

July 2015 - Detailed Financial Report #7 - Net Worth \$232,728 [+28.3% YTD]

GYFG here checking in for the July monthly financial report. For those of you that are new around this corner of the internet, I wanted to fill you in as to what these reports are all about. These monthly reports are about full transparency. They are just as much for me as they are for you. It's a hard decision to make all of your financial details public, but it's also a very motivating one. It's not just the post, but the process of putting this post together that really benefits me.

*My sincere hope is that my transparency will inspire you to take the helm of your own financial ship and be intentional with its direction. I truly believe that anyone can reach financial freedom, if they are willing to do things differently. If you earn an average salary and have an average savings rate, then you can expect an average result! That means you will likely have to work at a job you may or may not enjoy until you're 65 and then **maybe** you can retire **IF you're lucky**.*

Hey, there is nothing wrong with average. If you're happy with average, then by all means keep doing what everyone else is doing. Not sure how you feel about that, but I have no interest in living an average life. I want **EXTRAORDINARY**.

Most people don't want to live below their means in order to reach **FINANCIAL FREEDOM**, because that's painful. They think it involves cutting out all the joy in life. You know what I'm talking about, those financial gurus that tell you that in order to get rich you need to cut out the \$5 lattes and stop going out to eat. Then after 40 years of diligent and above average savings and super low spending, you will be a millionaire. Basically, you have to live like a college student and suppress all the things you want to do in life and then when you're old you will be rich.

Okay, that doesn't sound like the plan for me either.

The good news is there is another way. This site and these reports are here to show you the **OTHER** path to financial freedom. There is a way where you can have your cake and eat it too. I believe and hope that over time I will be able to convince you

of the following:

In order to reach financial freedom you can choose to live below your means by cutting expenses to the bone and living in a state of scarcity or you can expand your means and live in a state of abundance by increasing your income and enjoying the \$5 latte or other indulgence of your choice.

Not only that, but if you're diligent you can reach financial freedom a lot sooner than anyone has ever led you to believe.

Our 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 or people giving financial advice 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 (and BS). 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 July 2015

I have so much to update everyone on this month. First let's take a look from a high level to see what happened this month and then we will get more granular with it. You will also want to take note that I have added some new graphics to the report as well. It was time to change things up a bit.

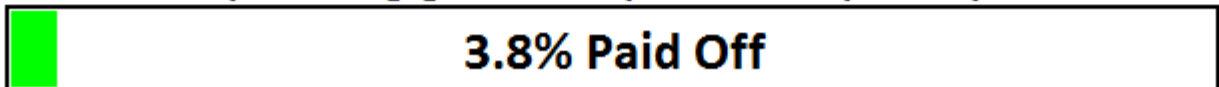
Gross Income	JOB	Other	Rental Income	Total
July-2015	\$ 24,810	\$ 5,892	\$ 1,950	\$ 32,651
Previous Month	\$ 16,753	\$ 720	\$ 1,950	\$ 19,423
Change vs. Last Month	↑ 8,057	↑ 5,172	→ -	↑ 13,228
% Change	↑ 48.1%	↑ 718.3%	→ 0.0%	↑ 68.1%

Assets	Pre-Tax Investments	Liquid Cash	Real Estate	Total
July-2015	\$ 109,286	\$ 50,271	\$ 577,425	\$ 736,983
Previous Month	\$ 106,777	\$ 44,756	\$ 574,901	\$ 726,434
Change vs. Last Month	↑ 2,509	↑ 5,516	↑ 2,524	↑ 10,549
% Change	↑ 2.4%	↑ 12.3%	↑ 0.4%	↑ 1.5%

Liabilities	Condo Mortgage	House Mortgage	Other	Total
July-2015	\$ (162,843)	\$ (341,412)	\$ -	\$ (504,255)
Previous Month	\$ (163,339)	\$ (342,782)	\$ -	\$ (506,121)
Change vs. Last Month	↓ (497)	↓ (1,370)	→ -	↓ (1,866)
% Change	↑ 0.3%	↑ 0.4%	→ 0.0%	↑ 0.4%

Net Worth	Assets - Liabilities
July-2015	\$ 232,728
Previous Month	\$ 220,313
Change vs. Last Month	↑ 12,415
% Change	↑ 5.6%

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.

