

# April 2018 - Detailed Financial Report #40 - Net Worth \$754,208 | Income \$33,587

Another month ticks by, and with it brings another financial update. Based on the prior two posts I published, you will notice that April was a time for reflection and self-correction. It's easy to get swallowed up and consumed by the wealth building game. I had to remind myself not to [get so consumed building wealth that I forget to build a life](#). I also had the epiphany that [there was no point in being wealthy if I wasn't both happy and healthy](#). During that reflective time, I reminded myself why I got into the game in the first place, which was [to build enough wealth to get to a point where money was no object](#).

When money is no object, life becomes all about pursuing the things that make you happy and bring joy to your life. Ultimately it's not about the money itself, but about the optionality that the money provides. **Money is the means, not the end.**

*Better to have a short life that is full of what you like doing than a long life spent in a miserable way - Alan Watts*

Mr. Watts says it well, and I couldn't agree more, although with one small tweak to this philosophy: I think there is a balance to be achieved, in that it is okay (and imperative, actually) to make sacrifices early on and live life like most *won't* for a few years in order to live the rest of life like most *can't* (to be clear, I am not saying to forgo all the things you like to have and do along the way, just to be intentional and strategic in getting this done ASAP - or "[get rich fast](#)").

April was another very productive month! I like to be regularly reminded of the bigger picture (macro) and to also periodically take a step back to enjoy the present, noting progress (micro) towards goals and activities reflective of values precious to me that I want to deepen. A few highlights include:

- Planned and booked a ten day trip to Maui this summer. We will be staying at

our favorite resort, [The Grand Wailea](#). And I am now in love with Costco Travel. Let me tell you why. I was able to book nine nights at The Grand Wailea (ocean view room), round-trip airfare (direct flights both ways), a rental car, and breakfast for two every morning for ~\$5,300. Before going to Costco Travel, I tried pricing this directly from the hotel and airline. The hotel alone was \$7,200 and airfare was \$1,150 for two round-trip tickets. The rental car would have added an additional \$650 and breakfast every morning (let's assume \$30 for each of nine mornings) would have been \$270 (conservative estimate). Total: \$9270! At \$5,300 for the total package that is almost \$4,000 in savings or ~43% cheaper. Thank you, Costco Travel!

- We scheduled our exams for the term life insurance for both Mrs. GYFG and myself, [protecting against an unexpected early demise](#).
- We deployed \$31,322 in investment capital.
- We got away for a few days and stayed by the beach with our dogs at a dog-friendly hotel right across the street from the sand, so we took the dogs to dog beach on a daily basis while we were there. We also had the opportunity to meet the wonderful Chief Editing Officer of this blog and her husband for breakfast one of the days (the first ever GYFG team meet-up - something we hope to do again soon).
- We finally announced to all of our friends and family that we are expecting Baby GYFG in November 2018. We have purchased and have been given a ton of books on raising a baby and [what to expect when you're expecting](#)<sup>☒</sup>. I have a lot of studying to do :).
- I started swimming as of 4/11/18 and swam 17 of the last 20 days of the month, continuously building up the yardage with each workout. As I type this, I'm currently doing 2,700 yards per workout. This has been huge in recovering from the back injury I have mentioned several times on the blog. Also, I am officially down 15 lbs so far this year, with another 15 lbs to go [to reach my goal](#).
- Work was crazy for three solid weeks in April as we worked through a major reorganization of our International business. I learned a lot but I'm happy to have that craziness behind me.

If you're a regular reader and only want to read the new content, 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

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

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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 was a hard decision to make all of my financial details public, but it has proved to be 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 (and as you will see below both are still growing exponentially).

- 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. Nor does it 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

Our net worth was up \$15,487 in April vs. March. Compared to last April, our net worth is up \$203,857 year-over-year (or +37%).

