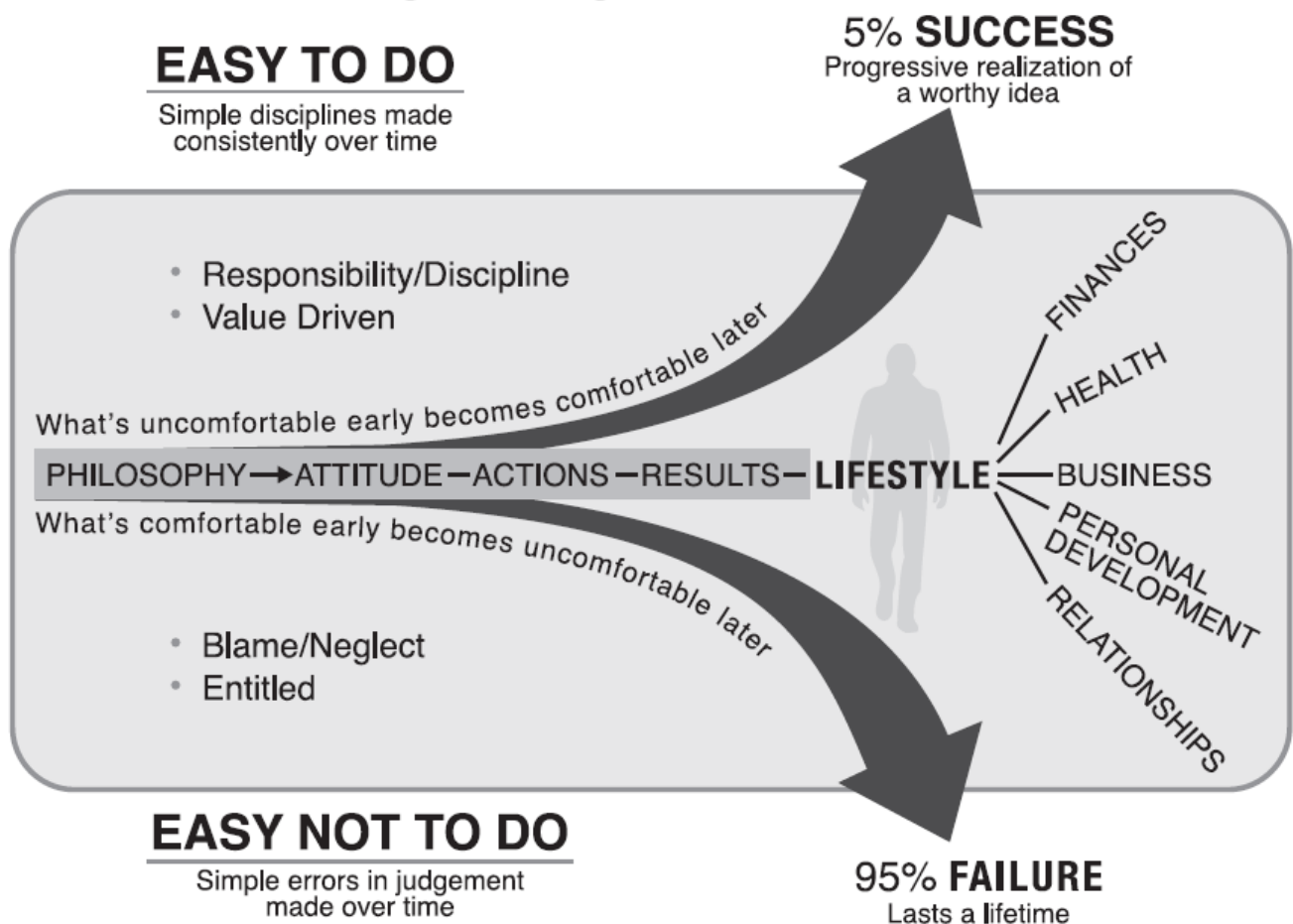


The Power of Tracking & Setting Goals - My 2016 Financial Goals

I would like to say that I have always been a goal oriented person, but that would not be the truth. Although I have been **AMBITIOUS** for as long as I can remember, I haven't always given myself a clear path to success. It wasn't until I read the [Slight Edge](#) for the first time in 2011, that I became **OBSESSED with SETTING GOALS and ACHIEVING them**. It's pretty amazing what you can accomplish when you actually set **SPECIFIC and MEASURABLE goals**.

