

March 2015 - Detailed Financial Report #3

The year is officially 25% complete. I can honestly say this is the post I get most excited about writing each and every month.

These reports are a way for me to track my progress and stay accountable to my goals. But it's also one of the many ways I try to humanize finance for all of you reading this blog. By the way, in case you missed it, we do have a mission statement:

To Humanize Finance, Build Wealth, and Reach Financial Freedom.

I know I don't have to publish my juicy details every month, but it's important to me that you know that I put my money where my mouth is (because not that many finance blogs do this). I publish all of my financial details not to brag, but instead to show you what is working, as well as what's not working. Sometimes finance can get pretty dense, but I think real life examples and numbers can help slice through the complexities. Personally, I have always enjoyed the financial reports put out by other bloggers around the blogosphere.

As always, you can find all my previous reports on the [Financial Stats](#) page (as well as annual trends and a few other financial metrics not found on this report). In these monthly reports the plan is to give you a month over month update on Gross Income, Assets, Liabilities, Net Worth, Expenses, Contributions, and progress on the [mortgage pay down goal](#).

Shall we begin?

Summary of March 2015

| Gross Income | JOB | Side Biz | Rental Income | Total |
|-----------------------|-----------|----------|---------------|-----------|
| March-2015 | \$ 12,764 | \$ 342 | \$ 1,950 | \$ 15,057 |
| Previous Month | \$ 12,728 | \$ 1,032 | \$ 1,950 | \$ 15,711 |
| Change vs. Last Month | ↑ 36 | ↓ (690) | → - | ↓ (654) |
| % Change | ↑ 0.3% | ↓ -66.8% | → 0.0% | ↓ -4.2% |

| Assets | Pre-Tax Investments | Liquid Cash | Real Estate | Total |
|-----------------------|---------------------|-------------|-------------|------------|
| March-2015 | \$ 99,880 | \$ 40,512 | \$ 572,351 | \$ 712,743 |
| Previous Month | \$ 97,960 | \$ 40,212 | \$ 572,351 | \$ 710,523 |
| Change vs. Last Month | ↑ 1,920 | ↑ 300 | → - | ↑ 2,220 |
| % Change | ↑ 2.0% | ↑ 0.7% | → 0.0% | ↑ 0.3% |

| Liabilities | Condo Mortgage | House Mortgage | Other | Total |
|-----------------------|----------------|----------------|--------|--------------|
| March-2015 | \$ (164,823) | \$ (346,866) | \$ - | \$ (511,689) |
| Previous Month | \$ (165,313) | \$ (348,220) | \$ - | \$ (513,533) |
| Change vs. Last Month | ↓ (491) | ↓ (1,353) | → - | ↓ (1,844) |
| % Change | ↑ 0.3% | ↑ 0.4% | → 0.0% | ↑ 0.4% |

| Net Worth | Assets - Liabilities |
|-----------------------|----------------------|
| March-2015 | \$ 201,054 |
| Previous Month | \$ 196,990 |
| Change vs. Last Month | ↑ 4,064 |
| % Change | ↑ 2.1% |

Goal: Pay off Mortgage on Primary Residence by January 31, 2022

2.3% Paid Off

We set a goal to pay off the mortgage on our house before we were 35 years old. The original mortgage was for \$355,000 and we started the goal on January 1st, 2015.

What went down in March

During the month of March there was another downtick in income. This is almost entirely due to the final payment (\$720 received in February) related to the [side hustle](#) I recently shut down in order to focus my efforts on this blog. It was a great year-long project that brought in \$18,000 in extra income over the course of 12 months. I effectively earned about \$100/hour and essentially got paid to learn a valuable skill set that I plan to leverage in growing this blog.

March Income = \$15,057

- Previous Month: \$15,711
- Difference: -\$654

Going forward, gross income should come in around \$15,000 a month from April through June. In July I anticipate a nice spike in income due to semi-annual bonus payments and a 3-period pay cycle (I get paid on a bi-weekly schedule).

Now where did all that money go?

Something to keep in mind as you read through the expense portion of this report is that although we have a high income, we are not extremely frugal. We try not to waste money on things that do not bring us joy, but we definitely don't try to live like college students. A lot of blogs in the personal finance space are very expense focused, where I tend to put more energy and focus on the income side of the equation. This blog is definitely not a blog about frugality. If you are looking for that you should checkout [Mr. Money Mustache](#) and [The Frugalwoods](#), they cover this topic very well, and they are very good examples of what it means to be truly frugal.