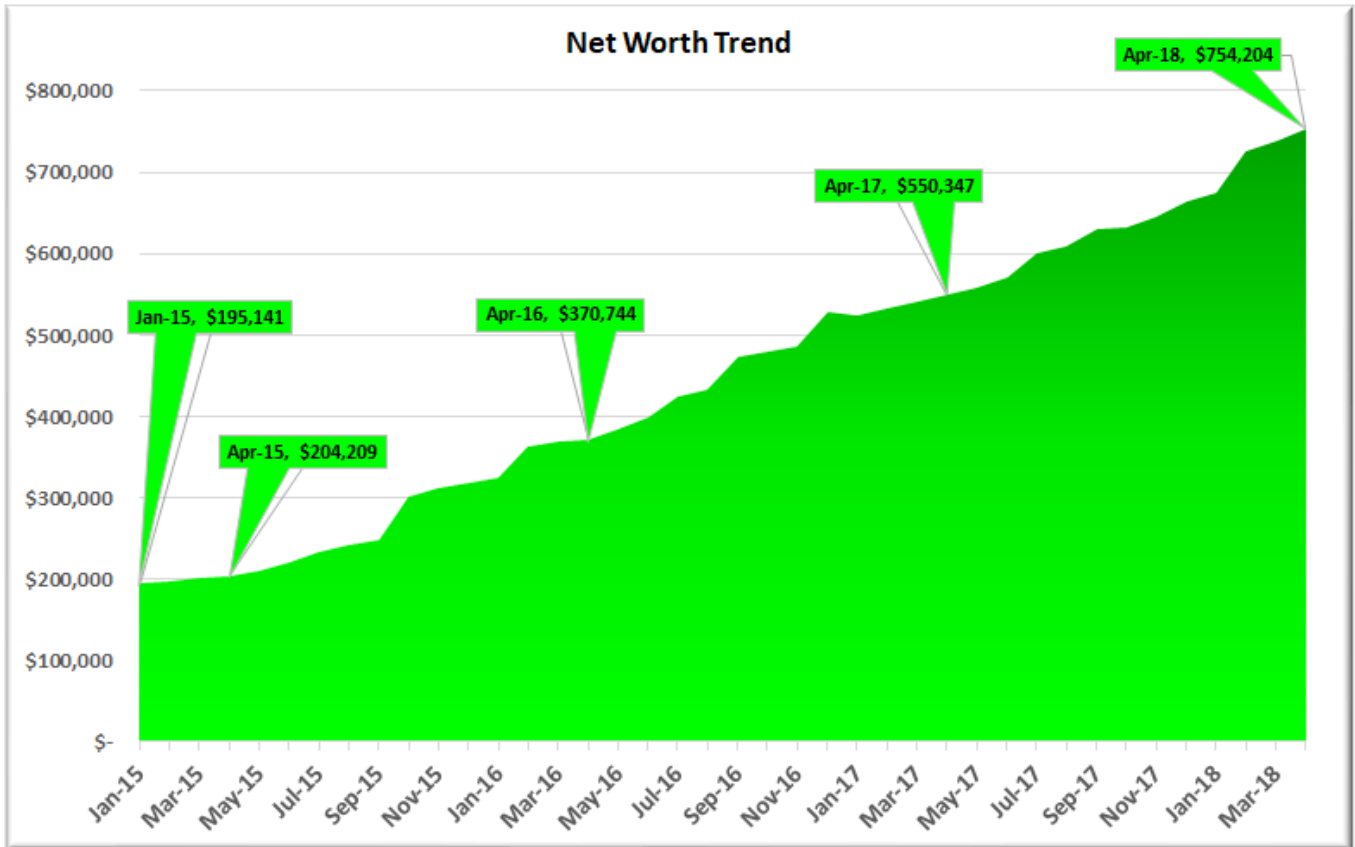
Last three year-over-year increases:

April 2016 - \$166,535 (+82%)

April 2017 - \$179,603 (+48%)

April 2018 - \$203,857 (+37%)