What went down in July

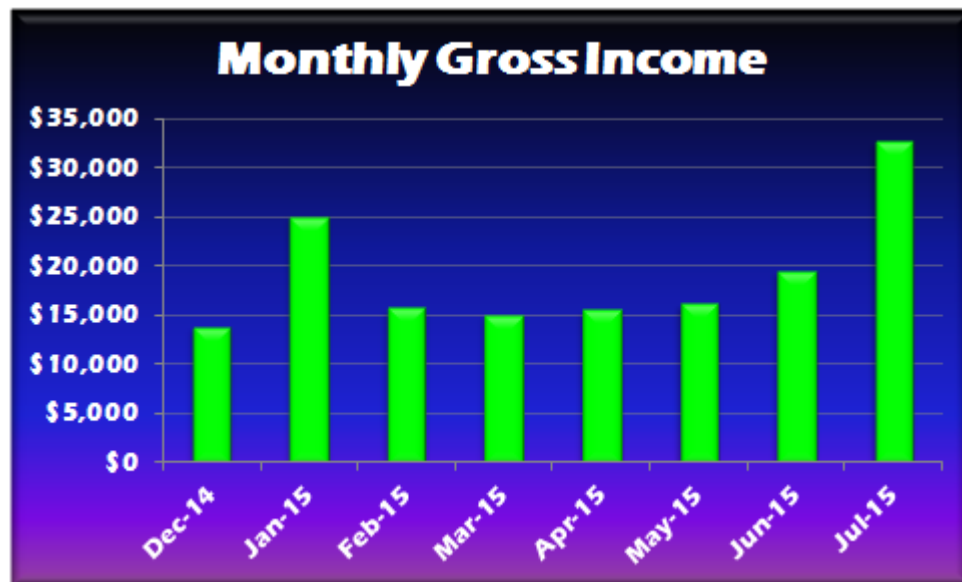
During the month of July gross income was up 68.1%. With such a big increase I am going to call out the big items this month:

1. **Mrs. GYFG continues to kill it [+ \$1,400].** She earned a nice \$6,100 bonus

in July. In total she brought in an additional \$1,400 vs. last month. She earned a \$3,000 bonus the previous month (June), but this was partially offset from lower income from here side business and no reimbursement (she got an extra \$600 towards her coaching program). At the end of the day she is absolutely crushing it and it is awesome to watch here grow her business.

2. **We received a windfall [+\$5,000]**. This was related to an inheritance distribution. I will talk about how we plan to use this money later in the report.
3. **Mr. GYFG mid-year bonus [+\$3,000]**. Until my [recent promotion](#) to director my bonus was only \$10,000 a year. My company pays out 30% in July and the remaining amount in January. Starting in August my bonus potential jumps to \$40,000 a year, so January should turn out to be pretty nice. But this year it will likely be prorated with a max bonus potential of \$25,000 for 2015. Be sure to check out the [email I sent that got me a \\$60,000/year bump in compensation](#).
4. **Mr. GYFG additional pay cycle + All other puts/takes [+\$3,828]**.

This was by far our best income month this year and actually ever.



As I write this my wife is 5 months into the coaching program and has increased her monthly gross income by \$2,376/month on average since March. This equates to an additional \$11,880 over the past five months against an original investment of \$5,000. That is already a 138% return on investment.

The best investment you can ever make is in yourself. The dividends will compound for the rest of your life.

Mini Blog Income Update

Since monetizing in March, **the blog has produced \$517.64 in revenue**. But don't worry, I will be detailing all that and more in a separate blog update where **transparency** will still be the name of the game (this will probably start once we hit the 1-year mark in September). I am sure you guys have seen a lot changing and I want to share the results with you all - especially those that are currently blogging or those that are thinking about blogging. You can learn from my successes and my failures. **Sorry for the delay on this, I just haven't had the bandwidth to get this started yet.**

Let me be your blogging and financial guinea pig!

The Juicy Details

July Income = \$32,651

- Previous Month: \$19,423
- Difference: +\$13,228

We will definitely see a drop in income next month. Here are a few things that we won't expect in August:

- The \$5,000 windfall. It was an unexpected one-time thing.
- My mid-year bonus and additional pay cycle. But this will be partially offset as my new compensation kicks in. My base salary is going up by \$30K/year. The rest of the compensation increase will be in the form of bonus and not paid out until January.
- Not sure what my wife's bonus might be in August (if any). It all depends on how her business unit does.
- We are also losing our roommate of 10 months as he moves his family out from the East Coast and gets a house of his own.

