

September 2017 - Detailed Financial Report #33 - Net Worth \$630,223 | Income \$25,616

GYFG here checking in for the September monthly financial report. If you have been reading these reports for a while you will notice that I have 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 site's 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 September 2017](#)" section where the new content begins.

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 indulgences 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 in 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?

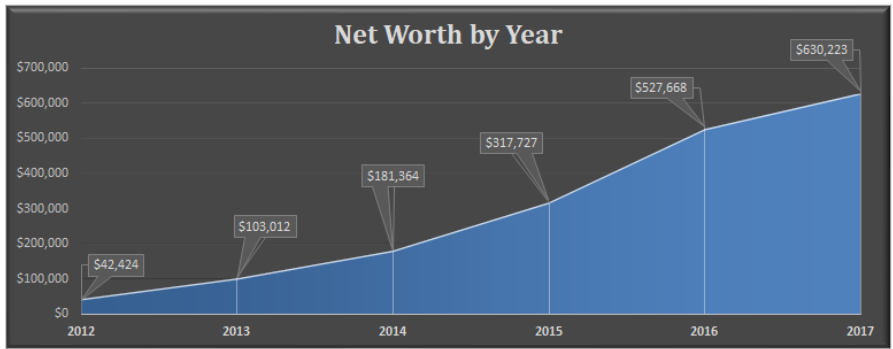
Summary of September 2017

I love that we hit 6.3% on our way to \$10M! Only 93.7% more to go, just have to tackle it \$100,000 at a time. We should be able to land somewhere in the \$650K to \$700K range by the end of the year (YoY growth of 26-33%; vs. the 19.4% YTD).

GEN Y FINANCE GUY
FINANCIAL STATS

NET WORTH TRENDS

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	\$ 630,223	19%
2018		
2019		
2020		
2021		
2022		
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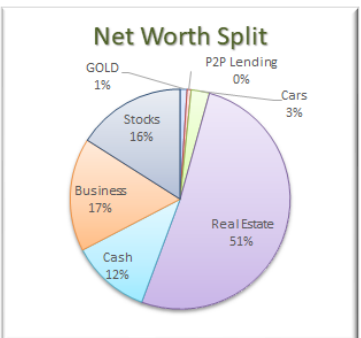
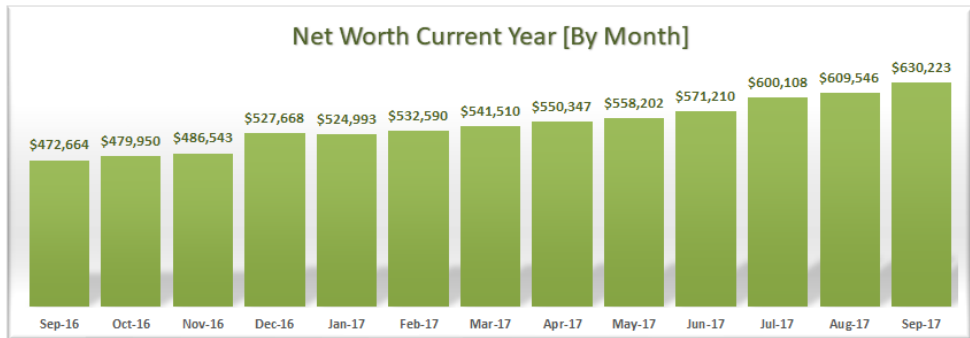


TOTAL ASSETS	\$	1,281,164
TOTAL LIABILITIES	\$	(650,941)
NET WORTH	\$	630,223

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

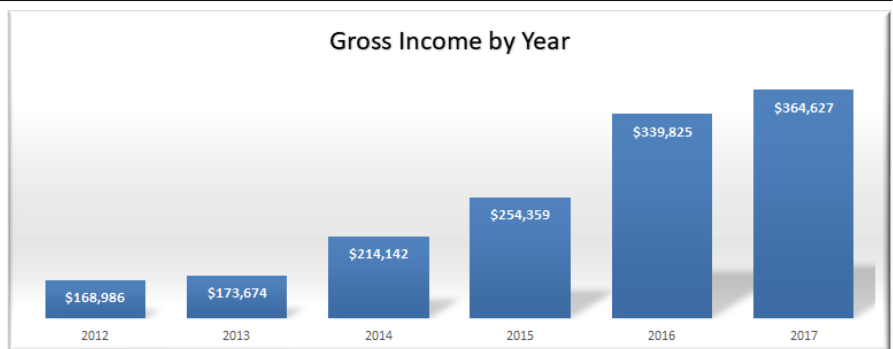
6.3% Of Net Worth Goal

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



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	\$ 364,627	7%
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

16.8% Paid Off

Condo Equity
97,280
39.4%

Home Equity
139,523
32.1%

Total Equity
236,804
31.1%

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.

