

March 2016 - Detailed Financial Report #15 - Net Worth \$368,985 [+16.1% for 2016 YTD]

GYFG here checking in for the March 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 March 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?

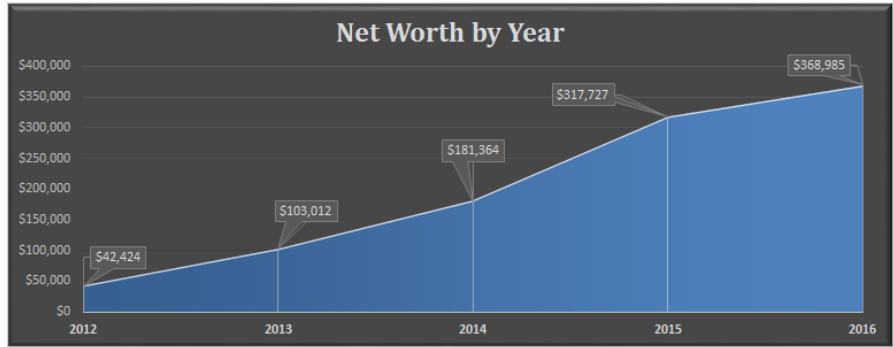
Summary of March 2016

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	\$ 368,985	16%
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		

TOTAL ASSETS	\$	857,666
TOTAL LIABILITIES	\$	(488,681)
NET WORTH	\$	368,985

NET WORTH TRENDS

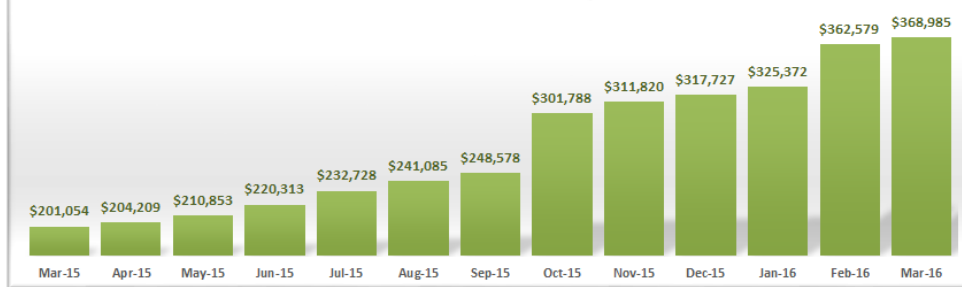


Goal: \$10,000,000 by January 31, 2035

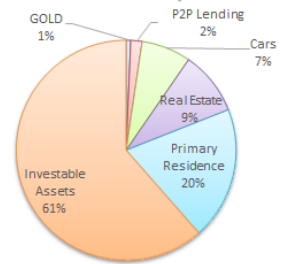
3.7% Of Net Worth Goal

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

Net Worth Current Year [By Month]

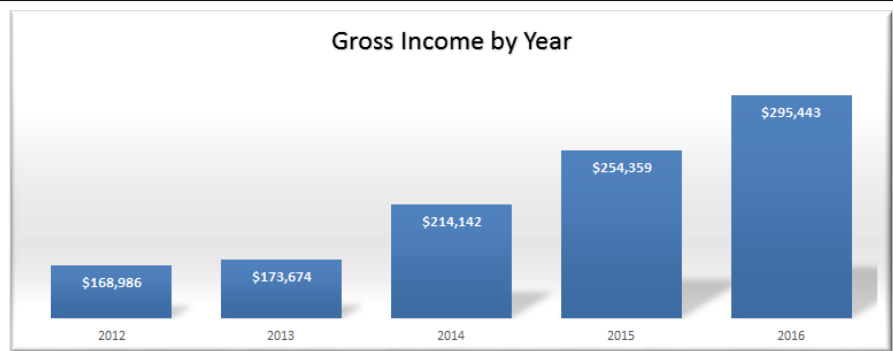


Net Worth Split



GROSS INCOME TRENDS

Year	Gross Income	YoY % Change
2012	\$ 168,986	
2013	\$ 173,674	3%
2014	\$ 214,142	23%
2015	\$ 254,359	19%
2016	\$ 295,443	16%
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		



REAL ESTATE EQUITY AND MORTGAGE PAYOFF (PRIMARY RESIDENCE)

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

7.6% 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.

