

# February 2017 - Detailed Financial Report #26 - Net Worth \$532,590 | Income \$23,893

*GYFG here checking in for the February 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 February 2017”](#) 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:

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**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.**

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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:**

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**To Humanize Finance, Build Wealth, and Reach Financial Freedom.**

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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, and progress on the [mortgage pay down goal](#).

Shall we begin?

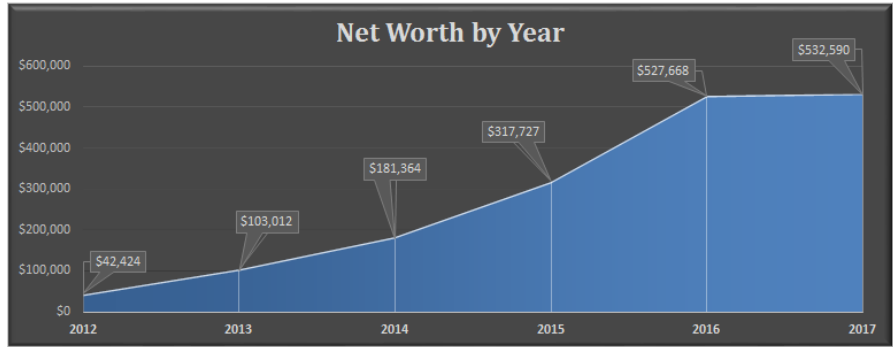
## **Summary of February 2017**

**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	\$ 527,668	66%
2017	\$ 532,590	1%
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		

<b>TOTAL ASSETS</b>	<b>\$ 1,182,720</b>
<b>TOTAL LIABILITIES</b>	<b>\$ (650,130)</b>
<b>NET WORTH</b>	<b>\$ 532,590</b>

**NET WORTH TRENDS**

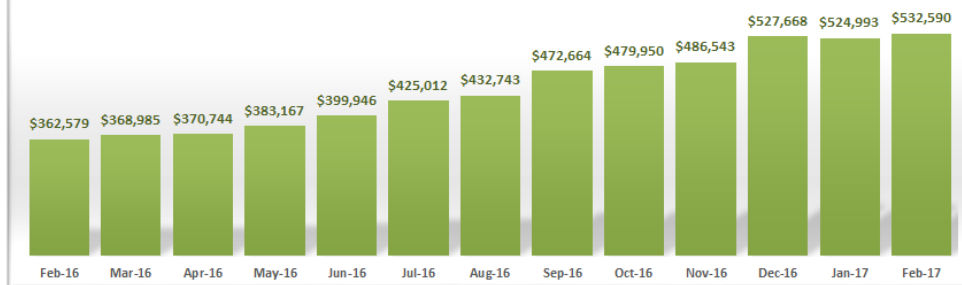


Goal: \$10,000,000 by January 31, 2035

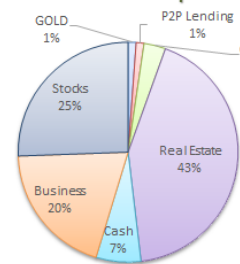
**5.3% Of Net Worth Goal**

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

**Net Worth Current Year [By Month]**

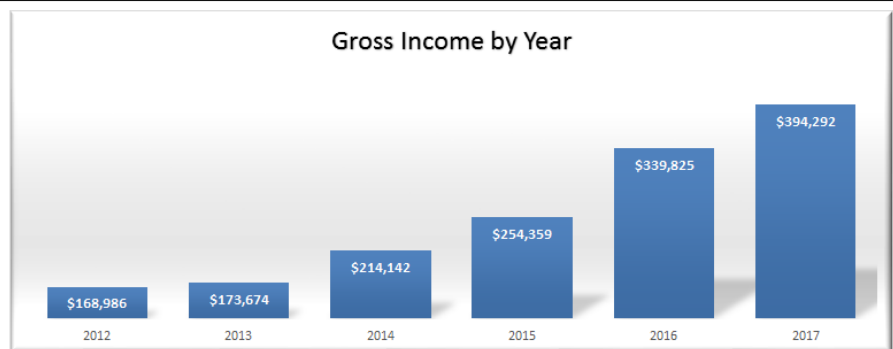


**Net Worth Split**



**GROSS INCOME TRENDS**

Year	Gross Income	YoY % Change
2012	\$ 168,986	
2013	\$ 173,674	3%
2014	\$ 214,142	23%
2015	\$ 254,359	19%
2016	\$ 339,825	34%
2017	\$ 404,292	19%
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

