

Blueprint to a \$10M Net Worth [Updated]

It was 18 months ago as of this writing that I [first published my very rough plan to achieve a Net Worth of \\$10M](#) and \$50,000/month in income. When you put together such an ambitious plan that stretches over a 20 year period, you have to expect things to evolve.

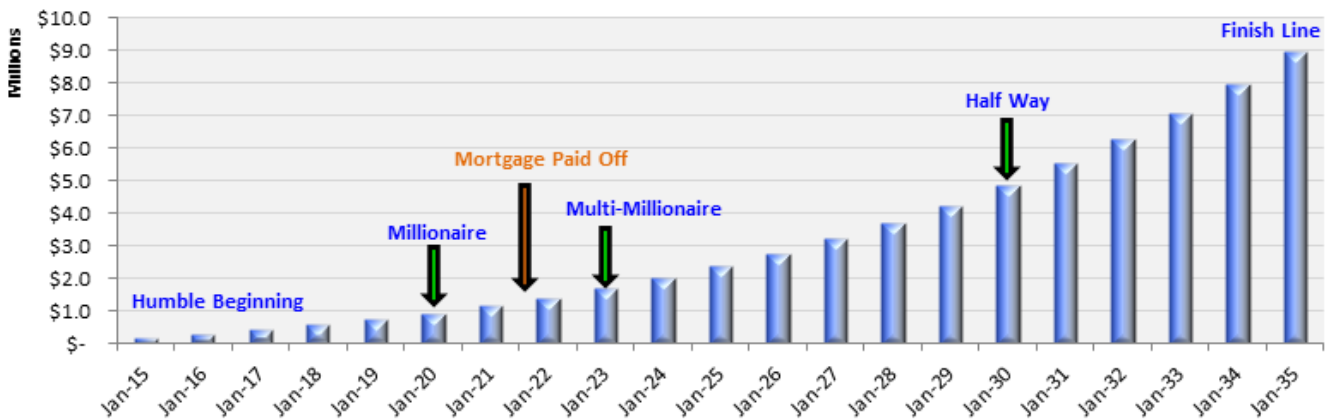
This post is my attempt to first give a status update as to how I did against year 1 of the plan, and to also give an updated blueprint that is based on new information. Believe it or not, but a lot can change over the course of 12 months. To put things in proper perspective it probably makes the most sense to review the original plan from a high level.

The Original \$10M Blueprint

Annual Income Increase	\$ 20,000
Savings Rate	50%
Annual Rate of Return	8.8%

Check Point	Age	Income	Contributions	Net Worth		YoY % Growth	
				Start	End		
Jan-15	28	178,800	89,400	195,141	301,688	54.6%	Humble Beginning
Jan-16	29	198,800	99,400	301,688	427,597	41.7%	
Jan-17	30	218,800	109,400	427,597	574,570	34.4%	
Jan-18	31	238,800	119,400	574,570	744,457	29.6%	
Jan-19	32	258,800	129,400	744,457	939,272	26.2%	
Jan-20	33	278,800	139,400	939,272	1,161,205	23.6%	Millionaire
Jan-21	34	298,800	149,400	1,161,205	1,412,639	21.7%	
Jan-22	35	318,800	159,400	1,412,639	1,696,166	20.1%	
Jan-23	36	338,800	169,400	1,696,166	2,014,607	18.8%	Multi-Millionaire
Jan-24	37	358,800	179,400	2,014,607	2,371,029	17.7%	
Jan-25	38	378,800	189,400	2,371,029	2,768,769	16.8%	
Jan-26	39	398,800	199,400	2,768,769	3,211,458	16.0%	
Jan-27	40	418,800	209,400	3,211,458	3,703,047	15.3%	
Jan-28	41	438,800	219,400	3,703,047	4,247,830	14.7%	
Jan-29	42	458,800	229,400	4,247,830	4,850,484	14.2%	
Jan-30	43	478,800	239,400	4,850,484	5,516,092	13.7%	Half Way
Jan-31	44	498,800	249,400	5,516,092	6,250,186	13.3%	
Jan-32	45	518,800	259,400	6,250,186	7,058,785	12.9%	
Jan-33	46	538,800	269,400	7,058,785	7,948,435	12.6%	
Jan-34	47	558,800	279,400	7,948,435	8,926,257	12.3%	
Jan-35	48	578,800	289,400	8,926,257	10,000,000	12.0%	Finish Line
Totals		7,954,800	3,977,400		10,000,000		

