

December 2017 - Detailed Financial Report #36 - Net Worth \$664,391 | Income \$30,682

Happy New Year!

And just like that, 2017 is now completely behind us. It's hard to comprehend that the entire year can now only be viewed from the rearview mirror. How did the year pass by so quickly? From an achievement standpoint, it was another **GREAT** year, but it was one of the more challenging years that I can recall. I'm not one to get anxious or overly stressed, but I admit that 2017 pushed all the right buttons to test my resolve.

In the end, I emerged a stronger and more resilient person. It is through adversity that we come to appreciate our blessings and success in the short time we have on this amazing planet. It's a reminder that sometimes the sweet comes paired with a healthy helping of bitter to ensure we remain humble and filled with gratitude. I wouldn't have it any other way and neither should you.

Readers of this blog know that I exude optimism and an unbreakable positive outlook. Sure, [I have my dark days](#), but that is something we all share as humans. I can't help but stay focused on what's going well because channeling too much energy to the negative is fruitless and a waste of our precious time (our most valuable resource).

All this to say, I am extremely satisfied with 2017 and can exit the year with no regrets, but with many lessons learned.

If you're a regular reader and only want to read the new content then feel free to just skip the intro below (no harm, no foul). If you are new or haven't read many of these reports, I encourage you to take two minutes to read the intro below, which will change periodically.

Intro

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

For those of you 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 my 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 finished 2017 at \$664,391 with a gross income of \$372,477.

- 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.

Above and beyond this benefit to my own household, 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 he or she is 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**. Sure, the "get rich slow" method is proven, but there is an alternative, which is to "get rich fast." Look, I have no interest in living like a starving college student until I am

old and brittle to only then have the means to check off bucket-list items when my body might no longer be physically capable of doing them. 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 spend a lot, but I also strategically earn a lot, save a lot and invest a lot.](#)

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!

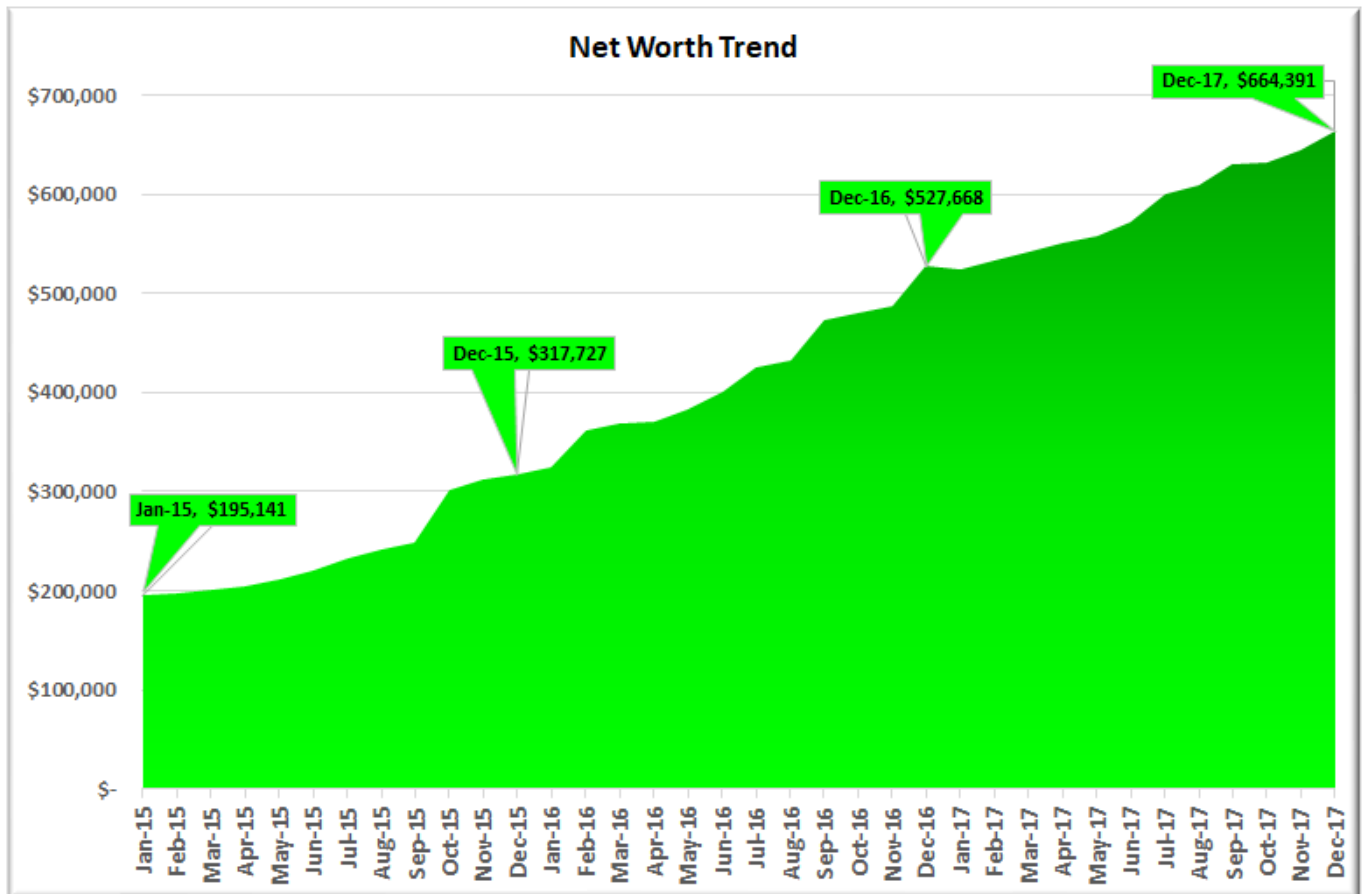
You have to be intentional with your finances if you ever want a fighting chance to make it to financial freedom. It doesn't have to take 40-50 years of slaving away for The Man before you have the option to retire. I think that 10-20 years is all you need, with the most aggressive folks probably able to reach financial freedom in 10 years or less. A high income paired with a high savings rate are two vital components of 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 (not that many people giving financial advice actually 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