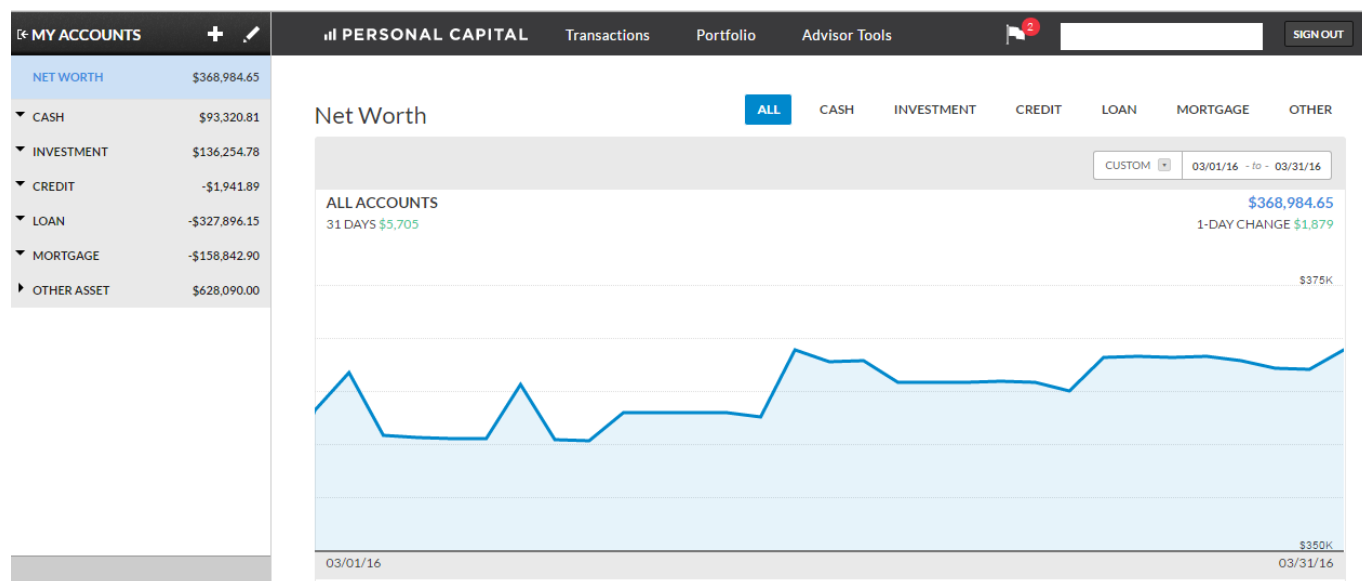
Condo Equity
31,645
16.4%

Home Equity
72,104
18.0%

Total Equity
103,749
17.5%

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.



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
March-2016	\$ 19,517	\$ 639	\$ 1,750	\$ 21,906
Previous Month	\$ 56,845	\$ 900	\$ 1,750	\$ 59,495
Change vs. Last Month	↓ (37,328)	↓ (261)	⇒ -	↓ (37,589)
% Change	↓ -65.7%	↓ -29.0%	⇒ 0.0%	↓ -63.2%

Assets	Pre-Tax Investments	Liquid Cash	Real Estate	CARS	P2P	GOLD	Total
March-2016	\$ 138,145	\$ 85,303	\$ 598,734	\$ 26,885	\$ 6,128	\$ 2,471	\$ 857,666
Previous Month	\$ 135,079	\$ 93,842	\$ 598,734	\$ 26,885	\$ 6,095	\$ 2,577	\$ 863,212
Change vs. Last Month	↑ 3,065	↓ (8,539)	⇒ -	⇒ -	↑ 34	↓ (106)	↓ (5,547)
% Change	↑ 2.3%	↓ -9.1%	⇒ 0.0%	⇒ 0.0%	↑ 0.5%	↓ -4.1%	↓ -0.6%