Wonder how I pull all this information together every 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 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. what's 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 you're 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
September-2017	\$ 25,509	\$ 106	\$ -	\$ 25,615
Previous Month	\$ 25,218	\$ 552	\$ 900	\$ 26,670
Change vs. Last Month	↑ 292	↓ (446)	↓ (900)	↓ (1,055)
% Change	↑ 1.2%	↓ -80.9%	↓ -100.0%	↓ -4.0%

Assets	Stocks	Liquid Cash	Real Estate	CARS	P2P	GOLD	Company Stock	Total
September-2017	\$ 111,551	\$ 73,440	\$ 769,057	\$ 17,000	\$ 3,703	\$ 6,413	\$ 300,000	\$ 1,281,164
Previous Month	\$ 110,618	\$ 65,642	\$ 756,215	\$ 17,000	\$ 3,956	\$ 6,640	\$ 300,000	\$ 1,260,072
Change vs. Last Month	↑ 933	↑ 7,799	↑ 12,841	→ -	↓ (253)	↓ (228)	→ -	↑ 21,092
% Change	↑ 0.8%	↑ 11.9%	↑ 1.7%	→ 0.0%	↓ -6.4%	↓ -3.4%	→ 0.0%	↑ 1.7%

Liabilities	Condo Mortgage	House Mortgage	Credit Float	Company Stock Loan	Total
September-2017	\$ (149,720)	\$ (295,477)	\$ (10,745)	\$ (195,000)	\$ (650,941)
Previous Month	\$ (150,233)	\$ (296,088)	\$ (9,205)	\$ (195,000)	\$ (650,525)
Change vs. Last Month	↓ (513)	↓ (611)	↑ 1,540	→ -	↑ 416
% Change	↑ 0.3%	↑ 0.2%	↓ -16.7%	→ 0.0%	↓ -0.1%

Net Worth	Assets - Liabilities
September-2017	\$ 630,223
Previous Month	\$ 609,546
Change vs. Last Month	↑ 20,676
% Change	↑ 3.4%

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

	16.8% 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. Real Estate was up \$12,841 due to an increase in the condo we are selling. I had been holding it at \$235,000 and we accepted an offer of \$260,000. So, I increase the value to \$247,000 to represent what we expect to clear after the sale closes.
2. P2P Lending was down -6.4% as we continue to exit this investment class. It's going to take another 12-18 months to completely exit.
3. Overall net worth grew by \$20,676 or 3.4% for the month and is up \$102,555 or 19.4% YTD. **YoY it's up 33.3%!**

INCOME; What went down in September?

September Income = \$25,615

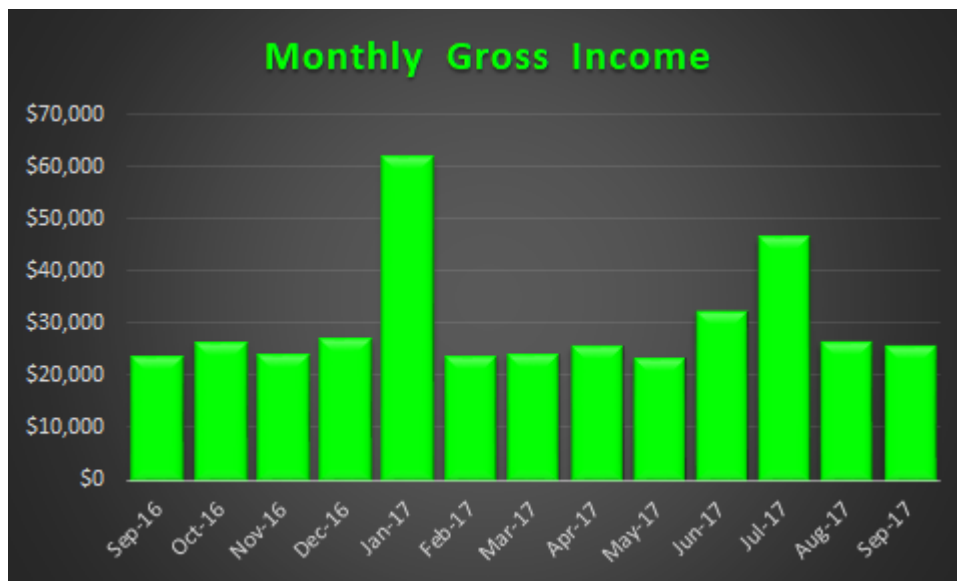
- Previous Month: **\$26,670**
- Difference: **-\$1,055**

The 20% raise that Mrs. GYFG received kicked in this month, but our income still dropped as this is the first month that we are going without rent on our condo, since it is in escrow. I will have one more spike in December due to a 3 pay period month, but other than that I expect income to average about \$24,000/month through November, and then hit about \$30K in December.

