest in	Not started
			Tactic: Join and participate in landlord association	In Progress - Signed up as member of landlord association
	<i>Strategy: Secure other forms of Income</i>	Objective: Have a part-time side gig for Mrs. Prairie FIRE when kids are in school	Tactic: Support her home organizing and landscaping business	Not started
		Objective: House hack empty spaces/spate spaces and on our property	Tactic: Host an international student during the winter 2018	Complete
			Tactic: Be an AirBNB Host in the summer	Not started
			Tactic: Rent out section of back yard for RV storage/parking	Not started
		Objective: Have a cash positive blog business within three years	Tactic: Integrate affiliate marketing	In progress
Goal 2: Have enough money to pay for some of our children's tuition costs when they go for post-secondary education	<i>Strategy: Create and grow an RESP</i>	Objective: Invest contributions in an RESP portfolio that is growth focused	Tactic: Open RESP	Complete
			Tactic: Invest 100% equities	Complete
		Objective: Max out matching	Tactic: Budget and automate \$416/month to go to RESP	In progress

		contributions of \$2,500 /child/year	Tactic: Encourage friends and family to contribute to RESP for birthdays/Christmas instead of toys/gift	No started
Goal 3: Be Completely Debt Free by 2037	<i>Strategy: Pay off All Consumer Debt within 2 years</i>	Objective: Establish a repayment plan to pay of debt	Tactic: Create Budget and include debt repayment	Complete
		Objective: Reduce dependence on credit	Tactic: Create budget	Complete
			Tactic: Have a \$1,000 emergency (easy access)	Complete
	<i>Pay off Mortgage by 2037</i>	Objective: Make extra payments to mortgage	Tactic: Have a 6 month unemployment fund (separate account)	Complete
			Tactic: Allocate any extra income and make extra payment to mortgage	Not started
			Tactic: Take any tax refunds and make extra payments to mortgage	Not started
			Tactic: When consumer debt is paid off, convert regular consumer debt repayment towards mortgage	Not started

Our Investment Approach

- Tax Efficiency: Will shape portfolio to ensure the most tax efficient path towards our financial/early retirement goals
- Rather high risk tolerance: (<https://www.vanguardcanada.ca/individual/questionnaire.htm>)
 - Accept market returns and try not to time the market
 - Accept market returns and don't panic - stay the course during downturns
- Reduce Costs: To find the most cost efficient forms of investment that produce the greatest return. In this case market investments will focus on a diversified portfolio of index funds
- Downturns in the economy are expected and offer buying opportunities

Asset Allocation

Investment Savings Portfolio

- 43% Index funds - preferably Vanguard or whichever ones have the cheapest costs - tax sheltered
 - 10% Bond indexes

- 35% US index (Partial small cap/partial large cap)
- 35% Canada index (Partial small cap/Partial Large Cap)
- 10% International index
- 5% Ethical index funds
 - Green energy
 - Ethical index
- 5% Concentrated
 - Block chain
 - Marijuana
- 22% Risk parity index funds
- 25% Work pension matching program and tax sheltered accounts
 - Aggressive growth funds - 100% equities
- 10% Play money - non-tax sheltered
 - 50% Dividend portfolio
 - 50% Ethical/local investments

Post Retirement Allocation

Once we reach retirement, investments will be allocated as follows:

- 40% Bonds
- 40% Equities
- 20% Cash or cash equivalent

Drawdown Plan

When we reach FI/Retirement, we will take a conservative approach to withdrawing funds from our portfolio. This will be at a rate of 4% per year