With that said, I would expect income to fall back down to around \$16,000 in August. This will likely be the new set point.

Can I ask you for one small favor before you continue reading? Could you use one of the icons to the right of this post to share it on your favorite social media channel to help spread the word?

Thank you, thank you, thank you soooooo much!!!!

Now where did all that money go?

I have come to the realization that there are always going to be unplanned expenses. Especially since we strive to save 50% of our income and live off and enjoy the difference guilt free. With that type of rule governing our financial life, it is a free pass to inflate our lifestyle, but only proportional to our income. In the last few months I have included the following sentence **“I THINK I can finally say that our “one-time expenses” are behind us,”** but this will be the last time you see that showing up here. You can see prior financial reports here: [January](#), [February](#), [March](#), [April](#), [May](#), and [June](#).

Home Mortgage & HOA \$3,233 The **NEW** normal payment is \$2,349/month for the mortgage and \$84 for the HOA (after property taxes went up). However, as a part of our [7-year mortgage pay off plan](#), we started adding an extra \$800/month towards principle.

- **Previous Month: \$3,233**
- Difference: \$0

Condo Mortgage & HOA \$1,138 This is the payment on our rental condo and includes the mortgage of \$888 and HOA of \$250. We currently rent this place out for \$1,350/month, as seen in the summary table above. We just got notice in the mail that our interest rate is going up slightly from 2.875% to 3%. Starting in October this will be increasing by \$10/month (no biggie).

- **Previous Month: \$1,138**
- Difference: \$0

Timeshare \$189 My grandparents left me their timeshare before they passed away. Last month I paid the \$37 listing fee in order to place it with the management

company for rent. We decided to use a few days for the 4th of July weekend in Vegas. I put the remaining days with the management company to rent out in order to cover the annual fees.

- Previous Month: \$37
- Difference: -\$152

Home Improvement \$6,761 Just when I thought we were not going to do any more big projects around the house, we get a windfall of \$5,000, experience our best income month ever, and I get a huge raise. With that we decided to spend the windfall and a small portion of the extra income this month to put in the hot tub we were planning for next year. It cost about \$1,000 to get the paver pad installed (what the hot tub will sit on top of) and the hot tub itself costs \$5,724 (out the door). That is after I negotiated the sticker price down from \$6,999 + tax. I saved myself about \$2,000 by doing my research and sticking to my philosophy of **“the price you see is never the price you pay.”**

- Previous Month: \$967
- Difference: -\$5,794

Food & Dining \$2,408 This amount includes money we spend at the grocery store, dining out, drinking out, and dog food/treats (\$149 this month). In the month of July we spent \$957 on groceries and \$1,302 on eating out at restaurants. We totally went off the deep end this month. We had a trip in Vegas for 4 days that racked up \$700 eating out. I also attended a bachelor party for a friend that is getting married in August. We also had a trip out to the Lake and that is why the grocery bill is inflated by about \$550 from that.

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. During the summer we expect this number to stay elevated, but we are still doing much better than we did in 2014. I would expect this to be around \$1,600 in August due to a 10 day road trip we have at the end of the month.

- Previous month: \$1,582
- Difference: -\$826

Shopping & Entertainment \$1,925 This category will cover any *discretionary*

shopping and entertainment expenses. This expense like most this month is also elevated. I won't call out all the expenses here, but I will call out the bigger ones: Suit for Wedding I am in (\$250), William Sonoma (\$130), Costco (\$352, we only went for Steaks...LOL), Cash Withdrawal (\$120), Gift to my brother (\$100), Spa Day for the Wife with her girlfriends (\$174), Wife's Hair Cut (\$125), Dry Cleaners (\$80), and Other (\$714). I expect this expense to drop substantially next month.

- Previous month: \$803
- Difference: -\$1,122

Travel & Hotel \$385 We went to Vegas and while we were there we did get a Cabana and spent a day at the spa. This also includes \$100 in cash that I took out for spending money for cabs and tips. Everything else was just food that was covered above. We will definitely have some charges here in August related to our 10 day road trip.

- Previous month: \$61
- Difference: -\$324

Auto and Transport \$771 This includes fuel, car insurance on two cars, and toll roads. It's still high with the trips to Vegas and the Lake. Will likely stay elevated with our road trip this month. But it should come back down to around \$500/month in September.