The only X-factor that could move the dial further is Mrs. GYFG, since a large part of her compensation is commission based.

I will get into this more below, but we have officially lost \$1,350/month of income due to the sale of our investment condo. The good news is we are getting about \$12,000 more than we expected out of the sale, and it is set to close 10/20/17.

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



It might be hard to tell in the chart above but income in September is up 8% vs. September of 2016.

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's 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	September	August	MoM Var. Fav/(Unfav)	
	2017	2017	\$\$\$	%%%
House Mortgage & HOA	\$1,983	\$1,983	\$0	0.0%
Home Improvement	\$54	\$44	(\$10)	-23.0%
Condo-Mortgage & HOA	\$4,920	\$1,565	(\$3,355)	-214.4%
Food & Dining	\$1,739	\$1,993	\$254	12.8%
Shopping & Other	\$2,766	\$1,744	(\$1,022)	-58.6%
Travel & Hotel	(\$457)	\$877	\$1,334	152.2%
Deposit Reimbursement	\$0	\$0	\$0	0.0%
Auto & Transport	\$519	\$913	\$394	43.2%
Medical & Dental	\$0	\$0	\$0	0.0%
Bills & Utilities	\$643	\$584	(\$59)	-10.1%
Health & Fitness	\$143	\$173	\$30	17.3%
Business Services	\$118	\$43	(\$75)	-176.8%
Personal Development	\$0	\$0	\$0	0.0%
Time Share	\$190	\$0	(\$190)	0.0%
Expense Total	\$12,618	\$9,919	(\$2,698)	-27.2%
Deduct Amortizations	(\$1,124)	(\$1,122)	\$2	-0.2%
Real Expense Total	\$11,494	\$8,797	(\$2,696)	-30.7%

Overall, spending in September was up 30.7% vs. August. As I mentioned last month, we got hit with a large expense on the "Condo-Mortgage & HOA" line, due to some repairs we did in preparation for selling it.

Expenses should go down significantly next month as we will no longer have any expenses to the condo line, and I will be reimbursing ourselves for all expenditures related to preparing the condo for sale out of the proceeds we receive.

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 on net worth.



When I do my end of year analysis and review, I will likely remove the \$33,000 from the expenses, as it is technically a loan and not a part of our normal expenses. After tons of contemplation, I decided that this is not something that I will carry in net worth (which it hasn't been to date), but I think it should only be a reduction in net worth and not shown as an expense. Thoughts?

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. Trying to work down net worth concentration to something closer to 20%. We will likely be making a large payment in November to stay on track with our goal.**
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.

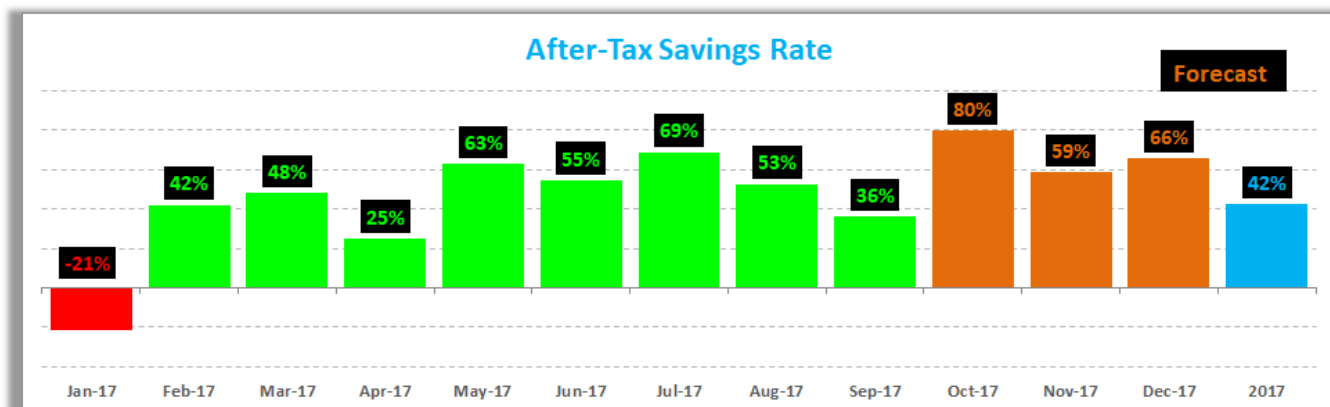
Looking to increase the account balance to \$11,000 by year end (currently at \$8,500)

5. ~~We are now sending \$2,000/month to our [PeerStreet](#) investment account.~~ We now have \$77,000 invested here and are on hold from new monthly investments. This is generating about \$6,000 of income annually.
6. In July I added a new automatic investment to an after-tax brokerage account for \$1,000/month (with a current balance of \$3,000).