Liabilities	Condo Mortgage	House Mortgage	Credit Float	Total
March-2016	\$ (158,843)	\$ (327,896)	\$ (1,942)	\$ (488,681)
Previous Month	\$ (159,346)	\$ (330,104)	\$ (11,183)	\$ (500,633)
Change vs. Last Month	↓ (503)	↓ (2,208)	↓ (9,241)	↓ (11,952)
% Change	↑ 0.3%	↑ 0.7%	↑ 82.6%	↑ 2.4%

Net Worth	Assets - Liabilities
March-2016	\$ 368,985
Previous Month	\$ 362,579
Change vs. Last Month	↑ 6,405
% Change	↑ 1.8%

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

	7.6% Paid Off
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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 three things to point out in case you missed it:

1. Cash took a -9.1% hit, and will take an even bigger hit next month as we finish up a refinance.
2. Gross income declined -63.2%, but it was expected, we only wish we could have income like that every month. One day...
3. Our credit card float declined by 82.6% as I paid all credit cards in full towards the middle of the month to reset the float. This is where most of the cash was deployed, which is net worth neutral as it was just a shift on the balance sheet.

What went down in March?

Last month I was forecasting a drop in income down to \$18,200/month, yet we beat it again thanks to Mrs. GYFG. She continues to blow her numbers out of the water bringing in an additional \$5,000 in income again this month (that's 3 for 3 for anyone keeping track).

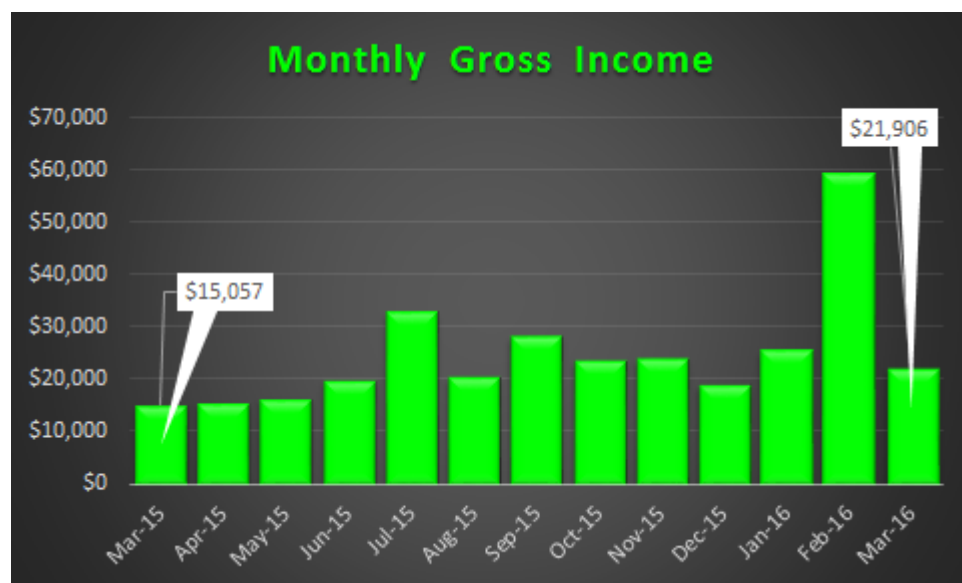
Since this extra income from Mrs. GYFG is not guaranteed our current forecast still

has income dipping to around \$18,200/month, with the exception of July, which is currently forecast at \$43,400 due to my mid-year bonus. There are several factors that could help us exceed expectations:

1. Mrs. GYFG is still killing it. The last three months she has brought in an additional \$5,000/month above and beyond her salary from monthly bonus payouts and notaries.
2. There is the potential for a mid-year promotion to VP that I am working towards. This could lead to a substantial increase in both my base and bonus compensation.

But we won't count our chickens before they hatch.

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



I updated the [2016 forecast](#), and it's now forecasting gross income of \$295,443 for 2016 (based on new information, and I think we will actually come in closer to \$315K 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 April).