- Previous month: \$1,087
- Difference: +\$316

Personal Development \$0 We do buy books on a regular basis but that would fall in the shopping category below. This is just for some of the larger investments we make in ourselves.

- Previous month: \$0
- Difference: +\$0

Bills & Utilities \$526 This includes our monthly utilities like gas, electric, water, internet, and cell phones. The summer heat has really kicked in and we have had to crank up the air conditioning. We have also seen an increase in water due to the drought here in California and the fact that we had a faucet bust on the side of the house that was gushing water for about 20 minutes.

- Previous month: \$541
- Difference: +\$15

Health & Fitness \$254 This includes a monthly massage subscription, monthly dues to remain an active member of Team Beachbody to ensure my discounts on supplements like [Shakeology](#) and [Results and Recovery Formula](#). And a new order of [Bulletproof Coffee](#) (This deserves a post all in itself).

- Previous month: \$229
- Difference: -\$25

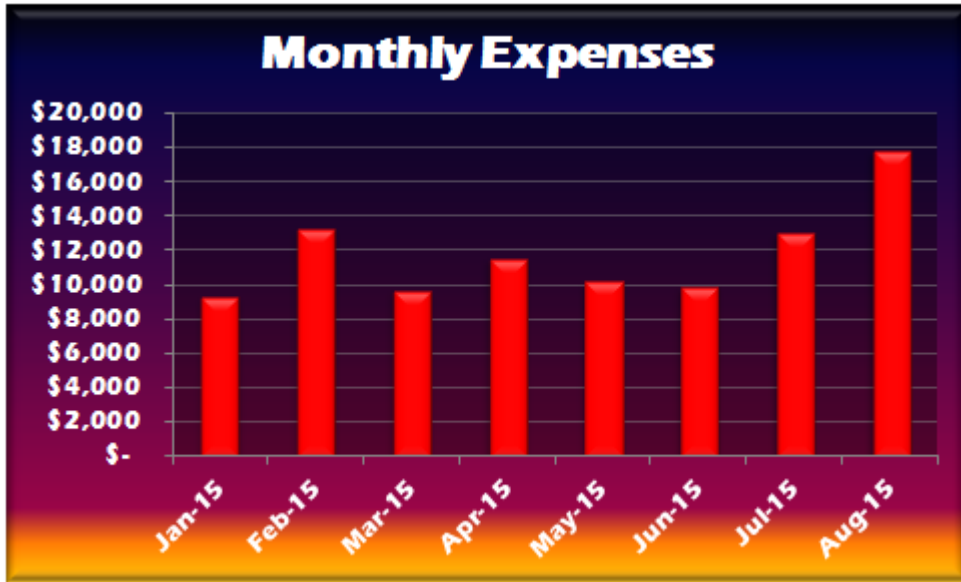
Business Services \$179 I spent about \$34 in Facebook advertising for the book giveaway (actually more but that is all I have been charged for so far). This also covers hosting with WP Engine for \$24/month and parking for an event I attended. This also covers my wife's new business cards as well.

- Previous month: \$151
- Difference: -\$28

Total Expenses \$17,769

- Previous month: \$9,829
- Difference: -\$7,940

Expenses were up 81% this month, with a large part of that increase coming from the purchase of the hot tub. But also related to an increase is many expense categories.



CALL OUT: It is crazy how slippery money can be. Because of this I totally recommend you automate as much of your finances as possible, especially the saving and investing piece. We set our financial goals at the beginning of the year and then automate the process of reaching them.

Examples:

1. Our mortgage payment is automatically set up to pay \$800 in additional principal.
2. My 401K contribution is automatically deducted at a rate that will ensure I max out by year end (\$18,000)
3. We have an auto investment of \$500/month into my wife's IRA to make sure we max it out by year end (\$5,500)
4. At the beginning of the month I have been sending \$1,000/month to a [REIT investment](#).

All of these things take priority over any spending that we do in a given month. We monitor expenses but don't really manage them. Instead we manage savings and investments and let the expenses work themselves out.