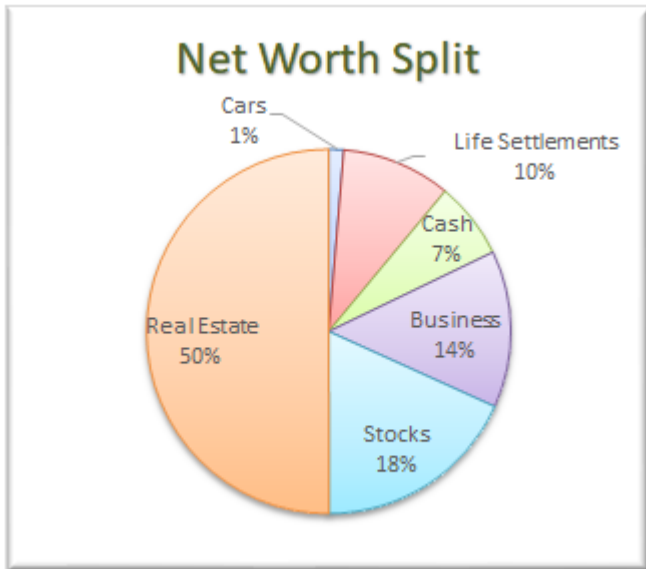
That is insane to me; an increase of \$549,995 in three years. Even more mind-blowing is if you look even further back to where we were in the depths of the Great Recession in March of 2009, you would see that we were negative ~\$300,000 - meaning we have had a seven-figure upward reversal of \$1,054,204 in nine years. As I look towards the end of 2018, I'm currently projecting our net worth to finish at around \$860,000 before any gains (appreciation, dividends, or interest).



**April Net Worth \$754,204 (up +13.5% for 2018)**

- Previous month: \$738,718
- Difference: +\$15,487

**Net Worth Break Down:**



- The Real Estate category slipped from 51% to 50%. Keep in mind that this category includes the equity in our primary residence (\$222,133), our investment in the [Rich Uncles commercial REIT \(\\$52,757\)](#), and our hard money loans through the [PeerStreet \(\\$102,456\)](#) platform.

- Cash decreased from 9% to 7%. We are currently holding \$56,506 in cold hard cash (what I like to call dry powder). The decrease is mostly due to deploying \$20,000 to invest in [two additional life settlement policies](#).

- As a clarification for newer readers, the Business category (at 14%) represents the [ownership I have in the private company that I work for](#).

- [Life Settlements](#) increased from 7% to 10%. We currently have investments in seven policies at \$10,000 each. I would like to build this up to \$100,000 before 2018 is up. As planned, we invested in two additional policies in April.

- The Stocks category (at 18%) 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 \$74,000 and counted in the Real Estate category of the pie chart).

- That leaves the Cars category at 1%. 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. However, now that our cars make up a minuscule portion of our net worth, I am seriously considering removing that category from net worth altogether (which I have been saying for several months now).

## Total Capital Deployed in 2018 (YTD):

I am actually borrowing this idea from Sam over at [Financial Samurai](#), who started sharing his own capital deployments in a similar form last year. One item not captured in the table below is the capital deployed due to automatic reinvestment of dividends and interest, but I do plan to include that total at the end of the year. I estimate that we will deploy somewhere between \$250,000 to \$300,000 for the year. This will make for a very easy way to see where and when it was deployed.