We finished the year strong with an increase to net worth of \$19,985.



December Net Worth \$664,391 (up +25.9% for 2017)

- Previous month: \$644,406
- Difference: +\$19,985

A few highlights include:

(1) I increased the value of our home from \$435,000 to \$450,000. It had been 15 months since I last updated the value, which is based on comparable sales and listings in our neighborhood. I'm still referencing it at less than both [Redfin](#) and Zillow estimate the value to be, but they tend to either be too high or too low in their values anyways. This does increase our net worth concentration in our home to 27.2%, so we have some work to do in diluting this in the coming months.

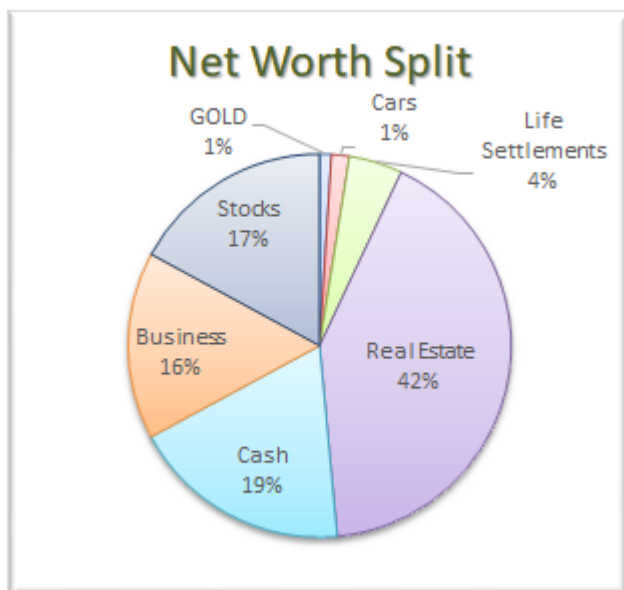
(2) I decreased the value of our two cars from \$17,000 to \$10,000. It had been 11 months since the last update. I am very pleased that the value of our cars now makes up only 1% of our net worth.

(3) I purchased an additional \$17,000 worth of company stock in response to a capital raise for an acquisition we will have closed by the time this post goes to press.

(4) I received my Q4 401K matching contribution of about \$1,350.

(5) Since this was a three-pay period month for me, I found myself with excess capital to put to work. So, I sent \$4,000 to our after-tax [PeerStreet account](#), and an extra \$2,000 to RichUncles (the commercial REIT we invest in monthly). I also increased our monthly contribution to RichUncles from \$500/month to \$1,000/month.

Net Worth Break Down:



- Due to the above, the Real Estate category increased from 39% to 42%. Keep in mind that this category includes the equity in our primary residence, our investment in the [Rich Uncles commercial REIT \(\\$13,000\)](#), and our hard money loans through the [PeerStreet \(\\$83,000\)](#) platform.

- Cash remained the second largest allocation. We are currently holding \$123,367 in cold hard cash (what I like to call dry powder).

- As a clarification 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 tremendous financial opportunity. As I mentioned above, I did acquire an additional \$17,000 in stock. Unfortunately, we didn't experience any increase in valuation in 2017, but the silver lining is that we didn't lose any value either.

