

October 2017 - Detailed Financial Report #34 - Net Worth \$632,168 | Income \$25,282

It's time to shake things up with this month's financial update. There hasn't been much change to the format or content for 33 straight months, and I feel like the time has finally come to inject fresh life into this report and content.

Mission Statement: To Humanize Finance, Build Wealth, and Reach Financial Freedom.

For those of you that are new around this corner of the internet, 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. The process I go through every month to produce these reports has been enlightening and life-changing. I published [my first "income and net worth report" for January of 2015](#) when our net worth was only \$195,141 and our gross income was on pace to hit \$178,000 that year.

Fast forward three years, our net worth is on pace to finish the year at ~\$655,000 with a gross income of \$370,000.

- That's a **3.4X increase in net worth** due to a **compound annual growth rate of 50%** for the past three years.
- At the same time income has increased 2.1X, which translates to a compound annual growth rate of 28%.

I honestly don't think the GYFG household would have experienced these kinds of results without the existence of this blog and the accountability it brings. Knowing that I will need to share our results with my readers every month keeps me very focused and intentional with all things related to our financial well being. For that, I **THANK YOU** for taking the time to read and interact with me on this blog.

That said, my sincere hope is that my policy of full 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 than the pack. If you're after average results, then you've landed on the wrong site. There's nothing wrong with average, but the kind of results I preach are **EXTRAORDINARY**. Yes, the "get rich slow" method is proven, but the alternative is to "get rich fast." Look, I have no interest in living like a starving college student until I am old and brittle, only then to have the means to do the things my body is no longer physically capable to do. And I don't want that for you either!

Here at GYFG, we approach the pursuit of **FINANCIAL FREEDOM** with an abundance mindset, so you won't hear me telling you to cut out those \$5 lattes.

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!

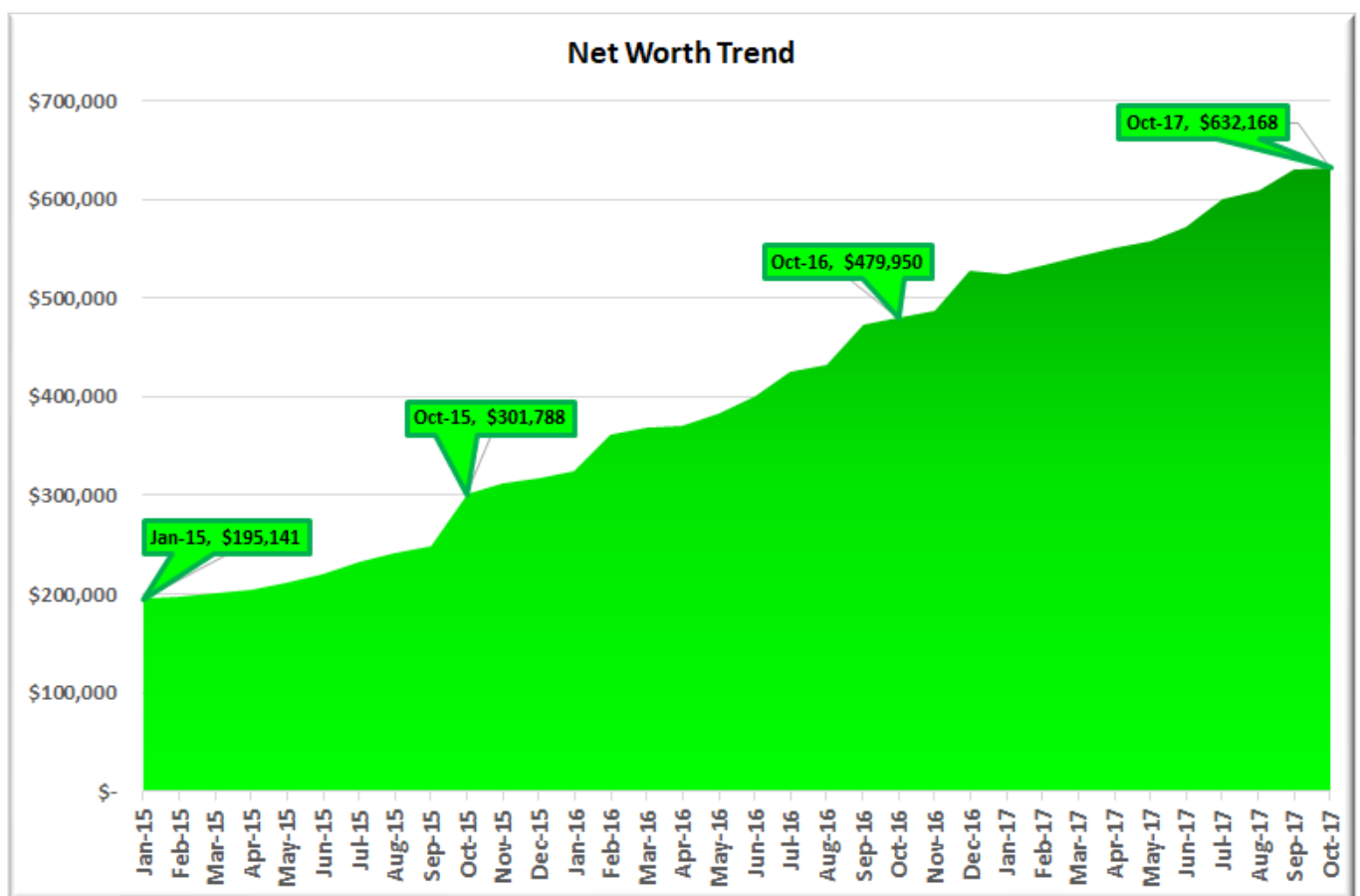
You have to be intentional with your finances if you ever want a fighting chance to make it to financial freedom. It doesn't have to take 40-50 years of slaving away for The Man before you have the option to retire. I personally think that 10-20 years is all you need, and the folks that are more aggressive can probably reach financial freedom in 10 years or less. A high income paired with a high savings rate is a good recipe for the 10-year track.