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 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 of 2015, 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 let's 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 \$1,649** Into my 401K. The normal contribution will average 16% for the year, but I do play around with the percentage occasionally.
 - Previous month: \$1,169
 - Difference: +\$480
3. **Prosper Lending \$0** We have deposited \$1,000 so far this year.
 - Previous month: \$500
 - Difference: -\$500
4. **Rich Uncles REIT \$2,500** We now have \$5,074 (includes partial dividend and 5 bonus shares)
 - Previous month: \$1,000
 - Difference: +\$1,500
5. **Increase in Savings \$5,516** This includes checking, savings, and CD's. This is \$500 less than the increase shows above (in "liquid cash" section) because I am currently holding Prosper in my cash section and I did not want to double

count it. Eventually I will break this out on the table once it gets to be larger in value.

- Previous month: \$4,354
- Difference: +1,162

6. **HSA Contribution \$500** I have set up a contribution of \$500 per pay check to be deducted from my check between now and the end of the year. This will allow us to max out for the full tax benefit of \$6,650 per family (we also get a generous contribution from my employer).

- Previous month: \$0
- Difference: +\$500

Total Investments & Contributions \$10,665

- Previous month: \$7,523
- Difference: +\$3,142

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 July went.

Gross Income \$32,651

(Less) **Expenses* \$17,769**

(Less) **Investments & Contributions \$10,665**

Sub-Total \$4,217

(less) **Taxes & Benefits \$4,217**

Total = ZERO

Everything is accounted for (phew!).

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.

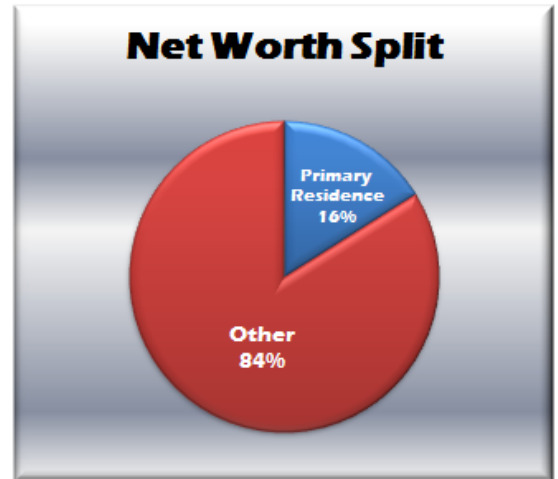
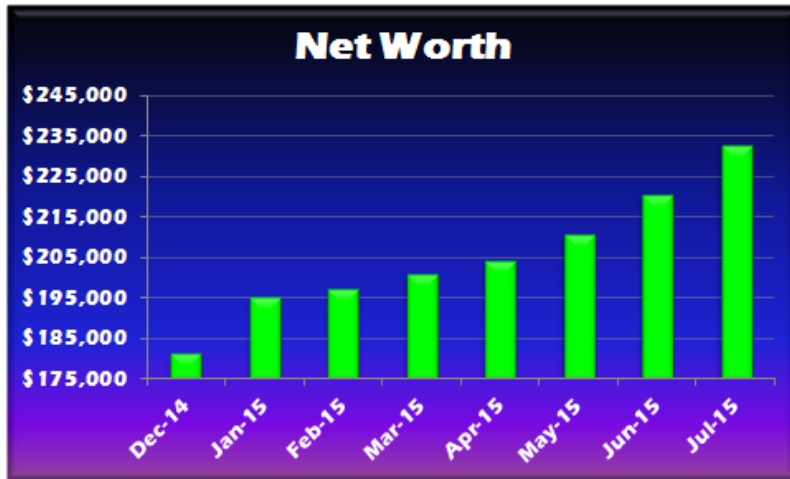
I am not anywhere close to a 7-figure net worth yet (or what some refer to as the [double comma club](#)). However, it is growing at a very respectable rate. If you want to see how I plan to get there you can read all about it [here](#).

July Net Worth \$232,728 (with seven months down in 2015, **this puts us up \$51,364 or 28.3%** vs. 2014 so far and we still have 5 months to go)

- **Previous month: \$220,313**
- **Difference: +\$12,415**

With a year to date net worth gain of \$51,364, that puts us slightly ahead of target. [Recently I published a post](#) where I outlined our goal to increase our net worth by \$69,000 in 2015 (through contributions alone). We are officially 58% through the year and **have reached 74% of our goal**.