Slight Edge Life Paths



The Visual Graphic that Summarizes The Operating System I Run My Life By.

As humans, we tend to overestimate what we can do in a day or a week. But we also tend to under estimate what can be accomplished in a month, quarter, or year.

Writing (or typing) out your goals and then reviewing them on a regular basis, keeps them top of mind. It is not just the mere action of writing them down that makes setting goals so powerful. It is the daily review that keeps you in achievement mode. This daily practice is the first step in success. You start to visualize yourself accomplishing your goals, and your subconscious continues to work around the clock to find a way to ensure success with enough repetitions. Some people call this the law of attraction...and if that is a little to hoke for you, I tell people that your **FOCUS** goes where your energy flows.

The things we think about the most, tend to become self-fulfilling prophecies. The mind is one of the most powerful assets we have, and if fully leveraged can find a way to get just about anything we desire. This is not meant to offend anyone, but I don't believe that any of our fulfilled desires are a result of any magical force or god. None of us are so special that we get special treatment...that is just ridiculous. We are in control of our own destiny.

We are the most intelligent being on earth. Most of us take that intelligence for granted, while others go on to change the world and live the life they first dreamed and then designed. Think about the world we live in for a moment. 99% of the things in our daily lives did not exist a mere 100 years ago. Everything we see was based on someone's idea. At some point ideas are transformed into goals, which are then transformed into reality.

How powerful are we?

We have been blessed with a gift to turn ideas into reality. We are only limited by our own limiting beliefs.

“Most people fail in life not because they aim too high and miss, but because they aim too low and hit.” - Les Brown

Let's break through the glass ceiling we have placed on our potential and start

setting goals that get us out of our comfort zone. When you set your goals, make yourself uncomfortable, by setting goals that will stretch you to grow. Goals that you're not sure exactly how your going to accomplish based on the person you are today. Jim Rohn use to say "if you want more, you must become more." The most powerful thing about setting goals and accomplishing them, isn't the end result of the goal, but who you have become in the process.

You begin to realize that the mind can **ACHIEVE** anything **YOU** can **BELIEVE**.

Our 2016 Financial Goals (1st pass)

I have always been a little obsessed with numbers and tracking, but I will admit that I have taken that obsession to a whole new level since starting this blog. This past year, I have gotten more granular than ever before.

It's important to track where you have been so you can figure out how you are going to get to where you want to go. [Personal Capital](#) is my tool of choice for automated tracking. It's a FREE tool that aggregates all your accounts into one place and provides you with summaries (and detailed transaction) of all your financial data.

I have recently been using this aggregated data to set up my financial plan (cough...budget) for 2016. My idea of a budget is not like that of most. I don't set a budget to live and die by, rather to set targets and goals to aim for. It's my best guess and a bit of a stretch for me to accomplish.

Some of you may be thinking that 2015 isn't even over yet, how can you already be focused on 2016. Maybe I have been in Corporate Finance for too long, because we always start planning for the next year about 3 months before the current year is over. We also need to realize that 2016 will be here faster than we realize.

Here is what I have come up with so far:

GYFG P&L - 2016 FCST	Forecast Jan-16	Forecast Feb-16	Forecast Mar-16	Forecast Apr-16	Forecast May-16	Forecast Jun-16	Forecast Jul-16	Forecast Aug-16	Forecast Sep-16	Forecast Oct-16	Forecast Nov-16	Forecast Dec-16	Forecast 2016	Prior Year 2015	Favorable/(Unfav.) Var. \$	(Unfav.) Var. %
Gross Income	50,473	17,665	17,665	17,665	17,665	17,665	34,473	17,665	17,665	17,665	17,665	17,665	261,600	245,931	15,669	6.4%
Pre Tax Contributions																
D - 401K Deduction	\$4,667	\$1,058	\$1,058	\$1,058	\$1,058	\$1,058	\$2,907	\$1,058	\$1,058	\$1,058	\$1,058	\$1,058	\$18,000	\$17,838	\$162	0.9%
J - 401K Deduction	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000	\$11,000	\$7,000	63.6%
HSA Account	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$488	\$5,850	\$5,638	\$212	3.8%
Health/Dental Ins.	\$581	\$387	\$387	\$418	\$418	\$418	\$627	\$418	\$418	\$418	\$418	\$418	\$5,325	\$5,188	\$137	2.6%
Total Pre-Tax	\$7,235	\$3,432	\$3,432	\$3,463	\$3,463	\$3,463	\$5,521	\$3,463	\$3,463	\$3,463	\$3,463	\$3,313	\$47,175	\$39,664	\$7,511	18.9%
Take Home Pay (BEFORE TAXES)	\$43,239	\$14,233	\$14,233	\$14,202	\$14,202	\$14,202	\$28,952	\$14,202	\$14,202	\$14,202	\$14,202	\$14,352	\$214,425	\$206,267	\$8,158	4.0%
Total Deductions	\$4,775	\$4,775	\$4,775	\$5,275	\$4,775	\$4,775	\$4,775	\$4,775	\$4,775	\$4,775	\$4,775	\$4,775	\$57,800	\$68,047	(\$10,247)	-15.1%
Taxable Income (AGI)	\$38,464	\$9,458	\$9,458	\$8,927	\$9,427	\$9,427	\$24,177	\$9,427	\$9,427	\$9,427	\$9,427	\$9,577	\$156,625	\$138,220	\$18,404	13.3%
Federal Taxes	6,837	1,681	1,681	1,587	1,676	1,676	4,297	1,676	1,676	1,676	1,676	1,702	27,839	\$23,666	(\$4,173)	-17.6%
State Taxes	2,976	732	732	691	729	729	1,870	729	729	729	729	741	12,117	\$10,405	(\$1,712)	-16.4%
Medicare	688	212	212	212	212	212	456	212	212	212	212	212	3,263	\$2,886	(\$376)	-13.0%
Social Security	2,940	906	906	906	906	906	1,948	906	906	906	906	906	13,950	\$12,342	(\$1,608)	-13.0%
CA SUI/SDI	427	132	132	132	132	132	283	132	132	132	132	132	2,025	\$1,792	(\$233)	-13.0%
Tax Credit	-	-	-	-	-	-	-	-	-	-	-	-	-	(\$4,505)	(\$4,505)	100.0%
Health Savings Account (FICA Reduction)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(448)	(\$444)	\$4	-0.9%
Taxes	\$13,830	\$3,625	\$3,625	\$3,490	\$3,617	\$3,617	\$8,817	\$3,617	\$3,617	\$3,617	\$3,617	\$3,656	\$58,746	\$46,143	(\$12,603)	-27.3%
Effective Tax Rate %	27%	21%	21%	20%	20%	20%	26%	20%	20%	20%	20%	21%	22%	19%	-3.7%	-19.7%
Net Take Home Pay (Take Home less Taxes)	\$29,409	\$10,608	\$10,608	\$10,713	\$10,585	\$10,585	\$20,135	\$10,585	\$10,585	\$10,585	\$10,585	\$10,697	\$155,679	\$160,125	(\$4,446)	-2.8%
Expenses																
House Mortgage & HOA	\$2,349	\$2,349	\$2,349	\$2,349	\$2,349	\$2,349	\$2,349	\$2,349	\$2,349	\$2,349	\$2,349	\$2,349	\$28,195	\$37,124	\$8,938	24.1%
Home Improvement	\$250	\$250	\$250	\$6,000	\$2,250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$10,750	\$16,960	\$6,210	36.6%
Condo-Mortgage & HOA	\$1,138	\$1,138	\$1,138	\$2,263	\$1,138	\$1,138	\$1,138	\$1,138	\$1,138	\$1,138	\$1,138	\$1,138	\$15,918	\$15,918	\$0	0.0%
Food & Dining	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,918	\$17,984	\$2,066	16.6%
Shopping & Other	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$10,800	\$11,432	\$632	5.5%
Travel & Hotel	\$500	\$500	\$500	\$1,000	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,500	\$5,101	(\$1,399)	-27.4%
Deposit Reimbursement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500	\$500	100.0%
Auto & Transport	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000	\$8,318	\$2,318	27.9%
Medical & Dental	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$452	\$452	100.0%
Bills & Utilities	\$446	\$446	\$446	\$446	\$446	\$446	\$446	\$446	\$446	\$446	\$446	\$446	\$5,348	\$5,348	\$0	0.0%
Health & Fitness	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$196	\$2,350	\$2,350	\$0	0.0%
Business Services	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	\$783	(\$417)	-33.3%
Personal Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,800	\$5,800	100.0%
Time Share	\$190	\$0	\$0	\$190	\$0	\$0	\$190	\$0	\$0	\$190	\$0	\$0	\$760	\$605	(\$155)	-25.6%
Expense Total	\$7,818	\$7,628	\$7,628	\$15,193	\$9,628	\$7,628	\$7,818	\$7,628	\$7,640	\$7,818	\$7,628	\$8,753	\$102,811	\$128,674	\$25,863	20.1%
Net Income	\$21,591	\$2,980	\$2,980	(\$4,481)	\$957	\$2,957	\$12,317	\$2,957	\$2,945	\$2,767	\$2,957	\$1,943	\$52,868	\$31,450	\$21,417	68.1%
Add Back Pre-Tax Savings	\$6,654	\$3,045	\$3,045	\$3,045	\$3,045	\$3,045	\$4,894	\$3,045	\$3,045	\$3,045	\$3,045	\$2,895	\$41,850	\$34,476	\$7,374	21.4%
Add Back Amortizations	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$14,400	\$22,289	(\$7,889)	-35.4%
Total Savings	\$29,445	\$7,225	\$7,225	(\$236)	\$5,202	\$7,202	\$18,411	\$7,202	\$7,190	\$7,012	\$7,202	\$6,039	\$109,118	\$88,215	\$20,902	23.7%
Savings Rate (% Gross Pay less Taxes)	80%	51%	51%	-2%	37%	51%	72%	51%	51%	50%	51%	43%	54%	44%	9.6%	21.8%
Assets	827,742	833,767	839,792	838,357	842,358	848,360	865,571	871,573	877,563	883,375	889,377	894,215	894,215	799,498	94,718	11.8%
Liabilities	(493,696)	(492,496)	(491,296)	(490,096)	(488,896)	(487,696)	(486,496)	(485,296)	(484,096)	(482,896)	(481,696)	(480,496)	(480,496)	(494,896)	14,400	-2.9%
Net Worth	\$ 334,046	\$ 341,271	\$ 348,496	\$ 348,261	\$ 353,463	\$ 360,664	\$ 379,075	\$ 386,277	\$ 393,467	\$ 400,479	\$ 407,681	\$ 413,719	\$ 413,719	\$ 304,602	\$ 109,118	35.8%