- In November I added a new slice to represent our newest investment in [Life Settlements](#). The plan is to invest an additional \$20,000 to \$30,000 into additional policies sometime in Q1 of 2018.

- The Stocks category represents the cumulative value of our brokerage accounts (retirement accounts and after-tax account) 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).

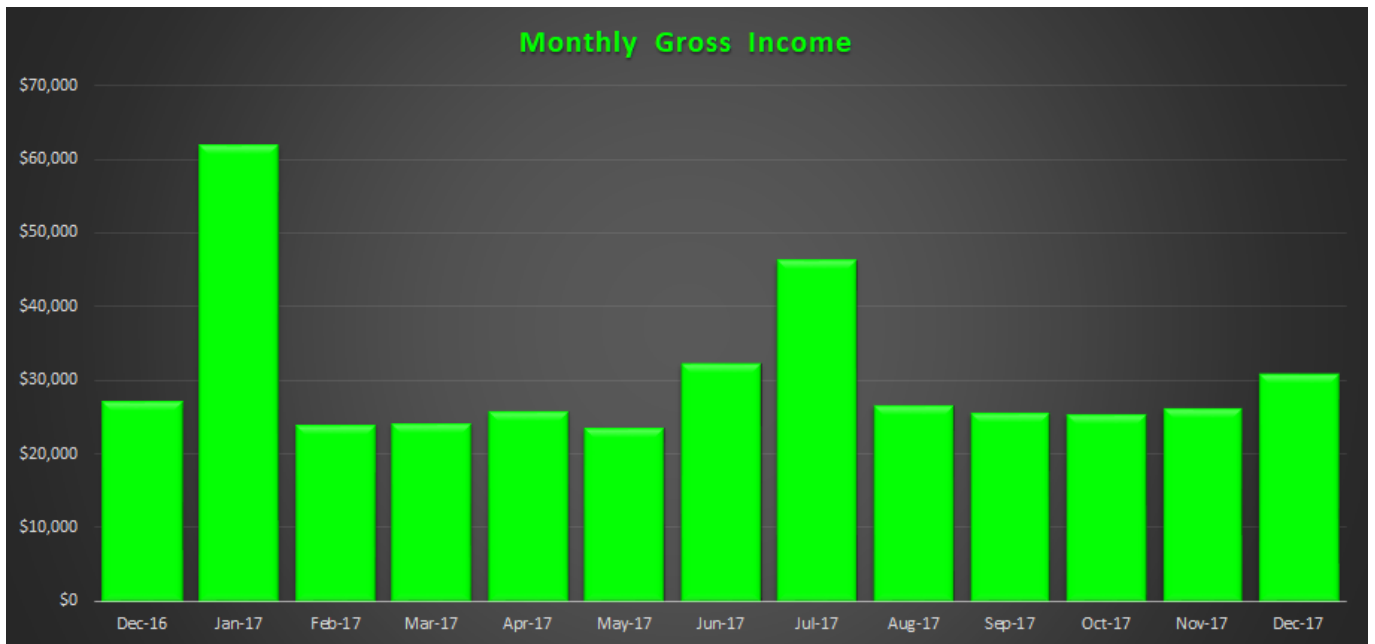
- We have not added to our Gold position in some time. I'm still contemplating whether gold should have a place in our overall portfolio mix or not. I probably won't liquidate what we have, but it is unlikely that we will be adding to this position in future.

- That leaves the Cars category. I include our cars because the goal is to keep the value of our 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 \$10,000 based on current Kelly Blue Book.

Now that our cars make up a minuscule portion of our net worth, I am seriously considering removing it from net worth altogether. If I do follow through with this, it will likely happen in Q1 of 2018.