**15.6% 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.

<b>Condo Equity</b>
81,717
34.8%

<b>Home Equity</b>
145,269
33.4%

<b>Total Equity</b>
226,987
33.6%

## Wonder how I pull all this information together every month?

*Note: You may be wondering why I don't use a bunch of screenshots from personal capital in these reports, and that is a fantastic question. As many of the other bloggers out there who use personal capital, post nothing but the graphics from within the application. I personally only use it as an aggregation that feeds into my own database that creates all the graphics you see in this post. The tool is fantastic, but I personally think the graphics are a bit limited, and prefer my visualizations.*

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 export that information into my financial stats spreadsheet in order to produce this (beautiful) 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!

If you don't already have a **FREE** account with Personal Capital, **stop reading** and **[go sign up for your account right now!](#)** (Seriously, this financial update will be here when your done. There's no time like the present to take action. You will thank me later!)

### Month Over Month Financial Summary

Gross Income	JOB	Other	Rental Income	Total
February-2017	\$ 21,152	\$ 1,391	\$ 1,350	\$ 23,893
Previous Month	\$ 59,275	\$ 1,122	\$ 1,575	\$ 61,972
Change vs. Last Month	↓ (38,123)	↑ 269	↓ (225)	↓ (38,079)
% Change	↓ -64.3%	↑ 24.0%	↓ -14.3%	↓ -61.4%

Assets	Pre-Tax Investments	Liquid Cash	Real Estate	CARS	P2P	GOLD	Company Stock	Total
February-2017	\$ 138,260	\$ 35,107	\$ 680,000	\$ 17,000	\$ 6,103	\$ 6,250	\$ 300,000	\$ 1,182,720
Previous Month	\$ 135,078	\$ 49,354	\$ 670,467	\$ 17,000	\$ 6,213	\$ 6,062	\$ 300,000	\$ 1,184,175
Change vs. Last Month	↑ 3,182	↓ (14,248)	↑ 9,533	⇒ -	↓ (110)	↑ 188	⇒ -	↓ (1,455)
% Change	↑ 2.4%	↓ -28.9%	↑ 1.4%	⇒ 0.0%	↓ -1.8%	↑ 3.1%	⇒ 0.0%	↓ -0.1%

Liabilities	Condo Mortgage	House Mortgage	Credit Float	Company Stock Loan	Total
February-2017	\$ (153,283)	\$ (299,731)	\$ (2,117)	\$ (195,000)	\$ (650,130)
Previous Month	\$ (153,786)	\$ (300,334)	\$ (10,062)	\$ (195,000)	\$ (659,182)
Change vs. Last Month	↓ (504)	↓ (603)	↓ (7,945)	⇒ -	↓ (9,052)
% Change	↑ 0.3%	↑ 0.2%	↑ 79.0%	⇒ 0.0%	↑ 1.4%

Net Worth	Assets - Liabilities
February-2017	\$ 532,590
Previous Month	\$ 524,993
Change vs. Last Month	↑ 7,597
% Change	↑ 1.4%

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

	<b>15.6% Paid Off</b>
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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. Gross Income was down -61.4%, which was expected as I received my year end bonus last month.
2. Cash is down \$14,248 or -28.9%. Two thirds of this was due to transferring funds into two investment accounts: (1) [Rich Uncles](#) and (2) [PeerStreet](#). Which is why you see the Real Estate category up almost \$10K.