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 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.

Net Worth

Well, October ended up being all sizzle and not much steak after last months increase of almost \$21,000 to net worth. For the month, net worth was up just shy of \$2,000 or 0.3%. Significantly less then I had anticipated, but like everything, there is a story.



October Net Worth \$632,168 (up +19.8% for 2017 YTD)

- Previous month: \$630,223
- Difference: +\$1,945

As I alluded to above, I had anticipated a gain of \$10,000 in October, but for the reasons below this didn't come to fruition:

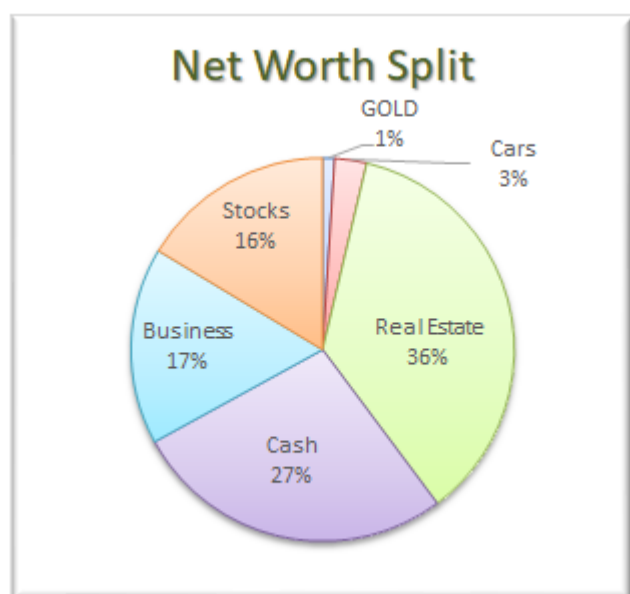
(1) We ended up gifting \$3,000 to my in-laws after we closed the sale of our

investment condo. They originally helped us get the condo and although they were not expecting anything from us as a result of the sale, it was nice to be able to surprise them with dinner out and a fat envelope of cash. It was ironic that we decided to start our night in a 1930s style speakeasy, especially in light of slipping a fat envelope across the bar to our in-laws ☐

(2) One of our stock positions (AT&T) fell significantly in October, leaving us with a paper loss of \$3,000.