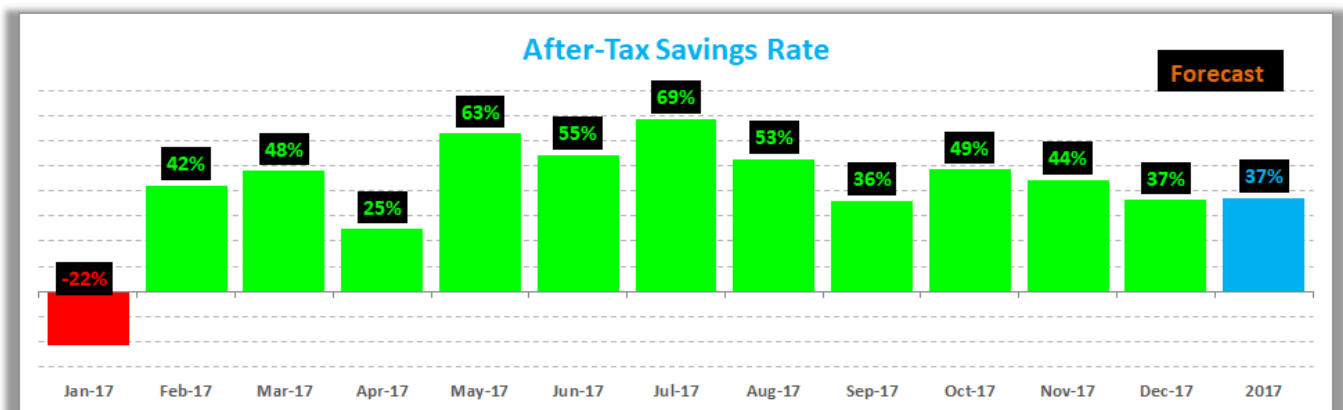
Gross Income

We finished the year with \$372,447 in gross income for 2017 (income in December was \$30,771). This is up \$32,652 or 9.6% vs. 2016. Since I started producing these monthly reports, I have yet to include income from dividends or interest. Although the value does get picked up in the net worth figure, it has so far been excluded from income. Now that it has grown to a decent amount, I will start including it in 2018.



Savings Rate

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



We missed 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 50%**. Unfortunately, the "it doesn't count bucket" doesn't exist. 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 decided that it probably doesn't belong in our expenses

either (but I am not going to go back and change it. It will just fall off when we start 2018 fresh). If we do eventually get paid back, then this will provide a surprise boost to net worth. Regardless, this is an investment in the life of someone who is well worth it, and my emotional and spiritual net worth has increased for having done it.

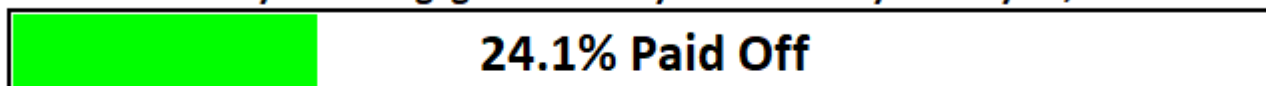
I promise you will stop hearing me mention this once 2017 is behind us.

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 seven years](#) (and three 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 27.2% of our net worth. We would like to see this closer to 20% in the short term and far less in the long term (like less than 10% over the next ten years). The reason I watch this closely is for two reasons:

- (1) **Concentration Risk** - Although I am confident we will accomplish this goal on time, you never know what may happen unexpectedly. What if we both lost our jobs and can't make our mortgage payment? The bank is going to foreclose on a house with 50% equity a lot faster than one with 5% equity. Until we have the house completely paid off, this will always be a concern and risk to manage.
- (2) **Diversification** - We don't want our entire net worth tied up in our house. That would be poor risk management.

The original philosophy of this plan was to accomplish this goal while avoiding any austerity to our lifestyle. I coined it the “pay more tomorrow” plan. I decided that we could easily increase our income (after tax) by at least \$9,600/year and [dedicate that additional income to fund the goal effortlessly](#). We have used the cumulative increases thus far to execute this goal flawlessly. Since setting this goal in January of 2015, we have since paid down an additional \$57,600 (Year 1 = \$9,600, Year 2 = \$19,200, Year 3 = \$28,800).

At the end of 2018, we are planning to pay down an additional \$38,400 according to the plan. Until then we will use most of 2018 to dilute our net worth concentration in our home equity. Soon I will also be writing about how we plan to leverage this idle capital sitting to our advantage.

RELATED: [Our Mortgage Will Be Gone In Four More Years](#)

Closing Thoughts

The books are officially closed for 2017 and now it's time to begin writing living the narrative for 2018. This blog is all about real life experience!

It's time to start aggressively working towards [those goals I shared](#) two weeks ago. I am excited to announce that I have already crossed off one out of five of the goals:

(5) Negotiate \$25,000 to \$75,000 pay raise.

- I ended up negotiating a \$75,000 increase for 2018 that will be effective 2/1/2018. That's the good news! The bad news is that this will likely be the last increase I see in compensation (salary + bonus) for a couple of years. I agreed to freeze my total compensation at 2018 levels and that all additional gains will come from stock and option grants (more on this later in the year). Yes, part of my negotiation was to also make stock and/or options a part of my annual compensation (what they call stock-based incentive compensation).

- I have had a good run these past three years, increasing my total compensation by \$210,000 from my starting compensation of \$90,000.

- I now believe that much more net worth will be created by taking all future gains in compensation in the form of stock and options.

I look 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](#)