The Juicy Details

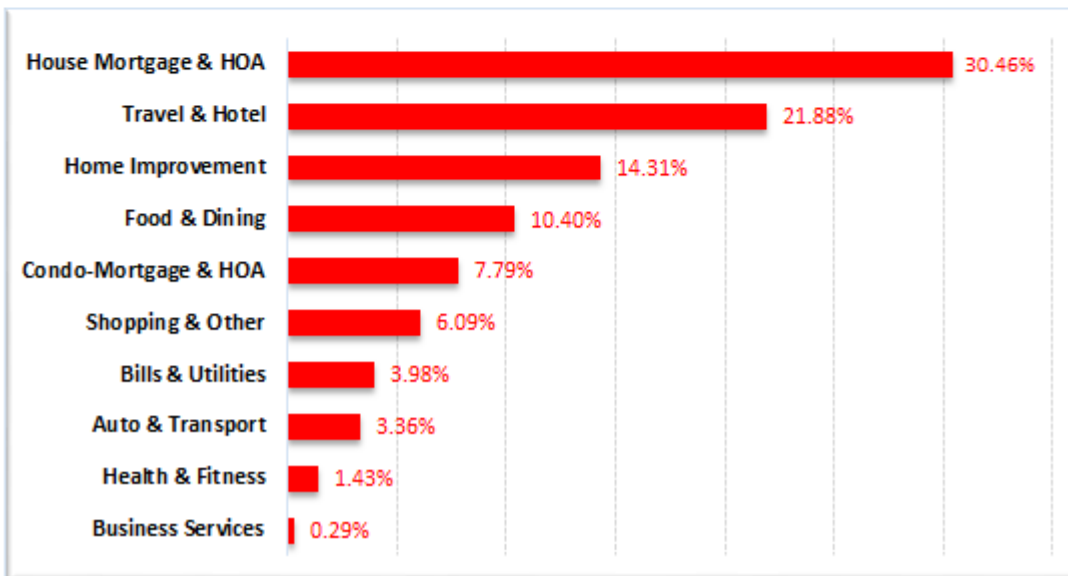
March Income = \$21,906

- Previous Month: \$59,495
- Difference: -\$37,5899

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](#). We do however try to line up expenses with expected income as much as possible.