At the end of the day we try to spend less than we make. This happens most months, but there are a few months of the year where it doesn't. We try to balance living in the present while planning for the future. As long as we hit our financial goals we do not feel guilty for the money we spend. This year the goal is to increase our net worth by \$70K (as you will see below we have already increased it by about \$20K so far this year)

Sorry!! I felt like I needed to make that extremely clear, now we can continue as

usual.

Home Improvement \$245 We don't have any other projects planned this year (February was the big one with the cabinets in the garage and my wife painting the interior of the house), which will be good for our savings plans. However, there will always be small projects that hit now and then. All of this expense was related to expenses that were charged on our Home Depot and Lowe's credit card that I missed last month (which reminds me, I need to go link those up in my [Personal Capital account](#), okay I'm back).

- Previous Month: \$4,796 (one-time expense in 2015)
- Difference: -\$4,551

Home Mortgage \$3,015 The normal payment is \$2,215/month. However, as a part of our [7-year mortgage pay off plan](#), we started adding an extra \$800/month towards principle. I actually just got notice from our lender that our payment will be increasing because our escrow account is underfunded. So in order for the bank to catch up, the payment has to increase by \$134 starting in May. This will make our new "normal" payment over the next 12 months \$2,348.76 and then it will drop down to \$2,276.80. This means in order to continue paying an extra \$800 towards principle I will be increasing this payment in May to \$3,149. At some point we should probably remove the impound account and just pay this ourselves.

- No change vs. previous month.

Condo Mortgage & HOA \$1,138 This is the payment on our rental condo that is just 10 miles from our house. We currently rent this place out for \$1,350/month, so we have a small but nice positive cash flow of \$117/month after our \$95/month property management fee.

- No change vs. previous month

Note: *I had previously stated that both mortgage payments were inclusive of property taxes, but after my wife read the February report she reminded me that the condo payment does not include the property taxes and that we will be paying \$1,200 in April (dang it). Property taxes run \$583/month on the home mortgage and \$200/month on the condo.*

Update 4-6-15: Hannah made a good point in the comments below. I had

previously calculated the positive cash flow based on the assumption that property taxes were included. However, since being corrected this actually puts us at a slight negative monthly cash flow of \$83/month. That be said, we still have a tenant that is amortizing our loan by almost \$500/month, and the tax benefits of the property that still make it a good hold in my opinion. I would love for it to be better, but our timing on buying was not the best.

Lastly, as I explained to Hannah below, we look at this as our plan B if we absolutely fail at life we at least have a cheap option for housing in the Condo.

Food & Dining \$1,361 This amount includes money we spend at the grocery store, dining out, drinking out, and dog food. In the month of March we spent \$679 on groceries, \$134 dog food, and \$548 on eating out at restaurants. This is an expense that tends to get a little out of control for us. Last year we spent \$14,000 on eating out or almost \$1,200/month on average. The goal for 2015 is to keep this combined expense at or below \$1,200/month; \$500 for eating out and \$700 for groceries.

- Previous month: \$1,151
- Difference: +\$210 (I am okay with the increase, we are within range)

We didn't move closer to \$1,000 in this category like I thought was a possibility in [February's report](#). But it is within range, so I am not worried about it.

Shopping & Other \$499 I paid for a workout program for my mother in-law (\$60), my wife got her hair colored (\$120), we bought some stuff for the house (\$100), I bought a few books ([Choose Yourself](#), [The One-Page Financial Plan](#)) and a newsletter (\$40), Target (\$60) for a gift, some camping gear (\$32), and other misc. (\$87).

- Previous month: \$1,356
- Difference: -\$857

No membership payments this month (we only have two remaining, after canceling the others last month). As expected we saw a huge decline in spending in the general shopping category this month.

Travel & Hotel \$0

- Previous month: \$0

- Difference: -\$0

Auto and Transport \$459 This includes fuel, car insurance on two cars, and toll roads.

