

January 2016 - Detailed Financial Report #13 - Net Worth \$325,372 [+2.4% for 2016]

GYFG here checking in for the January monthly financial report. If you have been reading these reports for a while you will notice that I introduce each month with the same intro month after month. I do this for two reasons, a) for the newbies to the site (which make up about 50% of the sites traffic) and b) to remind everyone what these reports are all about. By all means if you have read the intro at least once, then please feel free to skip down to the "[Summary of January 2016](#)" section where the new content begins (click the orange link to be taken there automatically).

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, Savings Rate **(NEW)**, and progress on the [mortgage pay down goal](#).

Shall we begin?

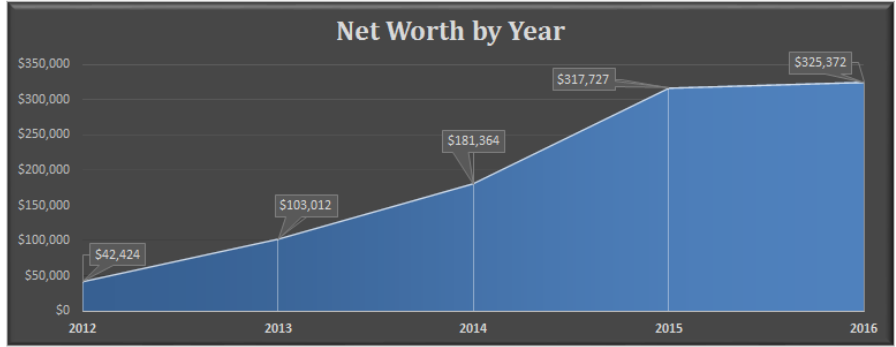
Summary of January 2016

**GEN Y FINANCE GUY
FINANCIAL STATS**

Year	Actual Net Worth	YoY % Change
2012	\$ 42,424	
2013	\$ 103,012	143%
2014	\$ 181,364	76%
2015	\$ 317,727	75%
2016	\$ 325,372	2%
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		

TOTAL ASSETS	\$ 827,619
TOTAL LIABILITIES	\$ (502,248)
NET WORTH	\$ 325,372

NET WORTH TRENDS

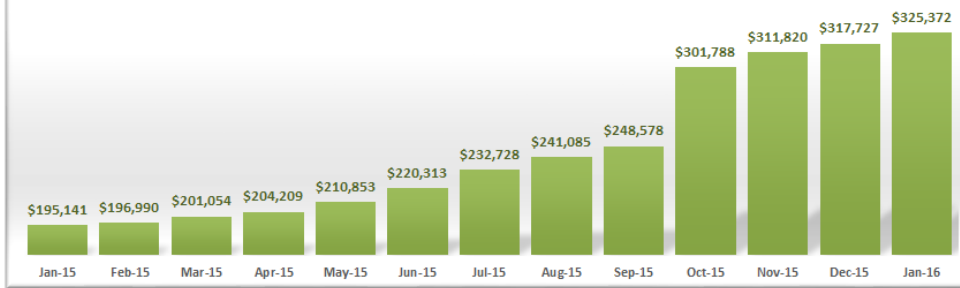


Goal: \$10,000,000 by January 31, 2035

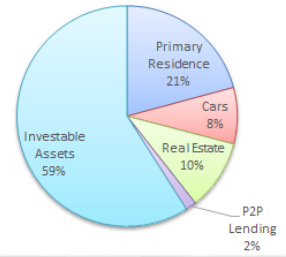
3.3% Of Net Worth Goal

Everyone has a number and ours is \$10,000,000

Net Worth Current Year [By Month]



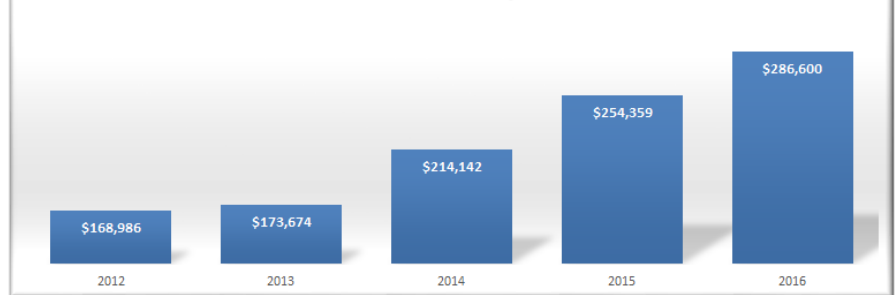
Net Worth Split



GROSS INCOME TRENDS

Year	Gross Income	YoY % Change
2012	\$ 168,986	
2013	\$ 173,674	3%
2014	\$ 214,142	23%
2015	\$ 254,359	19%
2016	\$ 286,600	13%
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		