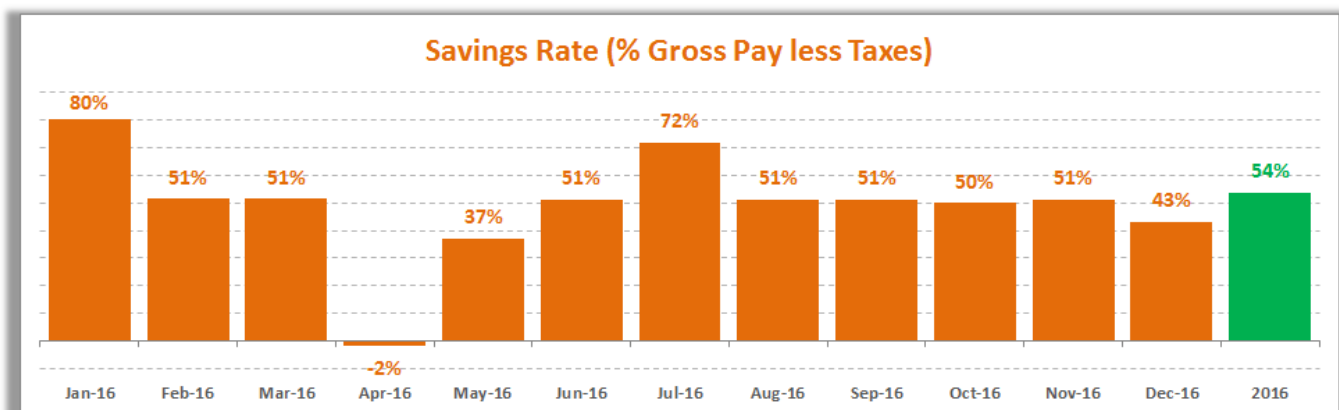
In order to complete the year over year analysis, I also had to go through the exercise of forecasting how we plan to finish 2015. Something else I should point out, is that this is draft number 1. Meaning I have started with what I consider to be the base case for 2016 based on the information I currently have and with no layered in initiatives or goals if you will. This should on auto pilot.

