

We All Make Bad Financial Decisions, But They Don't Have to Define The Rest Of Our Lives!

I am now 28 years old and the only debt that I have is the mortgage on my primary residence and my rental condo. The wife and I bring in almost \$200K a year and we will have our primary residence paid off in 6 more years. We continue to max out my 401K at \$17,500/year (which I have been doing since graduating college in 2008), and starting in 2015 we will be putting \$5,500 away in an IRA for my wife.

We have over \$100K in our retirement accounts and about \$60K in the bank (by the end of January). We made some financial mistakes early on, but everyone does. I am sure even you have made some that you would go back and change if you could. The only thing that matters is that you learn from your mistakes and don't make them again.

For example, I bought my first house at 19 when they were giving them away like candy. I was still in college and it was 100% financed. Long story short is that after several years I eventually let it go into foreclosure and it cost me about \$35K (the difference in the monthly expenses and what I could rent it out for over two years).

It probably wasn't quite \$35K, because I did get some good tax benefits for two years out of college since it was technically considered a primary residence. The good news is that my credit score has recovered significantly since to above 740 from a low of around 540.

Prior to this I had lost \$14K in the stock market in 2007 when I put way too much money in a one trick pony (bio-pharma company). I was sure I was going to make 100X my money. Little did I know and how naive was I at the time. But it was a great learning lesson. It motivated me to learn as much as I could about trading and investing. I even went on to trade as a professional for an oil company for a few years.

Then in 2011 I decided I needed a new car, when at the time my car was only 4 years old. After I sold my car for \$4K, I had to come up with another \$28K which

was like 43% of my gross income at the time.

I did pay cash after financing it for 2 months because I could not stand the thought of paying interest on a car (especially at 8% interest with my bad credit), but that could have been used for investments that would have put a lot more money in my pocket. Then the next year we did the same for my wife and spent another \$25K for a new car for her (again her car was only 4 years old). We ended up financing it over a little less than two years at a 1.74% interest rate.

We also got married in 2012 and paid \$30K for our wedding (yes, we paid for it ourselves. Well, actually my wife paid for it all on her own). In hindsight this could have been used to put more money down on our primary residence or into another investment.

So when you add all of this up, we have wasted about \$133K (due to bad financial decisions) in the past 7 years, but still managed to make some really good decisions along the way as well. Hindsight is always 20/20. However, keeping things in perspective, we are way ahead of a lot of our peers.

Take our mortgage for example. Our monthly payment is only 15% of our gross income where some of our friends are paying up to 50% of their gross income. Or worse some of our friends are paying that in rent still. We own both of our cars outright, when many of our friends have a car payment or two if they are married. We have no credit card debt. We have a rental property that is cash flow positive.

We have the wind at our backs as each financial goal becomes closer and more attainable. We know exactly what not to do now.

- Gen Y Finance Guy



Gen Y Finance Guy

Hey, I'm Dom - the man behind the cartoon. You'll notice that I sign off as "Gen Y

Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)