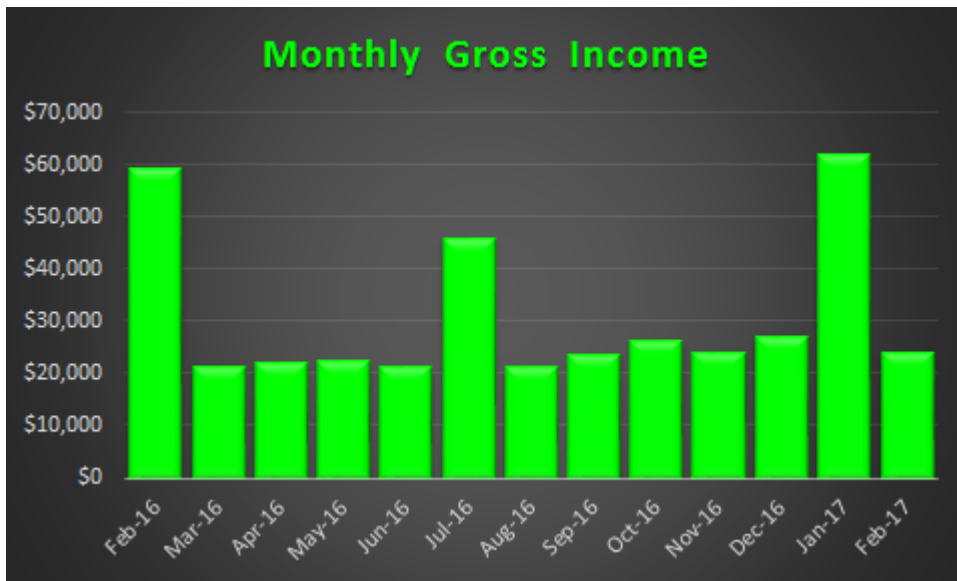
## INCOME; What went down in February?

February Income = **\$23,893**

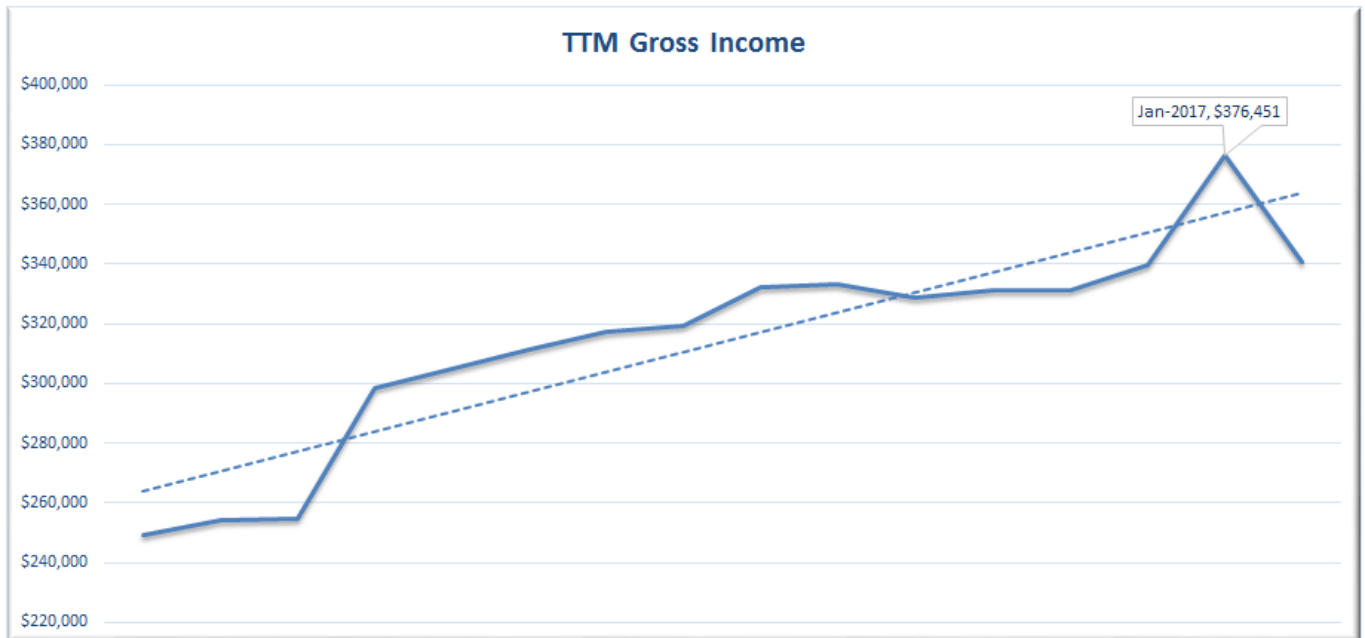
- Previous Month: \$61,972
- Difference: **-\$38,079**