(3) We had an additional \$2,000 worth of bills for repair work done on the condo that I was not aware of (mostly because my wife was handling all of this while I made three trips to NY within a five week period). The sale is now complete, so all expenses related to the condo are now behind us.

Net Worth Break Down:



- This month I decided to do away with the P2P category that now has a balance of around \$3,300 and combined it into the cash category. I have been withdrawing ~\$300/month as it becomes available. These accounts should be completely wound down in another 10 months.

- Last month Cash only made up 11% of the total pie, but this month has jumped to 27% due to the sale of the investment condo closing. In the end, we netted about \$93,000 from the transaction.

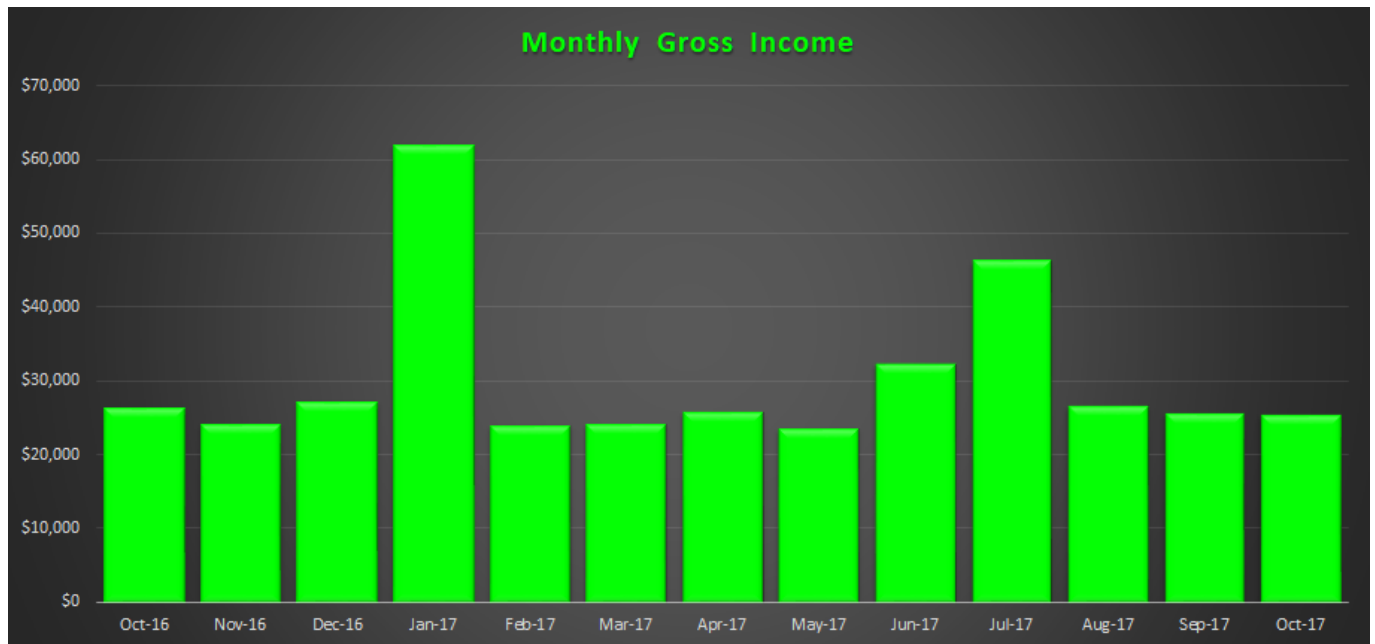
- Due to the above, the Real Estate category dropped from 51% to 36%. Keep in mind that this category includes the equity in our primary residence, our investment in the [Rich Uncles commercial REIT \(\\$10,000\)](#), and our hard money loans through the [PeerStreet \(\\$80,000\)](#) platform.
- As a reminder for newer readers, the Business category represents the ownership I have in the private company that I work for. Earlier this year I [wrote my largest check ever](#) (\$105,000) to take advantage of what I think will end up being a great financial opportunity.
- The Stocks category really represents the cumulative value of our retirement accounts that are invested in stocks. However, it is not all of our retirement money as the majority of our PeerStreet investments are made through a self-directed IRA (worth about \$73,000).
- We have not added to our Gold position in some time. I'm really starting to question whether gold really has a place in our overall portfolio mix or not. I probably won't liquidate what we have, but it is unlikely that we will be adding to this position in the near future.
- That leaves the Cars category. I include cars because the endgame is to keep cars as a percentage of the overall net worth pie as small as possible. By including them, it keeps me conscious of the opportunity cost of sinking too much capital into the machines that are only meant to get us from point A to point B. The combined value for our cars is currently being held at \$17,000 and will get re-valued at the end of the year. I suspect the value will drop by at least \$3,000.