- Previous month: \$593
- Difference: -\$134

Personal Development \$2,250 You may remember that last month I mentioned that my wife would be starting some business coaching that was going to be a total cost of \$4,500 for 6 months' worth of coaching. We are paying it in two installments, with the first installment paid in March and the final installment in April. This is an investment in my wife and her career. We are more than happy to make investments in ourselves. It saved us \$300 to make two payments, instead of making monthly payments of \$800/month.

- Previous month: \$0
- Difference: -\$2,250

Bills & Utilities \$481 This includes our monthly utilities like gas, electric, water, internet, and cell phones. Not much to say here.

- Previous month: \$400
- Difference: +\$81

Health & Fitness \$167 We made some cuts as planned from last month's report. This is mostly for massages, but also includes monthly dues to remain an active member of Team Beachbody to ensure my discounts on supplements like [Shakeology](#) and [Results and Recovery Formula](#).

- Previous month: \$180
- Difference: -\$13

Business Services \$0

- Previous month: 0
- Difference: \$0

Total Expenses \$9,615 (I projected \$10,000 in [last month's report](#))

- Previous month: \$13,222
- Difference: -\$3,607 (better than the \$3,250 I thought we would be down when I wrote February's report)

We saw expenses come down substantially during the month of March, which was nice to see.

However, we are not out of the woods yet. Next month will see one more spike in expenses before our cash outflow decreases significantly. We will have the final coaching payment of \$2,250.

As I have mentioned on this blog before, my wife is in a family business that she intends to grow and one day take over. So this is an investment in her professional development, our future, and the future of the business. **We are big fans of making investments in ourselves-the ROI is huge!**

We also have both income taxes (\$2,200) and property taxes on the condo (\$1,200) that are due in April.

After factoring in the taxes I mentioned above, we can expect an increase to spending of about \$3,400 in April vs. our March spending. I am projecting spending to come in right around \$13,000 in April.

May will be the month where we really reign in the spending and crank up the savings. Not exactly what I want to be reporting, but it's the reality. I would like to see savings of \$2K to \$3K a month starting in May (in after tax savings that is). The pre-tax savings happens no matter what!

What were Investments and Contributions?

I currently work for an employer that offers a 401K with matching. For years now, I have taken advantage of maxing out my 401K for both the tax benefit and company match. This works out to be about 16% of my income off the top before I ever even see my paycheck.

My wife happens to work in a family business and unfortunately they are not able to offer a retirement plan, let alone matching. So starting in 2014 we opened up an IRA for her that we plan to max out with \$5,500 every year. Starting with February, we have set up an automatic contribution of \$500/month.

I also have an IRA due to a 401K rollover from a previous employer. I personally wish I could have all my retirement money in my [TD Ameritrade IRA account](#) because of the unlimited investment choices and the ability to invest in many different asset classes, including options.

Now lets take a look at what activity went down this month:

1. **Contributed \$500** to the wife's IRA for the 2015 tax year.
 - Previous month: \$500
 - Difference: \$0
2. **Contributed \$1,169** Into my 401K. The normal contribution will average 16% for the year, but I do play around with the percentage occasionally.
 - Previous month: \$1,215
 - Difference: -\$46
3. **Prosper Lending \$0** I was supposed to start contributing capital here this month, but put it off until April (which has been done before this post goes live)
 - Previous month: \$0
 - Difference: \$0
4. **Increase in Savings \$300** This includes checking, savings, and CD's. This is where I want to see the increase of \$2K to \$3K a month I mentioned above.
 - Previous month: \$1,592
 - Difference: -\$1,592

Total Investments & Contributions \$1,969

- Previous month: \$1,715
- Difference: +\$254

Summing it all up against the Gross Income

Benjamin Franklin famously said, "that everything has a place and that everything should be put in its place." With that, let's summarize where the total gross income for the month of March went.

Gross Income \$15,057

(Less) **Expenses* \$9,615**

(Less) **Investments & Contributions \$1,969**

Sub-Total \$3,473

(less) **Taxes & Benefits \$3,473**

Total = ZERO

Everything is accounted for (phew!).

* I will point out in case it wasn't clear in the expense section above; the expenses include an additional principal payment of \$800 on our primary residence.

Net Worth and Mortgage Pay Down Update

My ultimate goal is to [build up a Net Worth of \\$10M](#) returning 6% a year or \$50,000/month in gross income. Don't freak out, this is only about \$5.5M in today's dollars when you take into account a 3% inflation rate.