Gross Income by Year



REAL ESTATE EQUITY AND MORTGAGE PAYOFF (PRIMARY RESIDENCE)

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

6.4% 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.

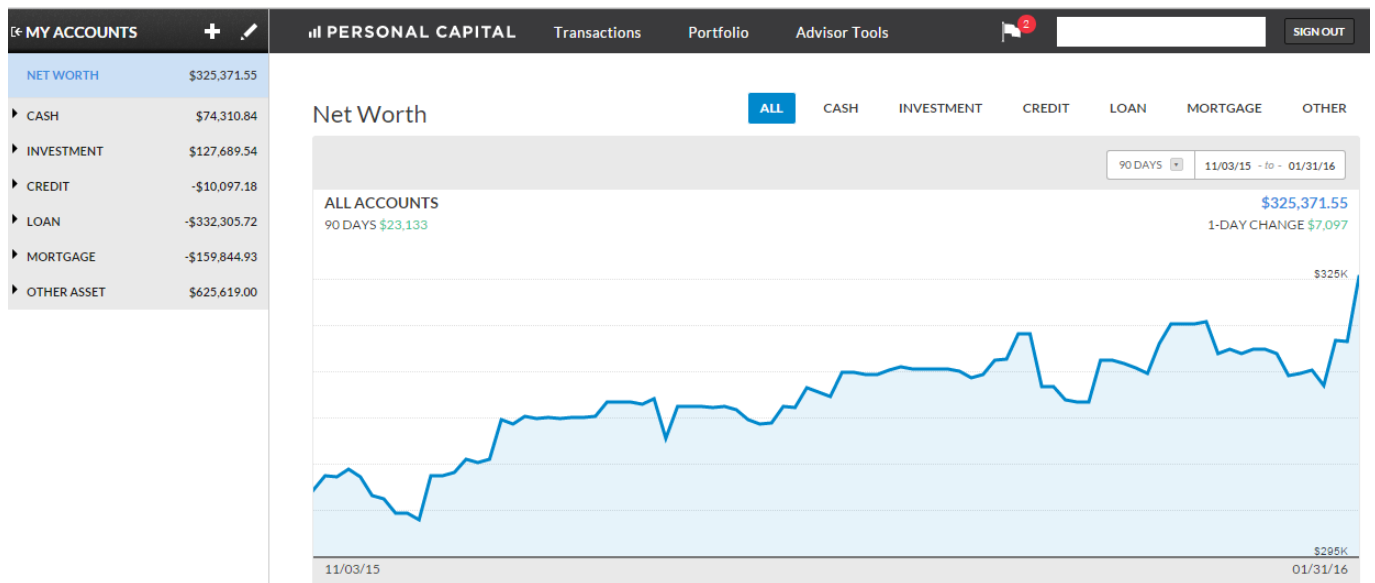
Condo Equity
31,645
16.4%

Home Equity
67,694
16.9%

Total Equity
99,339
16.7%

We use Personal Capital To Track Everything

I will continue to add screenshots of my Personal Capital account as another level of **TRANSPARENCY** in the numbers that I share. This month I actually remembered to get a screenshot of the last day of the month.



We use [Personal Capital](#) to aggregate and consolidate our transactions from across all of our financial accounts (checking, savings, retirement, credit cards, mortgages, HSA, and other investment accounts). At the end of the month I then drop that information into my financial stats spreadsheet for this monthly report.

Tracking your finances is, in my opinion, *the best* way to stay on top of your finances. You can't optimize what you don't measure. You can't make informed decisions if you don't know what you having coming in vs. going out. Without a holistic view of how much you spend every month, there's no way to set savings, debt repayment, or investment goals. It's a financial freedom must, folks.