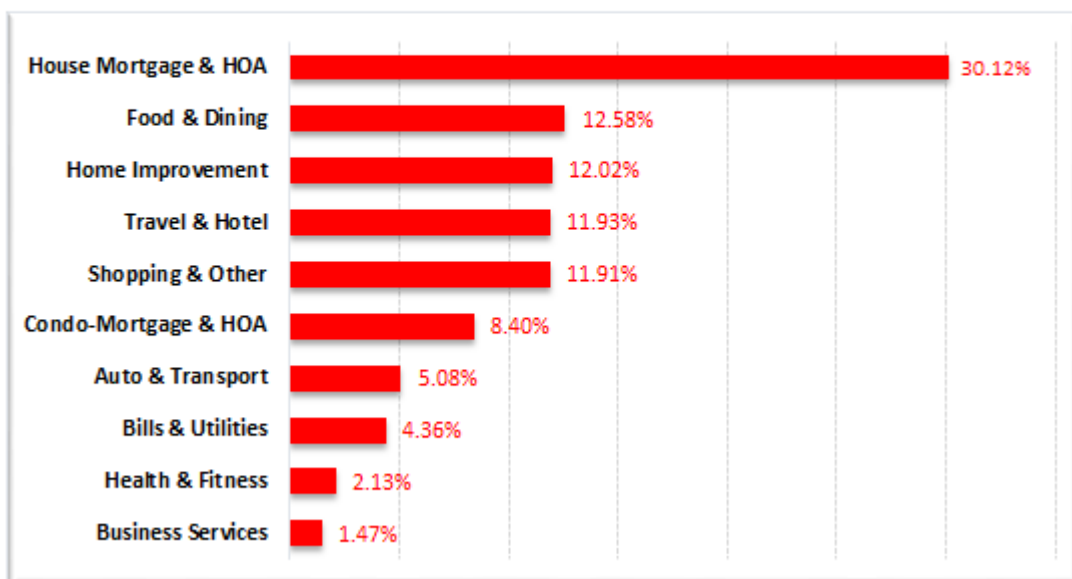
Monthly Expenses	March	February	MoM Var. Fav/(Unfav)	
	2016	2016	\$\$\$	%%%
House Mortgage & HOA	\$4,553	\$4,033	(\$520)	-12.9%
Home Improvement	\$2,138	\$2,885	\$747	25.9%
Condo-Mortgage & HOA	\$1,165	\$1,165	\$0	0.0%
Food & Dining	\$1,555	\$1,859	\$304	16.4%
Shopping & Other	\$910	\$1,365	\$455	33.3%
Travel & Hotel	\$3,271	\$153	(\$3,118)	-2037.9%
Deposit Reimbursement	\$0	\$0	\$0	0.0%
Auto & Transport	\$502	\$1,053	\$551	52.4%
Medical & Dental	\$0	\$0	\$0	0.0%
Bills & Utilities	\$594	\$573	(\$22)	-3.8%
Health & Fitness	\$214	\$274	\$60	22.0%
Business Services	\$43	(\$41)	(\$84)	206.8%
Personal Development	\$0	\$0	\$0	0.0%
Time Share	\$0	\$0	\$0	0.0%
Expense Total	\$14,946	\$13,320	(\$1,625)	-12.2%
Deduct Amortizations	(\$2,711)	(\$2,700)	\$11	-0.4%
Real Expense Total	\$12,235	\$10,620	(\$1,614)	-15.2%



Since we are at the end of Q1, rather than talk to the month over month variance, I thought it would be worth wild to take a look at Q1 Actual spending vs. Q1 Budget for a year to date analysis. Let's take a look at what happened in Q1 vs. what we

had planned and figure out why???

Monthly Expenses	Actual		Budget		Var. Fav/(Unfav)		
	March YTD		March YTD		\$\$\$	%%%	
	2016		2016				
Income	\$	106,747	\$	97,904	\$	8,843	9.0%
<i>House Mortgage & HOA</i>		\$12,534		\$12,098	(\$436)		-3.6%
<i>Home Improvement</i>		\$6,426		\$1,750	(\$4,676)		-267.2%
<i>Condo-Mortgage & HOA</i>		\$3,495		\$3,414	(\$81)		-2.4%
<i>Food & Dining</i>		\$5,234		\$4,350	(\$884)		-20.3%
<i>Shopping & Other</i>		\$3,529		\$3,000	(\$529)		-17.6%
<i>Travel & Hotel</i>		\$4,965		\$2,425	(\$2,540)		-104.7%
<i>Deposit Reimbursement</i>		\$0		\$0	\$0		0.0%
<i>Auto & Transport</i>		\$2,115		\$1,883	(\$231)		-12.3%
<i>Medical & Dental</i>		\$0		\$0	\$0		0.0%
<i>Bills & Utilities</i>		\$1,813		\$1,467	(\$346)		-23.5%
<i>Health & Fitness</i>		\$887		\$1,062	\$175		16.4%
<i>Business Services</i>		\$614		\$658	\$44		6.7%
<i>Personal Development</i>		\$0		\$0	\$0		0.0%
<i>Time Share</i>		\$0		\$190	\$190		100.0%
Expense Total		\$41,612		\$32,298	(\$9,314)		-28.8%
<i>Deduct Amortizations</i>		<i>(\$8,105)</i>		<i>(\$8,294)</i>	<i>(\$189)</i>		<i>2.3%</i>
Real Expense Total		\$33,507		\$24,004	(\$9,503)		-39.6%



Notes on Q1 Results:

1 - *Income* was up \$9K or 9% over the plan. This is all due to Mrs. GYFG kicking ass and taking names. We are all going to have to start referring to her as the “Rain Maker.”