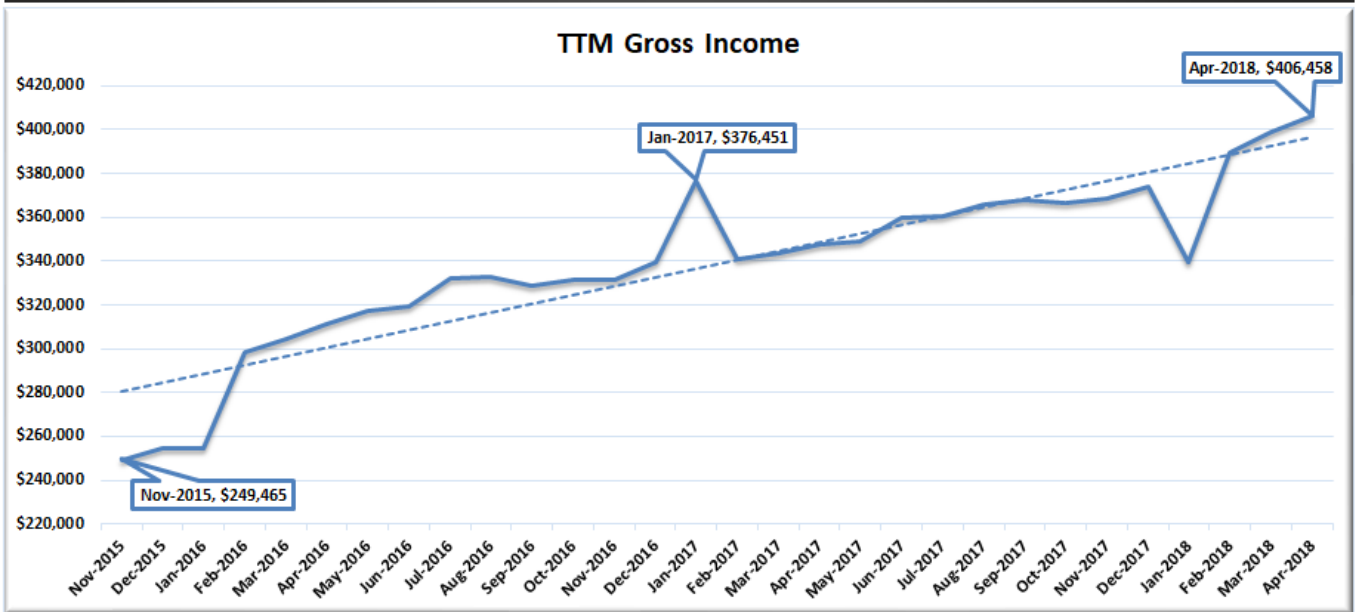
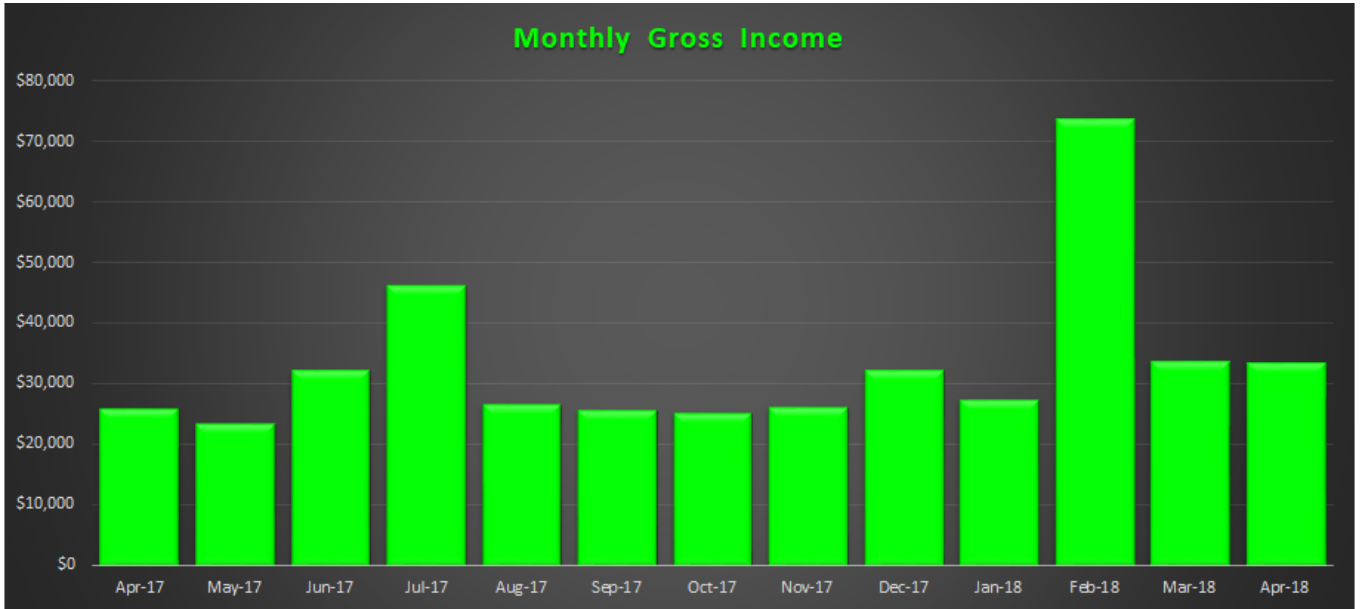
About \$80,000 of the 2018 total anticipated deployments is [from idle cash that was sitting in my 401K](#) (for way too long).