Personal Capital ([which is free to use](#)) is a great way for us to systematize our financial overviews since it links all of our accounts together and provides a comprehensive picture of our net worth. If you're not tracking your expenses in an organized fashion, [give Personal Capital a try](#).

Month Over Month Financial Summary

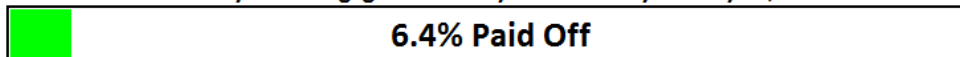
Gross Income	JOB	Other	Rental Income	Total
January-2016	\$ 23,374	\$ 222	\$ 1,750	\$ 25,346
Previous Month	\$ 16,971	\$ -	\$ 1,750	\$ 18,721
Change vs. Last Month	↑ 6,403	↑ 222	→ -	↑ 6,625
% Change	↑ 37.7%	#DIV/0!	→ 0.0%	↑ 35.4%

Assets	Pre-Tax Investments	Liquid Cash	Real Estate	CARS	P2P	Total
January-2016	\$ 129,814	\$ 67,110	\$ 598,734	\$ 26,885	\$ 5,076	\$ 827,619
Previous Month	\$ 127,935	\$ 64,969	\$ 591,637	\$ 34,450	\$ 3,059	\$ 822,050
Change vs. Last Month	↑ 1,878	↑ 2,141	↑ 7,097	↓ (7,565)	↑ 2,017	↑ 5,569
% Change	↑ 1.5%	↑ 3.3%	↑ 1.2%	↓ -22.0%	↑ 66.0%	↑ 0.7%

Liabilities	Condo Mortgage	House Mortgage	Credit Float	Total
January-2016	\$ (159,845)	\$ (332,306)	\$ (10,097)	\$ (502,248)
Previous Month	\$ (160,344)	\$ (334,500)	\$ (9,479)	\$ (504,324)
Change vs. Last Month	↓ (499)	↓ (2,195)	↑ 618	↓ (2,076)
% Change	↑ 0.3%	↑ 0.7%	↓ -6.5%	↑ 0.4%

Net Worth	Assets - Liabilities
January-2016	\$ 325,372
Previous Month	\$ 317,727
Change vs. Last Month	↑ 7,645
% Change	↑ 2.4%

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.

Just two things to point out in case you missed it:

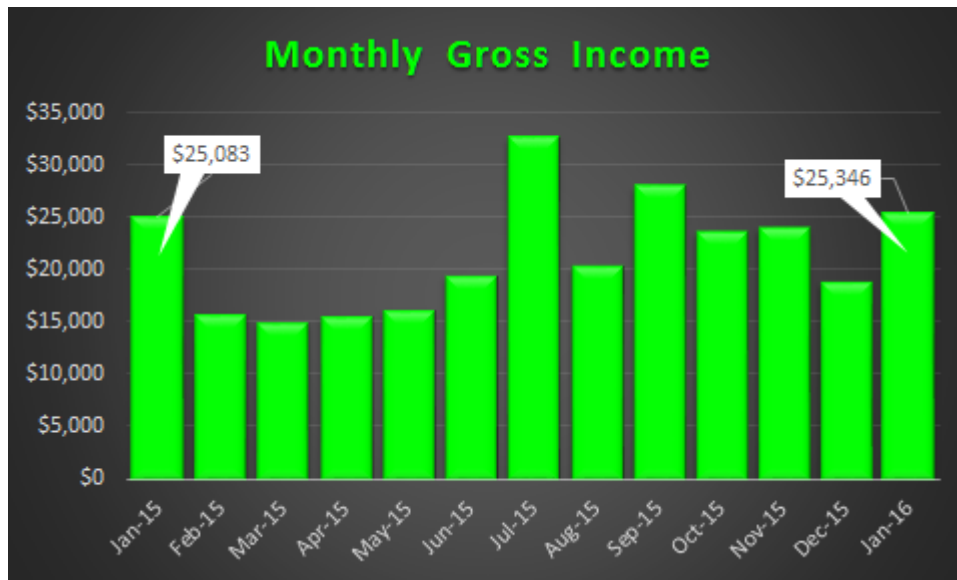
1. I dropped the value of our cars by \$7,565. I didn't realize that Personal Capital doesn't dynamically update the value and only found that out when I happened to log into my Mint account and see a difference. Now I know.
2. I increased the value of our house by \$7,000 based on comparable sales in the area (the value of our condo did not change). We will not look to update this again until June of 2016.

