

Level 7	Abundance	<p>“Enough — and then some”. Your investment and pension income will not only fund your lifestyle indefinitely, but grant you the freedom to do whatever you want. You can share your wealth with others or indulge in luxury.</p> <p>You can't retire before you reach level 5, but you can decide whether you want to retire at level 5, 6 or 7. To have this basic understanding of your own level of financial independence, you first need to have a good grasp of your assets, liabilities, income and outgoings. And to understand that, you either need to work it out for yourself or ask a good financial planner.</p>
Level 6	Independence	<p>Your pension and investment income and savings are sufficient to fund your chosen standard of living for the rest of your life. You can afford more than just the basics - you can afford discretionary spending too. You have Enough.</p>
Level 5	Security	<p>You achieve financial security when your pension and investment income and savings can cover your basic needs for the rest of your life. Even if you never worked another day in your life, you would be able to afford a roof over your head, utility bills and council tax, transport, basic food and clothing for the rest of your life. You have to reach this level before you can afford to retire.</p>
Level 4	Free Agency	<p>You reach this level once you have the ability to work and live how and where you want. You will have eliminated all debt (including your mortgage) and you have enough savings, investments and pensions that you know you could quit your job at a moment's notice, and still be able to cover your essential expenditure, for the short-term at least. Often people take a different job at this stage – one that gives them more control over how they spend their time – a move to self-employment or flexible working is common at this level.</p>
Level 3	Stability	<p>You achieve stability once you have no credit card or personal loans, have established some funds for emergencies, and your income, after tax, exceeds your outgoings. You may still have a mortgage — but you will have paid off other borrowings and built up enough savings to protect you from the unexpected.</p>
Level 2	Solvency	<p>Solvency is the ability to meet your financial commitments. You reach this Level when you no longer rely on anyone else for financial support — when your income exceeds your expenses, and you are no longer accumulating debt.</p>
Level 1	Dependence	<p>We all start here.</p> <p>At this Level, your lifestyle depends on others for financial support. You're at this Level if you rely on financial support from your parents, spend more than you earn, or if your debt payments (credit cards, personal loans, student debt) exceed your income, after tax.</p>