Gross Income

As you can see from the chart below, our income has been rather flat the past three months. This is a trend that I expect to continue through November, but then in December, we will see a nice spike due to a three-period pay cycle for me. The only x-factor that could break the trend earlier would be the commission piece of Mrs. GYFG's compensation.

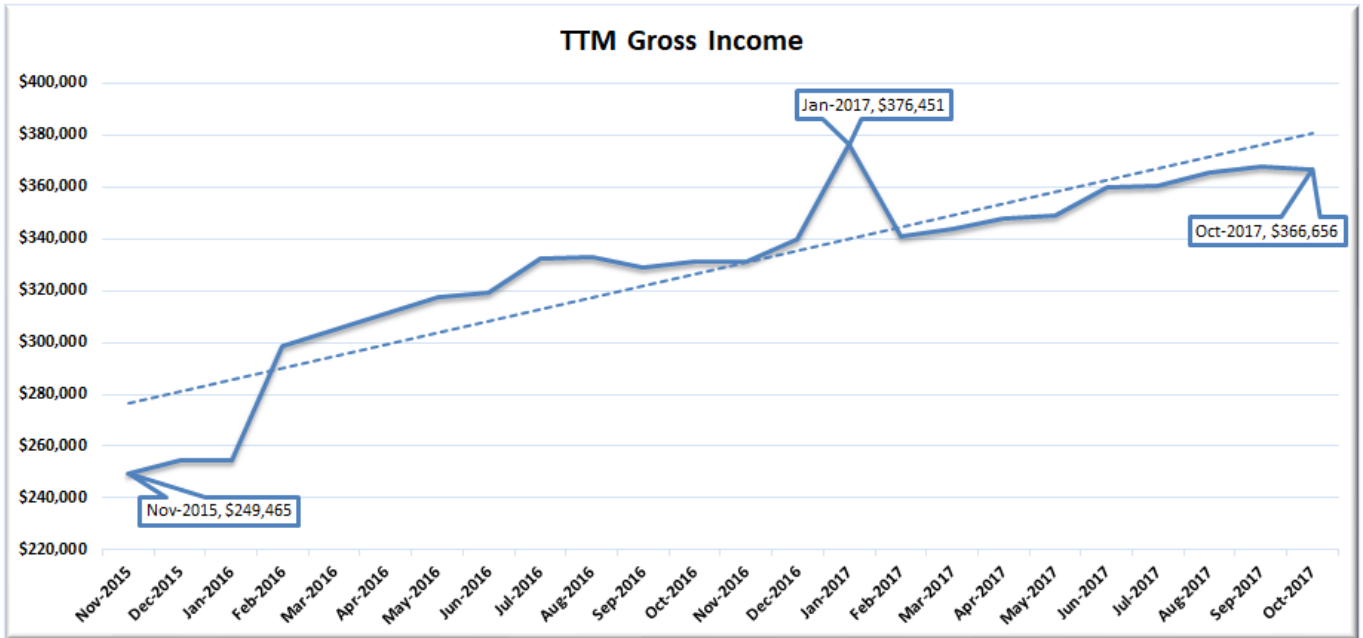
It's almost hard to believe the monthly incomes we realized in January and July of this year. The reason those two months are so lumpy has to do with the way my bonus is paid out. In January I was paid the remaining 70% of my total bonus

potential from 2016 and then in July, I was paid 30% of my 2017 bonus potential (with the remaining amount payable in Jan/Feb of 2018).