What went down in January?

At the time of publishing the [December 2015 financial report](#) I thought that January was going to be a huge record setting month. But then here I am on the last day of January writing this report with no record to report. This is largely due to the fact that the company I work for processed bonuses later than normal and my bonus won't hit my account until February 1st. That said, January was still a good month

and about even with last year (which actually included my bonus).

Here is a look at the trend for the last 13 months:



For 2015 we realized \$254,359 in gross income, over the weekend I updated the [2016 forecast](#), and it's now forecasting gross income of \$286,600 for 2016 (based on new information, and I think we will actually come in closer to \$300K or more). If you've read my [blueprint for how I plan to reach \\$10M](#), you will notice that **we have jumped about 6 years ahead of schedule on the income front.**

I didn't have us at this earning level until 2021 in the [original blueprint](#)...which will obviously need to be updated (post to come probably late February).

Looking ahead, February of 2016 is going to set an all-time record month. It is shaping up to be a \$55,000 (or more) month (3.5X that of February of 2015).

The Juicy Details

January Income = \$25,346

- Previous Month: \$18,721
- Difference: +\$6,625

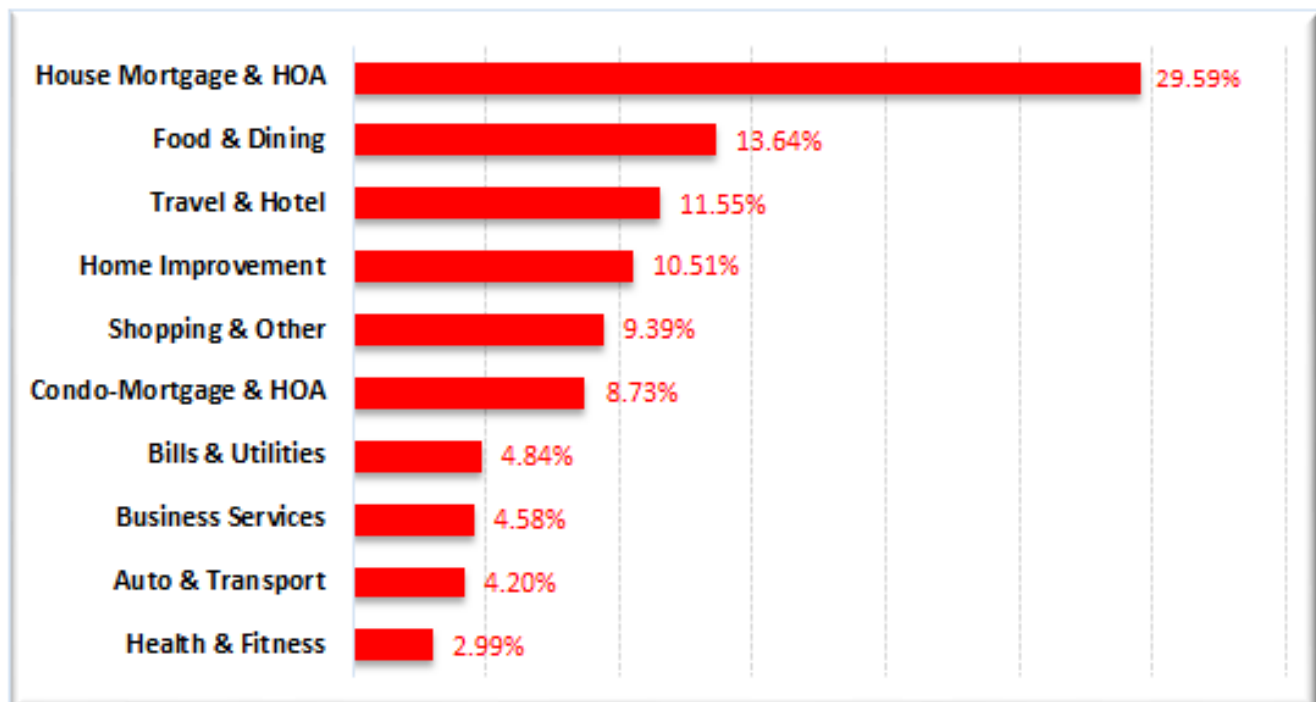
Income in January was up 35.4%. As I mentioned above, the increase was expected but missed forecast due to timing of yearend bonus.