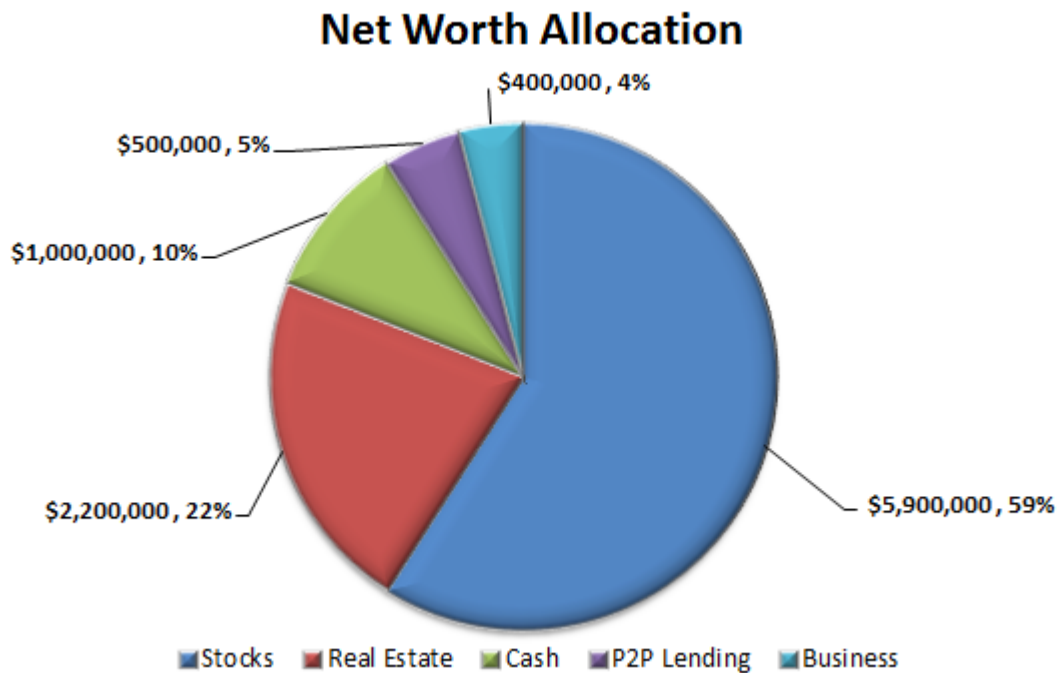
Net Worth: Journey to \$10M



Assumptions:

1 - Starting Net Worth was \$195,141 as of 1/31/15.

2 - Net Worth Composed of 5 Major Categories: Stocks, Real Estate (including primary residence), Cash, P2P Lending, and Business.



3 - Compound Rate of Return of 8.8% (knew it was aggressive and said as much in the original plan)

4 - Gross income for 2015 would be \$178,800 and would grow \$20,000/year (that got blown out of the water)

5 - A 50% savings rate (based on gross income)

Milestone #1 (Year 1)

When I first put this plan together in January of 2015 I was actually forecasting a drop in income. You will notice from the table above that I had forecasted income of \$178,800 and net worth of \$301,688.

A lot of good things happened in 2015 that weren't even on my radar. You may recall the [email I sent to the CEO](#) that landed me a promotion to director and a \$60,000 increase in comp (\$30K increase in salary and \$30K increase in bonus).

This helped us blow our income goals out of the water, bringing in \$254,359 in 2015, which is well ahead of schedule.

Our [investment returns were not anywhere close to the 8.8%](#) we needed, but the increase in income was able to more than make up the gap. Our equity portfolios returned 4.6% and our real estate returned less than that.

The blueprint called for a 2015 ending net worth of \$301,688 and we finished the year at \$317,727.

A few things I realized in this review:

1. I originally set this blueprint up aiming for a 50% gross savings rate (I report our savings rate net of taxes, which we are just barely hitting 50% this year. On a gross basis our savings rate is closer to 37%, so this will make milestones harder to hit until we can achieve a 50% gross savings rate).
2. The \$195,141 starting point was actually the [January 2015 ending net worth figure](#), instead of ending net worth at December 2014, which should be \$181,364 (just wanted to point that out, as I fixed it in the updated table below).
3. I also never assumed an allocation for Gold, which has since changed. Today it makes up 1% of our net worth, but the aim is to work that up to 5% over time.

Overall, we're on track, but since so many things have changed pretty drastically, I thought it would be worth updating the model with the 2015 ending numbers (income & net worth).