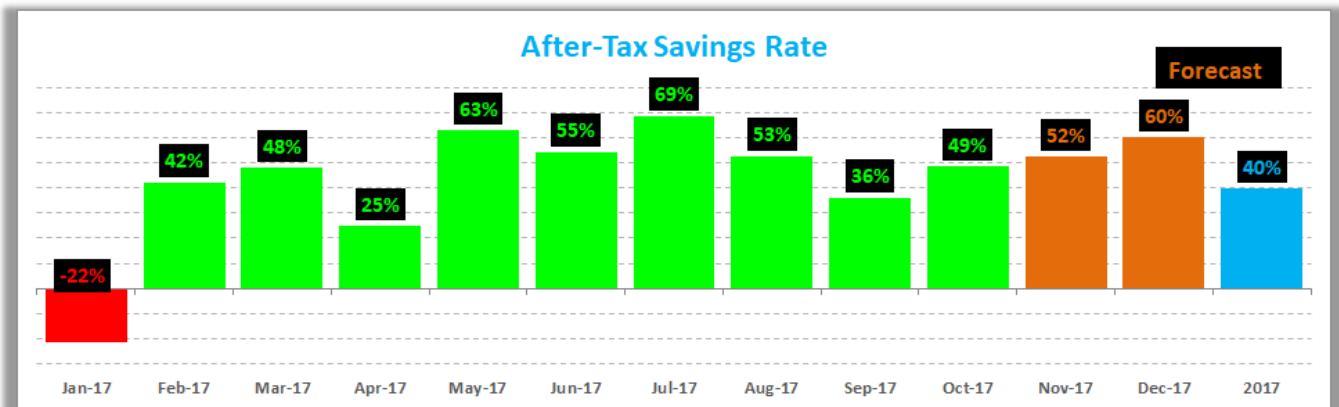
Going into 2017 [I had very ambitious income goals](#), which I have come to accept we will not achieve with only 2 months left in the year. In my ambition-fueled delusional state, I actually thought we had a chance at hitting \$440,000 in 2017, but now realize that number will be closer to \$370,000. You know what they say, shoot for the moon, and if you miss you will still be among the stars.

One of the other metrics that I like to track is our trailing twelve months (TTM) gross income. We won't have a chance at setting a new record until January or February of 2018, but it is going to be close. At most I think we could beat it by \$10,000 but that is not a guarantee.



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 primarily to the decision I made to carry the \$33,000 we paid to put my brother through rehab as an expense. However, if you back that out, **our “adjusted” savings rate is actually on track to hit 52%**. Unfortunately, the “it doesn’t count bucket” doesn’t exist. 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

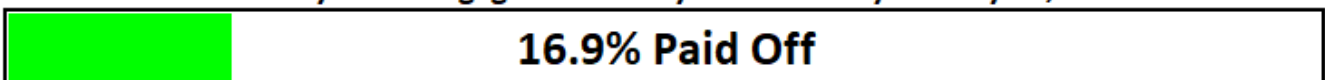
said, I have come to the decision that it probably doesn't belong in our expenses either.

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.

Mortgage Early 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 \$294,864.

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 22.2% 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 (in November or December).

This will move our goal progress to 24.1%!

Closing Thoughts

For those of you have been reading these reports for a while, you will notice that I have excluded detailing our expenses. This is not because we are no longer tracking expenses, but I don't think I need to share them every month. I am thinking I will have a quarterly version of this report that will detail out expenses YoY and against our budget as a special quarterly section.

We have a few more moves to make before the year ends, and those include:

(1) [Investing \\$30,000 in Three Life Settlement policies](#). This is what I wrote about last week and the check was actually just cashed yesterday, so keep on the lookout for more details in the near future.

(2) A part of our [BIG MONEY moves for 2017](#) was to pay down \$28,800 in principal on our mortgage in order to stay on track with Year 3 of our [7-year goal of having the mortgage completely paid off](#). \$6,700 will have been paid down through regular amortization from our monthly payments, which leaves about \$22,100 remaining for us to pay down before the end of the year.

(3) Then there are the automated investments that will keep doing their thing through the end of the year. The 401K will be maxed out. The HSA account will be maxed out. We continue to invest an additional \$500/month to Rich Uncles. We also started sending \$1,000/month to an after-tax brokerage account, but we have yet to put the money to work yet.

That about sums it up!

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.

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](#)