Now where did all that money go?

I have come to the realization that there are always going to be unplanned expenses. [Our goal is 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. You can see prior financial reports [here](#).

Note: The format of this section of the report has been changed to show a better view of month over month expenses and to help reduce the time it takes to put this part of the report together every month. Let me know what you think in the comments below.

Monthly Expenses	January	December	MoM Var. Fav/(Unfav)	
	2016	2015	\$\$\$	%%%
<i>House Mortgage & HOA</i>	\$3,949	\$3,317	(\$632)	-19.1%
<i>Home Improvement</i>	\$1,402	\$433	(\$969)	-223.5%
<i>Condo-Mortgage & HOA</i>	\$1,165	\$2,220	\$1,055	47.5%
<i>Food & Dining</i>	\$1,820	\$2,167	\$347	16.0%
<i>Shopping & Other</i>	\$1,253	\$2,266	\$1,013	44.7%
<i>Travel & Hotel</i>	\$1,541	\$213	(\$1,328)	-624.7%
<i>Deposit Reimbursement</i>	\$0	\$0	\$0	0.0%
<i>Auto & Transport</i>	\$560	\$554	(\$6)	-1.0%
<i>Medical & Dental</i>	\$0	\$0	\$0	0.0%
<i>Bills & Utilities</i>	\$646	\$660	\$14	2.1%
<i>Health & Fitness</i>	\$399	\$442	\$43	9.6%
<i>Business Services</i>	\$611	\$119	(\$492)	-413.4%
<i>Personal Development</i>	\$0	\$0	\$0	0.0%
<i>Time Share</i>	\$0	\$189	\$189	100.0%
Expense Total	\$13,346	\$12,580	(\$766)	-6.1%



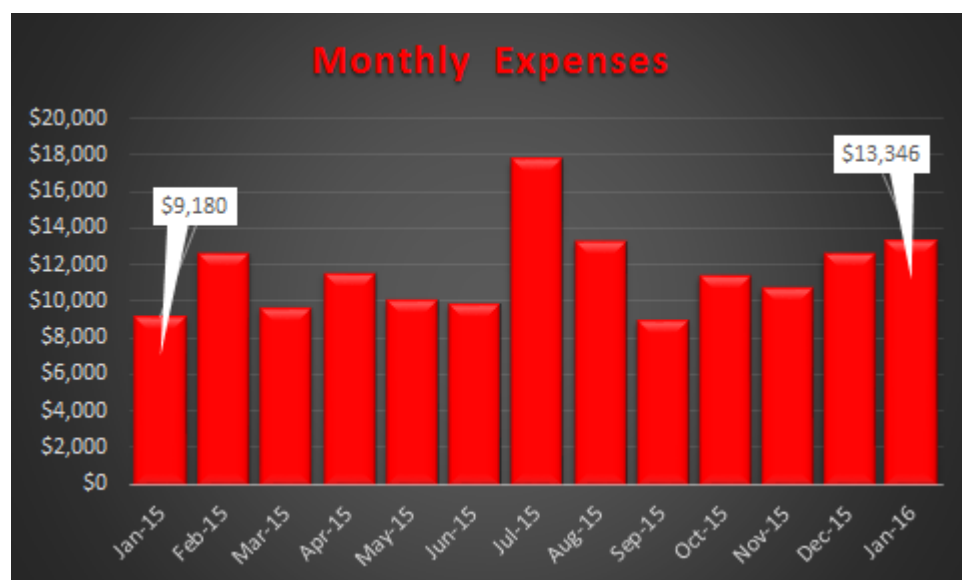
The four major increases for January were for the following:

1. **House Mortgage & HOA** - This month we started year 2 of our accelerated mortgage payoff and increased our additional principal payments from \$800/month to \$1,600/month. The reason you don't see the full \$800 increase is due to the fact that I got charged for 2 months worth of HOA last month and none this month, which accounts for the \$184 difference.
2. **Home Improvement** - We had an unexpected plumbing issue that cost us \$1,025 to fix.
3. **Travel & Hotel** - We booked our flights for our Costa Rica trip this summer as well as our flights to Northern California in February.
4. **Business Services** - I prepaid my year hosting with [WP Engine](#) to get 2-months free. And I paid for FinCon in September.