2 - *Home Improvement* expenses are about \$4,700 ahead of budget. This is really just a timing issue as we have front loaded our spending here. For the year we have budgeted \$11,000 and **don't have any plans to exceed this budget.**

To date we have done the following: refinished our kitchen cabinets, had to repair some plumbing, bought furniture for our formal living room (after leaving it empty for 2 years), and bought a bed for one of our empty guest rooms.

3 - *Food & Dining* is a total budget bust. It is no secret that we spend a lot on food. I do however expect that the unfavorable variance will improve over the next couple of months until we hit summer time. We did budget for about \$2,000 in savings for 2016 vs. 2015, but we did the same for 2014 to no avail (ended up spending \$300 less).

4 - *Travel & Hotel* is also a timing issue. We had our trip to Nicks Cove that we took in February, but have also pre-paid for our flight & hotel for our upcoming trip to Costa Rica this summer. I had put cost of our Costa Rica trip in June, not knowing when we were actually going to book it. We ended up booking it in Feb/Mar.

Mrs. GYFG also had a girl's trip to Vegas and a bachelorette party this month (two separate events).

5 - *Shopping & Other* should fix itself through the year.

6 - *Bills & Utilities* should fix itself through the year.

Almost 80% of the \$9,500 unfavorable variance is attributed to timing issues for *Home Improvement* and *Travel & Hotel*. These are self-cleansing issues that will take care of themselves over the next 3-4 months.

On a YTD basis our savings rate clocked in at 55% vs. our target of 50%, so we are very pleased with this so far.

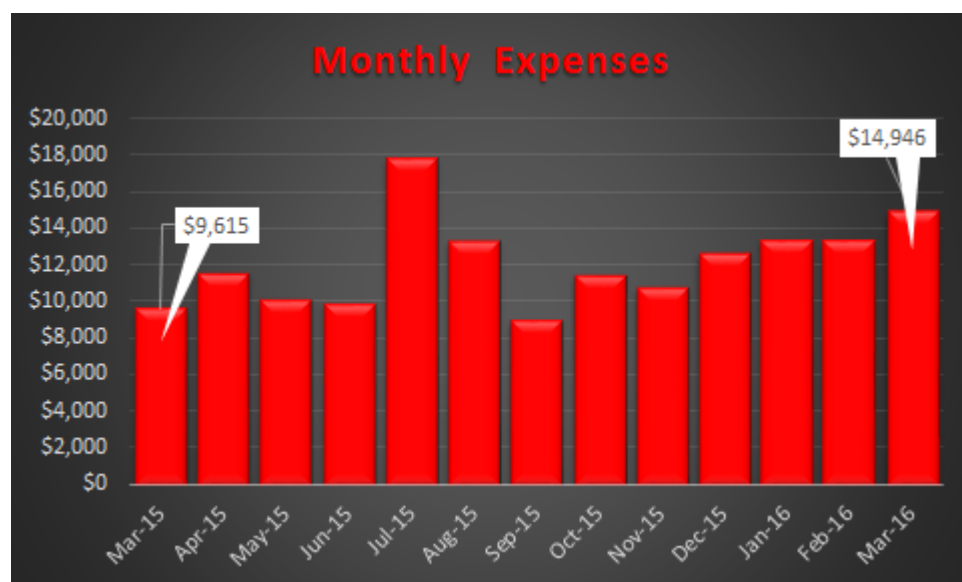
All that said, and I don't think we risk any serious budget busts at this time. We will

take another look at this at the end of Q2 to do a new YTD analysis. If we have not caught up by then and closed this gap significantly, then we may have to take measures to reign in the spending.

But we are not concerned at this point and time.

Here is the trend for the last 13 months:

I haven't change the chart to reflect the add-back of loan amortizations.



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)
3. My HSA contribution is automatically deducted at a rate that will ensure I max

out by year end (\$6,750)

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?