Investment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2018
Peer Street	\$ 18,000	\$ -	\$ -	\$ -									\$ 18,000
Rich Uncles	\$ 36,000	\$ 1,000	\$ 1,000	\$ 1,000									\$ 39,000
Mortgage	\$ 661	\$ 39,662	\$ 736	\$ 665									\$ 41,723
Stocks (401K)	\$ 22,176	\$ 16,361	\$ 11,378	\$ 9,657									\$ 59,572
Private Business	\$ 17,045	\$ -	\$ -	\$ -									\$ 17,045
Life Settlements	\$ 20,000	\$ -	\$ -	\$ 20,000									\$ 40,000
<b>Total</b>	<b>\$ 113,881</b>	<b>\$ 57,024</b>	<b>\$ 13,114</b>	<b>\$ 31,322</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 215,340</b>

I can't believe that we have already deployed \$215,340 in the first four months of the year. I officially maxed out my 401K in April and my wife is set to have hers maxed out by July. I anticipate deploying about \$15,000 in the month of May.

## Gross Income

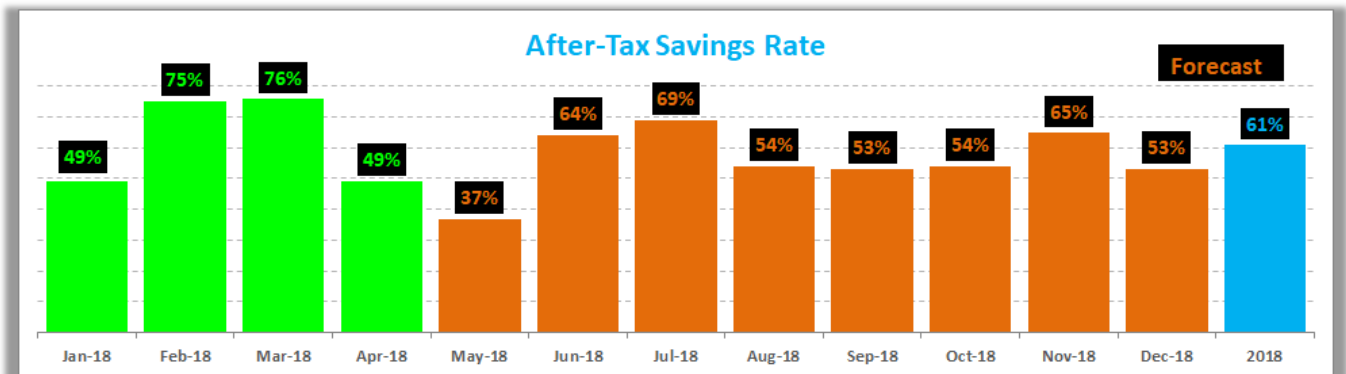
As anticipated, April income was about flat vs. March at \$33,587 ([vs. \\$33,691 for March](#)). I expect we will continue to bring in about \$30,000 to \$33,000 in May, then a step up in June (around \$40,000) due to a three pay period month, and a larger step up in July due to mid-year bonuses (potentially a \$50,000 month).