I am not anywhere close to a 7-figure net worth yet (or what some refer to as the [double comma club](#)). However, it is growing at a very respectable rate. If you want to see how I plan to get there you can read all about it [here](#). However, **March is a new milestone as we cross over \$200K for the first time.**

March Net Worth \$201,054 (with three months down in 2015, this puts us up \$19,690 or 10.9% vs. 2014 so far and we still have 9 months to go)

- **Previous month: \$196,990**
- **Difference: +\$4,064**

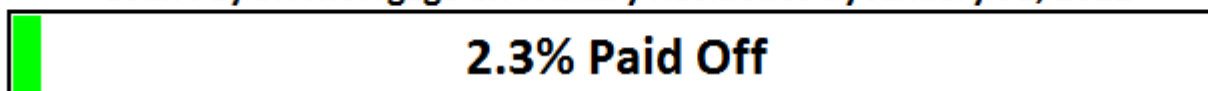
With a year to date net worth gain of \$19,690, that puts us ahead of target. I have a post that is scheduled to go live in a couple of weeks where I outline our goal to increase our net worth by \$69,000 in 2015. We are officially 25% through the year and have reached almost 29% of our goal (I just jumped up and down in excitement).

(Mr. CEO here - when he says "jumped up and down in excitement," I want you to also know he's taking selfies while he's doing this)

One of the other huge goals that I announced on the blog recently, was the [strategy to pay off our mortgage in 7 years](#). When you break it down and follow the 3 simple

rules, it's not as hard as it sounds. We bought our house in February of 2014 and then refinanced it into a 5/5 ARM in September of 2014 to remove PMI and free up cash-flow to put towards the principal and keep us on track to pay the mortgage off at an accelerated pace.

Goal: Pay off Mortgage on Primary Residence by January 31, 2022



We set a goal to pay off the mortgage on our house before we were 35 years old. The original mortgage was for \$355,000 and we started the goal on January 1st, 2015.

The progress chart above shows how much of our goal we have completed. Last month we were at 1.9%, which means we picked up another 40 basis points in March. At this rate we will be 5.9% complete with this goal at the end of 2015 (assuming no extra lump sum payments).

The End

March was a better month than February overall. April is shaping up to be a lot like February. May is the magical month. We should see savings increase and net worth should be increasing by about \$6,000/month or more (starting in May that is).

Every month you get to see that I am not superhuman and have my own financial hurdles to work through. I don't particularly like spending more in a given month than I bring in. Although our income is high, I still think that our spending has room for improvement. We're not going to make these changes over night.

I hope these reports inspire and move you to action. Don't take a passive role in your finances and hope for the best. There is a famous Jim Rohn quote that I think everyone should keep in mind:

If you don't plan your future, somebody else will. And you know what they have planned for you? NOT MUCH!

You have to be intentional with your finances if you ever want a fighting chance to

make it to financial freedom. It doesn't have to take 40-50 years of slaving away for the man before you have the option to retire. I personally think that 20-25 years is really all you need, and for the folks that are more aggressive (i.e. extremely frugal, not us) or very high earners you can probably reach financial independence in 10 years or less.

I am looking forward to chatting with you all in the comments below. Anything I should elaborate on? What can I add that would help you take action? Also, if you have a blog, I encourage you to write a monthly financial report and come back here and share the link. I would love to be part of your support and accountability.

Cheers!

- Gen Y Finance Guy

TD Ameritrade - They are hands down the best broker for the retail investor. TD Ameritrade provides a number of investing platforms that are more robust than any other platform I have ever used. My particular favorite is the "Think or Swim" platform. Oh and did I mention that they have over 100 ETFs that you can trade commission free?

They also provide a ton of educational resources that are again all free to you. You will also have access to stocks, options, futures, and forex all on a single platform. And if that wasn't enough, they will let you invest commission free for 60 days while you test drive the platform and they will give you up to \$600 for rolling over your other accounts.

My special offer to you: If you sign up for an account using the links I provided on this post, I will send you a video that gives you an over view of the Think or Swim investing platform and I will even show you how easy it is to execute your first covered call. All you need to do is sign up using the banner below or the TD Ameritrade link above, then send me an email at mrgenyfinanceguy@gmail.com

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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](#)