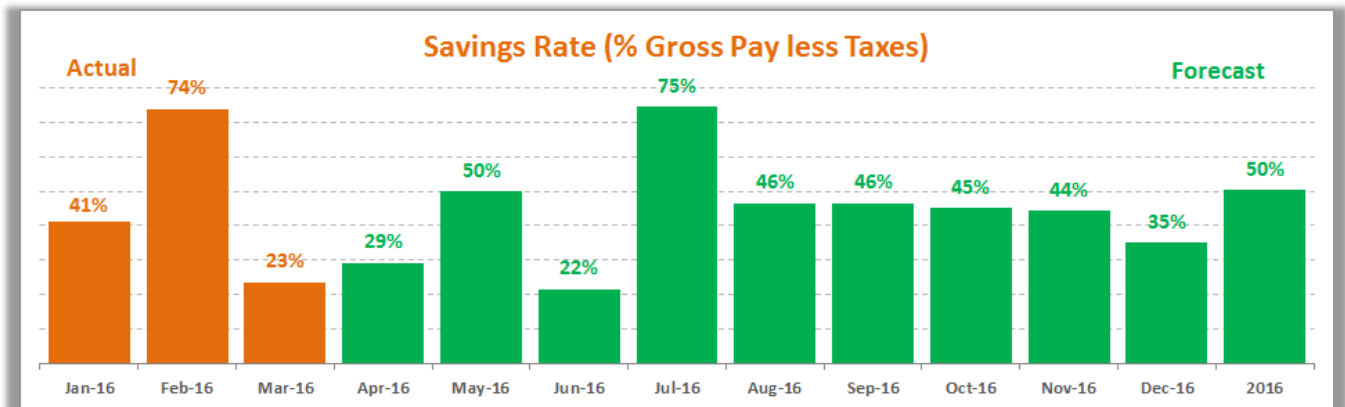
1. **Contributed \$0** There is no longer any tax benefit for us to contribute to my wife's IRA [due to our income level in 2016](#).
 - Previous month: \$0
 - Difference: -\$0
2. **Contributed \$962** Into my 401K. Contributed \$7,065 so far in 2016.
 - Previous month: \$4,622
 - Difference: -\$3,660
3. **P2P Lending \$0** We now have \$6,000 invested here. We opened an account with [Lending club](#) last month. Trying to spread the love ☐
 - Previous month: \$1,000
 - Difference: -\$1,000
4. **Rich Uncles REIT \$0** This was from reinvested dividends. We currently have \$5,255.
 - Previous month: \$0
 - Difference: \$0
5. **Increase in Savings \$0** This includes checking, savings, and CD's.
 - Previous month: \$26,732
 - Difference: +\$26,732
6. **HSA Contribution \$488** This is set up to max out by the end of the year. We currently have \$8,000 here.
 - Previous month: \$669
 - Difference: -\$181

Total Investments & Contributions \$1,450

- Previous month: \$33,063
- Difference: -\$31,613

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.

So far in 2016 we are still 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 March we are officially 3.7% there). Don't freak out, this is only about \$5.5M in today's dollars when you take into account a 3% inflation rate.

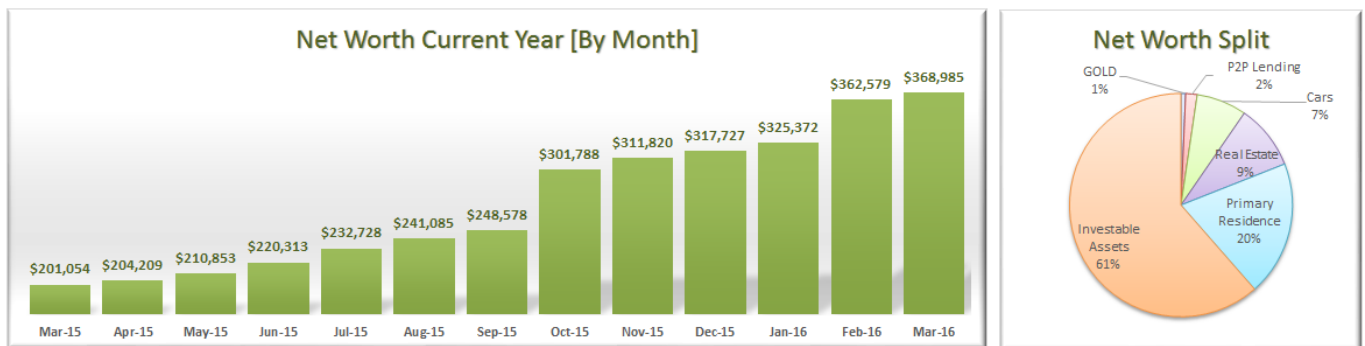
I am not anywhere close to a 7-figure net worth yet (or what some refer to as the [double comma club](#)). However, it is growing at a very respectable rate (just take a look in the side bar for growth at a glance). If you want to see how I plan to get there you can read all about it [here](#) (soon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