These were also partially offset by favorable variances from a few other categories. I expect expenses to likely be a bit higher next month due to a home improvement project to re-finish our kitchen cabinets and a trip to Northern California for 4 days.

Expenses were up 6.1% this month vs. last month.

Here is the trend for the last 13 months:



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 \$1,600 in additional principal.
2. My 401K contribution is automatically deducted at a rate that will ensure I max out by year end (\$18,000)

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?

1. **Contributed \$0** There is no longer any tax benefit for us to contribute to my wife's IRA due to our income level in 2016.
 - Previous month: \$500
 - Difference: -\$500
2. **Contributed \$1,442** Into my 401K.
 - Previous month: \$728
 - Difference: +\$714
3. **Prosper Lending \$2,000** We now have \$5,000 invested here.
 - Previous month: \$0
 - Difference: +\$2,000
4. **Rich Uncles REIT \$97** This was from reinvested dividends. We currently have \$5,255.
 - Previous month: \$0
 - Difference: +\$97
5. **Increase in Savings \$2,141** This includes checking, savings, and CD's.
 - Previous month: \$2,105
 - Difference: +\$36
6. **HSA Contribution \$669** This is set up to max out by the end of the year. We

currently have \$6,536 here (JUST SHY OF MAXING OUT).

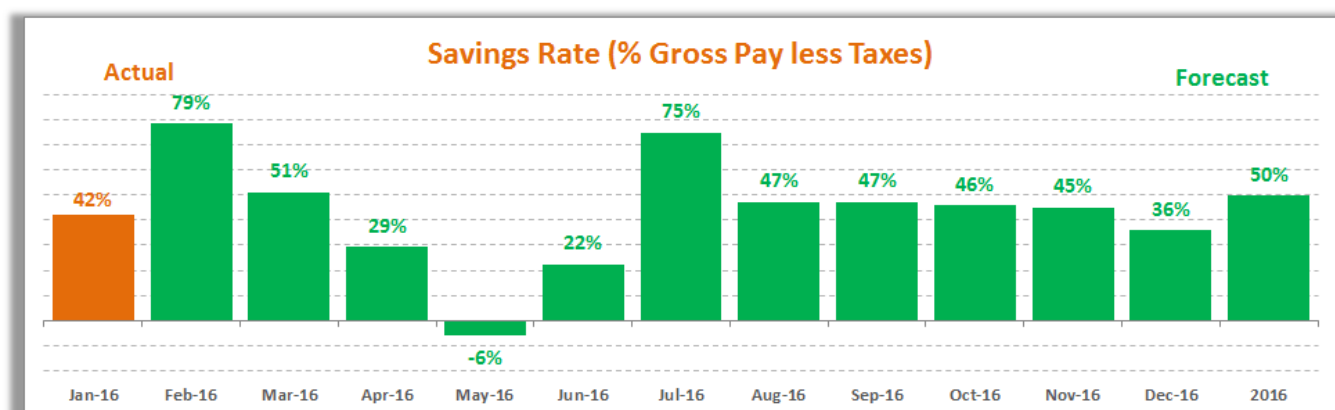
- Previous month: \$1,000
- Difference: -\$331

Total Investments & Contributions \$6,349

- Previous month: \$4,333
- Difference: +\$2,016

Savings Rate

Below is how we're tracking to our goal of [saving 50% of our after tax income](#).



You can see that although [our goal for the year is 50%](#), we bounce all over the place on a monthly basis. We did end up missing our goal of 50% in 2015 and ended the year at 44%. It was a goal that was set mid-year, so I still consider it a win.

So far in 2016 we are on target to hit our goal of 50%.

Speaking of savings rate, have you checked out [my recent post](#) where I mathematically prove the importance of your savings rate as a higher priority than the compound return? If you're trying to build wealth quickly, then you have to read this post.

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 (at the end of January we are officially 3.3% there). Don't freak out, this is

only about \$5.5M in today's dollars when you take into account a 3% inflation rate.