The GYFG household started 2017 strong with a new record high for income in a month of January (due to my year end bonus, which hit in February of last year). I don't have another big bonus month until July, so I suspect income to be between \$23,000 to \$27,000 for March through May (range is due to uncertainty of Mrs. GYFG's monthly commissions), but then jump in June due to a extra pay period.

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



For those of you not familiar with the TTM acronym, it is short for 'Trailing Twelve Months'. The ***all-time high*** remains \$376,451. The big falloff in February was due to February-2016 falling out of the TTM aggregation time frame, which was almost a \$60,000 month last year.



## 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	February	January	MoM Var. Fav/(Unfav)	
	2017	2017	\$\$\$	%%%
<i>House Mortgage &amp; HOA</i>	\$2,065	\$1,897	(\$168)	-8.9%
<i>Home Improvement</i>	\$5,198	\$7,519	\$2,321	30.9%
<i>Condo-Mortgage &amp; HOA</i>	\$1,185	\$1,185	\$0	0.0%
<i>Food &amp; Dining</i>	\$1,753	\$1,708	(\$46)	-2.7%
<i>Shopping &amp; Other</i>	\$1,254	\$34,558	\$33,304	96.4%
<i>Travel &amp; Hotel</i>	(\$1,756)	\$4,237	\$5,994	141.5%
<i>Deposit Reimbursement</i>	\$0	\$0	\$0	0.0%
<i>Auto &amp; Transport</i>	\$457	\$337	(\$120)	-35.6%
<i>Medical &amp; Dental</i>	\$0	\$0	\$0	0.0%
<i>Bills &amp; Utilities</i>	\$421	\$365	(\$55)	-15.2%
<i>Health &amp; Fitness</i>	\$203	\$188	(\$16)	-8.2%
<i>Business Services</i>	\$46	\$488	\$442	90.6%
<i>Personal Development</i>	\$0	\$0	\$0	0.0%
<i>Time Share</i>	\$0	\$0	\$0	0.0%
<b>Expense Total</b>	<b>\$10,826</b>	<b>\$52,482</b>	<b>\$41,656</b>	<b>79.4%</b>
<b>Deduct Amortizations</b>	<b>(\$1,107)</b>	<b>(\$1,105)</b>	<b>\$2</b>	<b>-0.2%</b>
<b>Real Expense Total</b>	<b>\$9,719</b>	<b>\$51,377</b>	<b>\$41,658</b>	<b>81.1%</b>

Our expenses in February took a significant drop vs. January due to the \$33K expense of helping my brother out, which I [wrote about specifically here](#).

We originally budgeted \$112,000 in expenses for 2017, but at the time this was not on our radar. However, we are going to try and make some adjustments to offset our spending a bit, at least to maintain our 50% savings rate.

We finished up our home improvement project in February, spending an additional \$5,200 to install wood tile throughout the entire bottom floor and two bathrooms upstairs. All in, this home improvement project cost us just shy of \$13,000. This line item will decrease to a very minimal figure for the rest of the year.

On the travel side of things, February was a big credit due to reimbursements from work for all the business travel I did in January (went to San Francisco and New York).