March Net Worth \$368,985 (this puts us up \$51,258 or 16.1% vs. 2015 with 9 months to go)

- Previous month: \$362,579
- Difference: +\$6,405

Since publishing the first financial report we have been able to post 15 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 6 categories: Primary Residence, Cars, Real Estate, P2P Lending, Gold, 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. Gold is a new allocation and the plan is to work to build this up to about 5% of our Net Worth.

Something I have been thinking about and worth pointing out is that our net worth was actually negative to the tune of almost -\$300K back in early 2009, so we have come a long way in a relative short period of time. Until now I had only reported our ending net worth from 2012. I am thinking up a post that would give the full story of how we started so negative right out of college and how we have improved it so dramatically in such a short period of time. I mention the first drag in this post about our [investment condo](#).

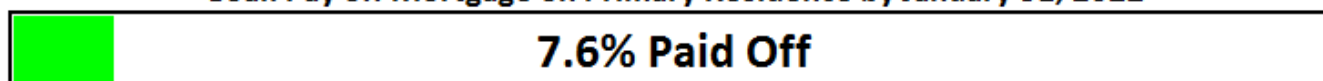
Note: I think people tend to glaze over the fact that the savings rate plays a much bigger role in increasing your net worth than the rate of return on your investments (in the early days of your journey). In the short term, savings rate has a bigger impact on net worth. The

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 7.0%, which means we picked up another 60 basis points in March.

We are currently amortizing the loan at about \$2,200 month in 2016. Next month we will see the completion of this goal jump to 14.1% as we finish a cash-in refinance. Post to follow shortly after we close the refinance.

Mortgage Rates Hit	30-Year Fixed	3.75%	3.75% APR	➔	Calculate Payment
2.89% APR	15 Year Fixed	2.75%	2.80% APR	➔	
	5/1 ARM	5/1 ARM	2.75%	2.89% APR	
lendingtree					Terms & Conditions apply. NMLS#1136

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

Oh, you're still reading.

Do you want to help keep our lights on? You're under no obligation, but if you were already thinking about it or were a little bit curious, why not help us out?

Here are a few ways you can help us out:

1. **Personal Capital** - You know how big I am on tracking my finances, that's why I totally recommend Personal Capital's FREE software that helps you see all your financial accounts in one secure and convenient place (checking, savings, investments, and retirement accounts). Without a tool like Personal Capital, these reports would take 2-3 times as long to complete. You want to track your income? Your expenses? How about your Net Worth (who doesn't like watching that bad boy climb). Just sign up and link your accounts today. **Absolutely FREE to you!**
2. **Prosper or Lending Club** - Lending to consumers is a great industry that's produced profits year after year for a handful of banks. Now with Prosper, you as the investor get unprecedented access to this market. My personal P2P portfolio is earning over 5%. **Open a FREE investment account today!**
3. **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?**
4. **Blue Host** - Have we inspired you to create your own blog? Well let me save you some money. This is the hosting company that I use for this blog. It is stupid cheap and the customer service is amazing. The normal price is \$5.99/month, but if you use this link you will get a 34% discount (only \$3.99/month). It took me less than 5 minutes to buy my domain, install wordpress, and get the first version of this site up and running.

OR you can check out our [Recommended Products and Resources page](#).



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](#)