The stretch goal that I didn't really put in writing anywhere was to achieve a \$100,000 increase in Net Worth. We have 5 months to go and I think we can average about \$8,000/month between now and the end of the year, which would put us up another \$40,000 or \$91,364 for the year. So we will be close, will have to see what I can do to find a few more sources of income to fill the gap. Of course there is always market appreciation, but it would take a pretty large move to get us all the way there. If anything I think the stock market will be pretty flat by the end of the year ([I even bet there wasn't much upside](#)).

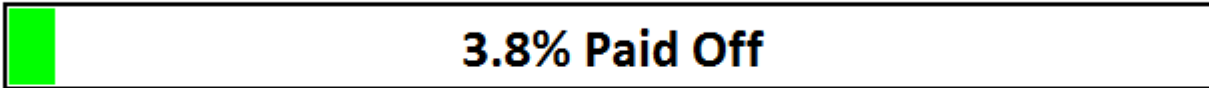


You will notice that in the second chart above that I have broken out the piece of our net worth that is based on the equity in our house. I have done this because it is something I want to watch, because I don't want this to exceed 25%. And it is good to know the split.

Note: I think people tend to glaze over the fact that the savings rate plays a much bigger role in increasing your net worth than the rate of return on your investments. In the short term savings rate has a bigger impact on net worth. The goal is to eventually build a big enough asset base that the gains from compounding will eventually outpace the gains from savings.

One of the other huge goals that I announced on the blog 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 3.4%, which means we picked up another 40 basis points in July. At this rate we will be about 6% complete with this goal at the end of 2015 (assuming no extra lump sum payments).

Update to Mortgage Payoff

This year was the start of our 7 year plan to murder the mortgage on our primary residence. And this is still the goal, but as I have been playing around with the execution of the plan. This year we are paying an additional \$800/month in principal and starting January of 2016 that is supposed to increase to \$1,600 (and then an additional \$800/month until year 7). There are two risks I want to manage with this plan:

1. **Cash Trap** - What I mean by this is that I don't want the cash to be trapped in the house if something were to happen to either my wife or myself before we finished paying the mortgage in full. It would suck to have all this money tied up in the house and then one of us lose our jobs (or both) and then not have access to the money in a time of need. The worst case scenario would be that things got so bad that we lost the house and all the money we poured into it. I don't think this is likely, but I would rather not see it happen.
2. **Too large a % of Net Worth** - I realize that for most Americans, the majority of their net worth is their house. I want to manage this at 25% or less, thus the new chart I added to the section above.

With that, we are making a slight pivot in the execution of this goal. We will continue to make the additional \$800/month in principal through the end of the year and actually for the next 7 years of the plan. However, we are going to place the increases called for by the plan in a separate account for now. That means we will continue to pay an additional \$9,600/year in principal, which ensures that if/when our rate goes up our mortgage payment will actually never increase. I did the math and in 2019, when our rate has the first opportunity to adjust up a max of

2%, as long as we have paid an additional \$50,000 in principal our payment will stay the same when they reset the amortization schedule for the remaining 25 years of the mortgage.

But then we will have additional money with an intended purpose of paying down the mortgage to deal with in a separate account. It increments by \$9,600 a year. By March of 2022 when we project to pay off the house (7 years 3 months), we would have about \$220,000 that we could then use in a lump sum to pay the mortgage off.

The next question I have to tackle is what to do with the cash as it piles up. I still have another 5 months before I need to cross that bridge, but I am open to suggestions.

The End

July will likely be the peak of our income this year and a new high will probably not be seen until January of 2016. At the end of the day net worth is the **ONE METRIC THAT MATTERS**, and we had an increase of \$12K in July. July was better than June, but not as good as it could have been (hello Jacuzzi). However, I am very happy with the results and the progress we have made towards our financial goals so far this year.

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 (**maybe us, it's yet to be seen but income is our focus vs. expenses**).

I am looking forward to chatting with you all in the comments below. How was your month? 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

PS: Here are my favorite ways to track this stuff:

- The "Financial Stats" spreadsheet - a simple Excel template I created to provide the tables and charts you see in this post as well as on the [Financial Stats Page](#). If you would like a copy of this spreadsheet, sign up for my email list at the top of the page and I will send you a copy.
 - [Mint.com](#) (free) - Mint is great for setting up budgets and automating the tracking of your actual spending habits vs. the budgets you set.
 - [PersonalCapital.com](#) (free) - This is like Mint, but is geared towards investments and net worth tracking.
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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](#)