The Big 6 Highlights:

- Gross Income is on track to go up by 6.4% in 2016.** This is largely due to the mid-year raise I received that we will get to experience the full benefit of next year. In this first pass we have no assumptions for any raises and we have pushed my wife's income down by \$30K going into 2016, as a large part of here monthly income is commission based. We think the market will stay strong going into an election year, but are putting a bit of conservatism in the first pass (or base case). We want to see what we know we can do, and then use that as the launching pad for setting our stretch goals.
- Taxes are projected to go up 27.3%.** This is due to several things. First our taxable income is going up by 13.3% due to the increase in income. Additionally, we are losing some of the deductions and a one-time tax credit

we have for installing Solar. Before the end of the year I plan to run my numbers through a mock tax return using my tax software, and will compare that to what I calculated recently, which as come down a bit since [my "Oh Shit" moment](#).

3. **Our Take home pay is actually going down by 2.8%.** A big piece of this is the fact that we will be contributing to my wife's new 401K in 2016 which will allow us to put \$18,000 away vs. the \$5,500 we were putting away in the IRA. The timing could not have been better, as we are getting dangerously close to being phased out by the [IRS income limits for deductible contributions](#). The other piece is the increase in taxes.
4. **We are actually forecasting a 20.1% reduction in expenses.** The savings is coming from 5 major categories (highlighted in bright green): home & mortgage, home improvement, food & dining, auto & transportation, and personal development. Our two big home improvement projects in 2016 will be to install new flooring on the bottom floor of our house, and to refinish the cabinets. Believe it or not, work we plan to do ourselves. [Even in the face of my lack for skills and ineptness](#) when it comes to DIY home improvement. You may also recall from my [August Financial report](#) that we were going to be making a shift in our strategy to pay off the mortgage early (more details to come in early 2016).
5. **We are forecasting a 9.6% increase in our savings rate (up 21.8%).** It looks like we are going to be just short [of our goal to save 50% of our income](#) in 2015 (we set the goal mid-year). 2016 is looking like it will come in right at 54% in this first pass.
6. **Net Worth is forecasted to finish up \$109K or 35.8% (to \$414K).** In [the plan I outlined to hit \\$10M](#) in a 20 year period (2015 was year 1), we have miles stones of \$301K (2015) and \$428K (2016). This is short by \$14K of the 2016 milestone, but does not include any market appreciation or depreciation (assumptions are currently 0%).



What's Next?

This post was really intended to push you into planning mode for 2016. When you fail to plan, you plan to fail. The reason we start thinking about this stuff so early, is so that we have plenty of time to put the systems in place to accomplish these goals. And so that we have enough time to think through all the details and the different initiatives that we need to layer in, to achieve the next milestone in our longer term plan.

In my next iteration I will be layering in assumptions for the following:

1. A pay raise for me, even though I just got one in July.
2. Stock options in the company of my day job.
3. An additional Rental property in 2016.
4. Higher income for my wife.
5. My initiatives for producing side hustle income in 2016.
6. Overall plans for creating more passive income in 2016 (i.e. cash flow real estate).
7. Life Insurance (this should make for a controversial, but interesting post series)
8. Family Trust & Will
9. An expense line for Charitable Causes.

During the remainder of the year, I will also be taking time to think about other non-financial goals that I want to accomplish in 2016. It's not all about the money, right?

What kinds of goals are you planning for 2016? Who is ready to make 2016 an EPIC year with me? When will you start and finish your planning?

-Gen Y Finance Guy

p.s Did you notice the NEW "[Start Here](#)" page? It's a curated journey through this blog and it's content. Check it out!



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](#)