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.

Savings Rate

Below is how we did vs. our goal of [saving 50% of our after tax income](#).



We are currently on track to miss our goal of saving 50% due to the decision I made to carry the \$33,000 we paid to put my brother through rehab. However, if you back that out, which I plan to do at my yearend review, **our savings rate is actually on track to hit 55%**. As I mentioned above, this is technically a loan, but since we are not sure if/when we will be paid back, we are not carrying it in our net worth figure as an asset. That said, I have come to the decision that it probably doesn't belong in our expenses either.

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

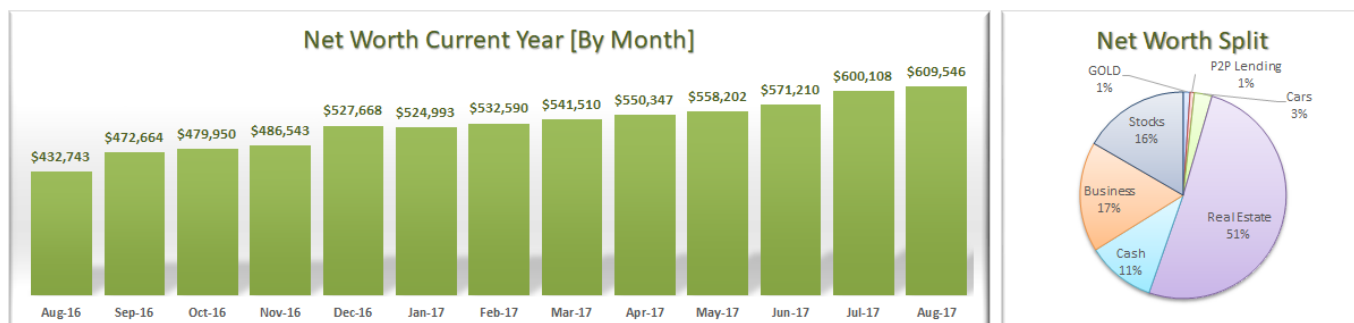
My ultimate goal is to [build up a Net Worth of \\$10M](#) returning 6% a year or \$50,000/month in gross income. Don't freak out, this is only about \$5.5M in today's dollars when you take into account a 3% inflation rate. If you want to see how I plan to get there you can read all about it [here](#).

September Net Worth \$630,223 (up +19.4% for 2017 YTD)

- Previous month: **\$609,546**
- Difference: **+\$20,676**

Net Worth is up 1,386% since 2012!

Net Worth Break Down:



The P2P category is slowly getting eliminated as I prefer the risk profile and returns of investing in [real estate backed debt through PeerStreet](#). I have been and will continue to withdraw cash as it becomes available. The current account balance is \$3,703. I currently have about \$250/month in loan repayments that I am able to withdraw, which implies another 15 months before I can completely exit this asset class.

Once we sell our Condo, we will see a big shift from our Real Estate allocation, which will move into our Cash Allocation. The equity in the condo is currently carried at \$97,000 in our net worth figure or about 15.4%. The actual equity we have in the condo is \$110,000 but since we are selling it, we only expect to net

about \$97,000 (up from the \$85,000 estimate last month), which is why I have always carried our real estate at about 5-6% less than actual market value. The listing process was a breeze and we had 4 offers within 24 hours and it was in escrow within 5 days after we made a counter offer. As I mentioned above, this should close on 10/20/17.

We will also have \$149,720 disappear from the liabilities section due to this sale.

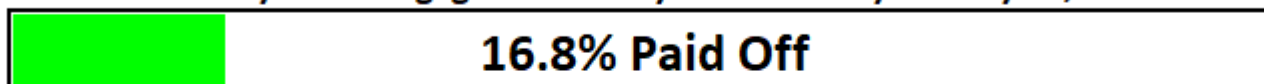
At the end of the year, I will likely get rid of the P2P category, and the remaining balance will just go into the cash bucket. Since I define the cash bucket as anything convertible to cash in 12-months or less. The majority of the cash bucket is made up of money in our savings and checking accounts, as well as \$20,000 that we put into 5-month CDs in August (at 3% interest).

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, your 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). After [several refinances](#) we currently have a 3/1 ARM at 2.25% and we currently owe \$297,307. It is nice to see it go under \$300K.

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.

Our primary residence is currently sitting at 22.1% of our net worth, still higher than we would like, which is why we have not made any additional mortgage payments this year. We would like to see this closer to 20% in the short term and far less in the longer term (like less than 10% over the next 10 years). That said, due to the sale of the condo, we have decided to divert about \$24,000 to pay down additional principal in order to stay on track for our 7-year goal (December will be the end of year 3).

This will move our goal progress to 24.1%!

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



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](#)