Updated Blueprint [half way through year 2]

Annual Income Increase	\$ 20,000
Savings Rate	50%
Annual Rate of Return	7.1%

Check Point	Age	Income	Contributions	Net Worth		YoY % Growth	
				Start	End		
Jan-15	28	254,359	94,932	181,364	317,727	75.2%	Humble Beginning
Jan-16	29	274,359	137,179	317,727	477,587	50.3%	
Jan-17	30	294,359	147,179	477,587	658,859	38.0%	
Jan-18	31	314,359	157,179	658,859	863,071	31.0%	
Jan-19	32	334,359	167,179	863,071	1,091,861	26.5%	Millionaire
Jan-20	33	354,359	177,179	1,091,861	1,346,982	23.4%	
Jan-21	34	374,359	187,179	1,346,982	1,630,316	21.0%	
Jan-22	35	394,359	197,179	1,630,316	1,943,875	19.2%	Multi-Millionaire
Jan-23	36	414,359	207,179	1,943,875	2,289,818	17.8%	
Jan-24	37	434,359	217,179	2,289,818	2,670,456	16.6%	
Jan-25	38	454,359	227,179	2,670,456	3,088,265	15.6%	
Jan-26	39	474,359	237,179	3,088,265	3,545,900	14.8%	
Jan-27	40	494,359	247,179	3,545,900	4,046,203	14.1%	
Jan-28	41	514,359	257,179	4,046,203	4,592,220	13.5%	
Jan-29	42	534,359	267,179	4,592,220	5,187,214	13.0%	Half Way
Jan-30	43	554,359	277,179	5,187,214	5,834,683	12.5%	
Jan-31	44	574,359	287,179	5,834,683	6,538,370	12.1%	
Jan-32	45	594,359	297,179	6,538,370	7,302,290	11.7%	
Jan-33	46	614,359	307,179	7,302,290	8,130,743	11.3%	
Jan-34	47	634,359	317,179	8,130,743	9,028,334	11.0%	
Jan-35	48	654,359	327,179	9,028,334	10,000,000	10.8%	Finish Line
Totals		9,541,533	4,770,767		10,000,000		

For the most part, when I updated this model with the 2015 ending figures, I let everything else just flow through. I had to re-run the goal seek in order to see what the compounding rate had to be in order to achieve \$10M within the 20 year time frame.

In doing so I was pleased to discover that I was able to adjust the required return down from 8.8% to 7.1%. This return seems much less daunting then the 8.8%.

You may notice that I have not fully updated our expected income. If you have been keeping track from the monthly financial reports, you will know that we are on track to gross about \$315,000 this year. On top of this I have a very big promotion coming later this year that will continue to help us blow those income milestones out of the water.

This updated blueprint has set a new target for year two of \$477,587 in net worth by the end of 2016. We will be [over \\$400,000 for the first time in July](#), but this will be a stretch for sure (my latest forecast has us ending the year at \$460,000).

I still don't know how or if our investment returns will come to fruition (now 7.1% compounded), all we can do is continue to focus on the things in our control:

- Increasing our income (which seems to be going swimmingly)
- Working to increase our savings rate to 50% of gross income (we are projected to be at 38% for 2016). Just to clarify, I currently track and report our after tax savings rate, longer term we are working to realize a gross savings rate of 50%. Mathematically it just isn't possible right now, especially in light of the fact that the majority of our income is earned income. We will need a pretty massive shift in passive income (lower tax rates) in order to get this closer to 50% of gross. We all need stretch goals.
- And to continue making investments.

Since updating the model the portion of the \$10M nut from contributions has increased from \$3,997,400 (or about 40%) to \$4,770,767 (or about 48%).

Conclusion

We are crushing it on the income and saving side of the equation, although we do have work to do in order to increase our gross savings rate. We can't control the returns we get on our investments, all we can do is keep making smart investments. The good news is that the rapid growth of our income is helping to make up the gap for investment returns and a lower than assumed gross savings rate.

We never know for sure how we will reach our goals exactly, but having a rough plan does something amazing. It gives your subconscious mind the milestones it needs to constantly be working in the background to feed your conscious mind the information it needs to reach those goals.

I know that there will still be plenty of twists and turns over the remaining 18.5 years left on this plan, but in the same breath, I have no doubt in my mind that we will reach our goal of \$10M on or before our goal date of December 2035.

My only advice to you is to start planning and taking massive action towards your

goals.

Onward & Upward!

-Gen Y Finance Guy



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](#)