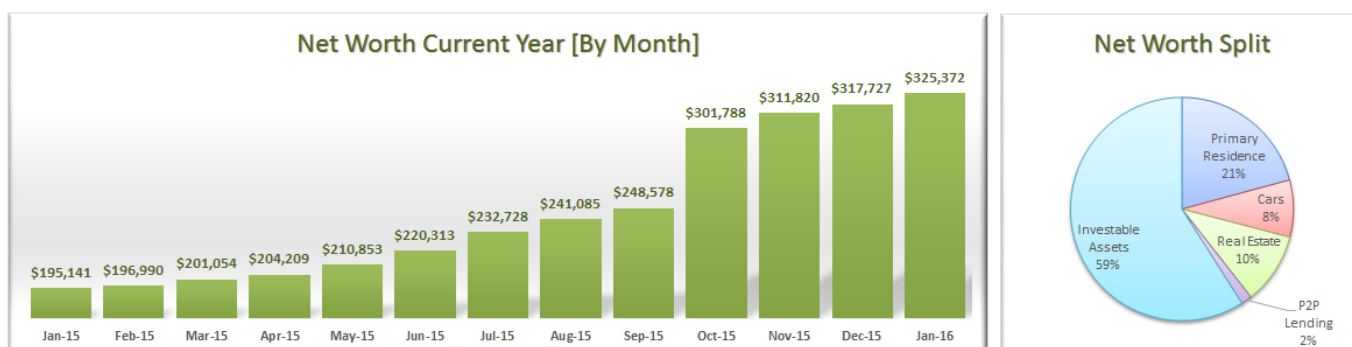
I am not anywhere close to a 7-figure net worth yet (or what some refer to as the [double comma club](#)). However, it is growing at a very respectable rate (just take a look in the side bar for growth at a glance). If you want to see how I plan to get there you can read all about it [here](#) (soon to be reviewed and updated in February of 2016).

January Net Worth **\$325,372** (this puts us up **\$7,645** or **2.4%** vs. 2015 with **11 months to go**)

- Previous month: **\$317,727**
- Difference: **+\$7,645**

Since publishing the first financial report we have been able to post 13 consecutive months of positive gains to Net Worth. Let's see how long we can continue this trend. The larger the number becomes (and the more invested we become), the more difficult it will be to continue this trend.

Net Worth Component Break Down:



You will notice that in the second chart above that I have broken our net worth out into 5 categories: Primary Residence, Cars, Real Estate, P2P Lending, and Investable Assets. I want to continue to see our primary residence and cars make up a smaller and smaller piece of the overall pie. Over time I can see myself potentially adding more categories.

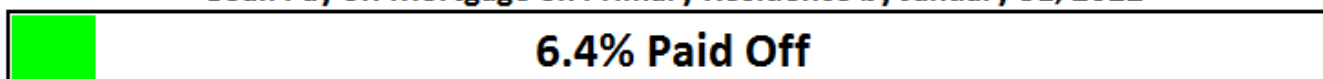
Note: I think people tend to glaze over the fact that the savings rate plays a much bigger

role in increasing your net worth than the rate of return on your investments (in the early days of your journey). 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. Actually, check out the post I recently wrote: [Savings Rate - The Most Important Variable to Wealth Building \[and the math to prove it\]](#)

Progress On Our Mortgage Payoff Goal

You can read about our [strategy to pay off our mortgage in 7 years](#) (and 3 months). 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 5.8%, which means we picked up another 60 basis points in January.

In a few of the previous 2015 reports I had hinted that we may be changing up our strategy of paying down the mortgage. It now looks like we will continue as originally planned. So, starting in January of 2016 the additional \$800/month we have been paying has increased to \$1,600/month. This has us amortizing the loan at about \$2,200 month in 2016.

There still will be a post dedicated to updating everyone on where we are, our thinking, as well as concerns we will be watching out for closely.

The End

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 15-20 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.

One last thing before we go. If you are new or even if you're not new and you have been wanting a more guided tour of the blog, I finally launched a "[Start Here](#)" page. I highly recommend you check it out.

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 (sign up form in the right side bar) and I will send you a copy.

- [PersonalCapital.com](#) (free) - I track everything in Personal Capital and then enter into my custom Excel template. Check out my [Personal Capital Review](#) to see if its right for you.



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](#)