In the second chart above, I also track our income on a trailing twelve months, and we set another record in April - the first time we have been above \$400K. Woot woot!

# Savings Rate

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



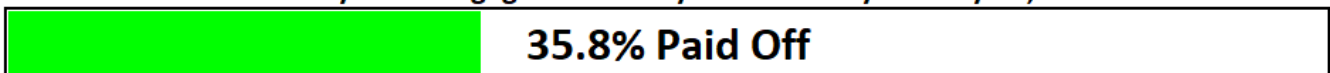
We managed to save 49% in April! It is crazy to realize that we are tracking to an annual savings rate of 61%.

*Speaking of savings rate, have you checked out [my post](#) where I mathematically prove the importance of your savings rate as a higher priority in achieving financial independence than your compound return? If you're trying to build wealth quickly, then you have to read this post.*

# Mortgage Early Payoff Goal

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 \$227,867.

**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.

We are still committed to this goal. However, equity in our primary residence currently accounts for 29.5% of our net worth, and will continue to increase in

absolute dollars but should be diluted throughout the rest of 2018 as we continue to grow our net worth pie with additional savings and investments. Based on my most recent projections, we should be able to dilute this concentration from 30% down to 25% by the end of 2018.

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 reasons are as follows:

(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 couldn'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.

With these factors in mind, in February we decided to add an element to our mortgage pay-off strategy, making a pivot to set up a home equity line of credit (HELOC) as a risk mitigant to my concerns above (this closed in March and we now have a \$127,000 revolving line of credit in place). We now feel satisfied that we can both pay off the mortgage early, and still access our home's equity as we need to.

The original philosophy of this plan to pay off the mortgage was to accomplish this goal while avoiding any austerity to our lifestyle. I coined it the "pay more tomorrow" plan. In keeping with the GYFG emphasis on the income side of our financial equation, 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](#). It has played out as planned, and we have used the cumulative increases in income thus far to execute this goal flawlessly. Since setting this goal in January of 2015, we have paid down an additional \$96,600 (Year 1: \$9,600, Year 2: \$19,200, Year 3: \$28,800, Year 4: \$39,000).

This goal is now 35.8% complete! And with the addition of our HELOC, I feel we now have an even more nuanced and powerful strategy here.

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

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# Closing Thoughts

Well, one-third of the year is now in the rearview mirror. It's always a great exercise to carve out a little time to reflect back on accomplishments but even more important to remember what it's actually all for.

Remember that [it's pointless to be wealthy if you're not also happy and healthy](#). Success and achievement always come with sacrifice but don't let it cost you your health or your happiness.

Here are some questions I challenge you to reflect on over the month of May: Are you happy with the trajectory of your life? Has it been a while since your last self-correction? Have you lost sight of what it's all for? What is your "why?" [What would you do if money was no object](#)? Lastly, if these answers are not what you want them to be, how are you correcting?

Cheers!

- Gen Y Finance Guy

p.s. I recently had another opportunity to do a podcast interview. [This time it was with Gwen and J from the FIRE Drill podcast](#). In this conversation, we talk about career hacking your way up the ladder, ambitious net worth goals (like my crazy \$10M goal), putting up big income numbers, and the importance of high savings rates. My parting line was "if you're not happy and healthy, then what is the point of being wealthy?"

[Career Hacking Lessons from a 31 Year Old Executive | Dom from GenY Finance Guy](#)

p.p.s. If you haven't already, [be sure to check out my interview with Erik from The Mastermind Within](#). The conversation we had was fun, informative, and unpacked many great nuggets of wisdom that have shaped my life. It was deeply gratifying that Erik reached out to have me on the podcast, as the greatest compliment I could ever receive is knowing that I've had a positive impact on someone else. Plus, revisiting *The Slight Edge* is always great - it's the book that's had the most impact on my life!

## [Practicing Simple Daily Disciplines to the C-Suite with Gen Y Finance Guy](#)

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### **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](#)