Those are really the only notable items that I wanted to point out. February was much closer to our normal spending, but was still a bit high due to the home

improvement project we had planned for. I do expect March spending to drop below the \$9,000 level and remain below \$9,000 through May (maybe even through the rest of the year).

Here is the trend for the last 13 months:

*Note: I have now changed the chart to reflect the add-back of loan amortizations to reflect what I call "real spending" above. This is done because amortizations are really just a balance sheet transfer from cash to pay down liabilities, it has no impact to net worth.*



That spike is going to haunt me for the next 12 months, but it is also going to be a constant reminder to keep spending in check for the remainder of the year in order to achieve our savings and net worth goals. It really makes our spending look small in context of the big spike ☹️. We are currently projecting our spending at \$133,000 for the year vs. our original budget of \$112,000 (and vs. 2016 at \$121,000).

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**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:

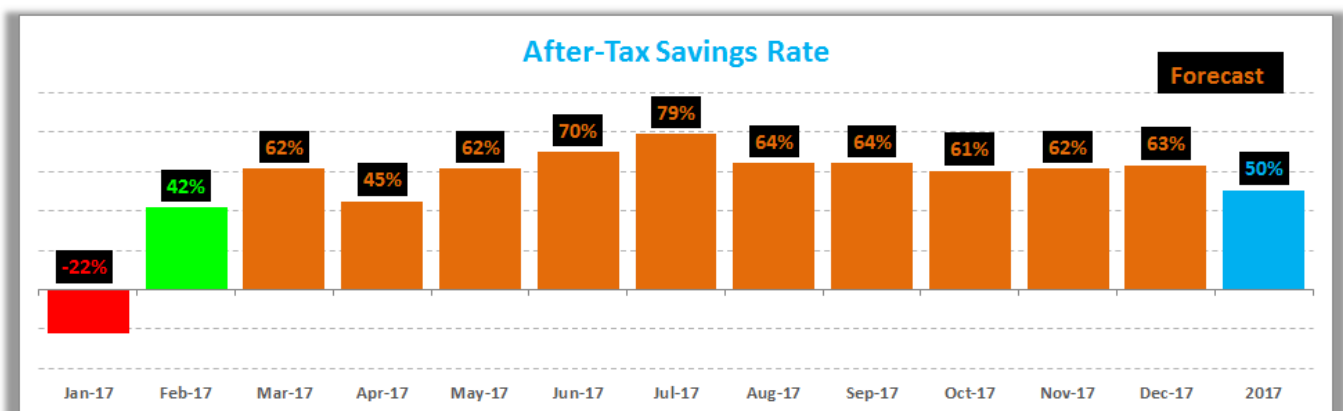
1. Our mortgage payment is automatically set up to pay \$1,600 in additional principal. **This is on hold until at least April 2017. Trying to work down concentration to something closer to 20%.**
2. My 401K contribution is automatically deducted at a rate that will ensure I max out by year end (\$18,000)
3. My HSA contribution is automatically deducted at a rate that will ensure I max out by year end (\$6,750)
4. We are now sending \$500/month to our [Rich Uncles](#) investment account. Looking to increase the account balance to \$11,000 by year end (currently at \$5,500)
5. We are now sending \$2,000/month to our [PeerStreet](#) investment account. Looking to increase the account balance to at least \$25,000 by year end (currently at \$7,000).

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.

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## Savings Rate

Below is how we did vs. 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.

*Speaking of savings rate, have you checked out [my 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. Don't freak out, this is only about \$5.5M in today's dollars when you take into account a 3% inflation rate. If you want to see how I plan to get there you can read all about it [here](#).

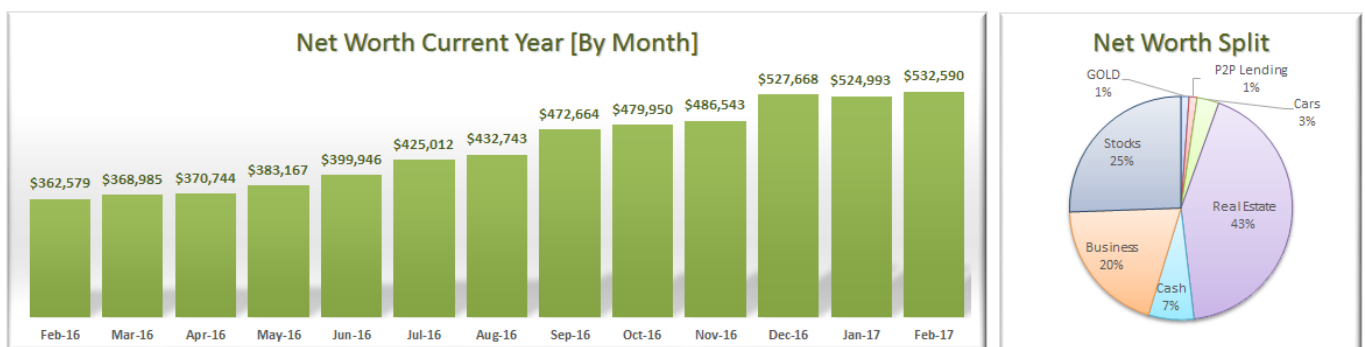
We are back in the black and set another new net worth high in February.

### February Net Worth **\$532,590** (up +0.9% for 2017 YTD)

- Previous month: \$524,993
- Difference: +\$7,597

### Net Worth is up 1,155% since 2012!

### Net Worth Component Break Down:



Last month I added a new "Business" category that reflects [our recent \\$105K equity investment](#).

You will also notice that I consolidated the split out of our primary residence and just lumped it all into the "Real Estate" category. However, we are still tracking this,

I just wanted to keep the pie chart clean and easy to read. Our primary residence is currently sitting at 25.4% of our net worth.

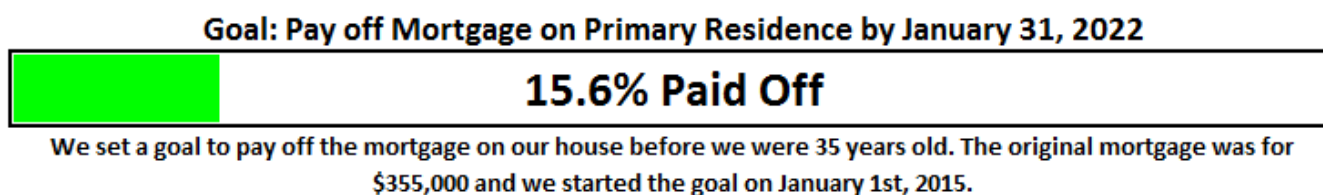
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**Note:** I think people tend to glaze over the fact that the savings rate plays a much bigger role in increasing your net worth than the rate of return on your investments (in the early days of your journey). In the short term, savings rate has a 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 \[and the math to prove it\]](#)

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## Progress On Our Mortgage Payoff Goal

You can read about our [strategy to pay off our mortgage in 7 years](#) (and 3 months). After [several refinances](#) we currently have a 3/1 ARM at 2.25% and we currently owe \$299,731. It is nice to see it go under \$300K for the first time.



The progress chart above shows how much of our goal we have completed. The goal completion percentage is up 0.2% vs. January. As noted above, we have put this on hold until at least April of 2017, as this is the next time we are scheduled to start making additional payments in the amount of \$2,400/month. However, we also want to work down on concentration risk, as our home equity position currently makes up 25.4% of our net worth. We would like to see this closer to 20% in the short term and far less in the longer term.

So, one of the things we are doing while we wait, is that we are investing more heavily every month in our new [PeerStreet](#) account. We like parking the money

here because the loans we are investing in are 12-months or less in duration, have an average yield of ~8%, are 1st position, asset backed, and go through a slew of other risk mitigation analytics before ever being offered to investors.

## 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:

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**If you don't plan your future, somebody else will. And you know what they have planned for you? NOT MUCH!**

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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

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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. **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?**
3. **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](#)