

How We Plan To Destroy Our \$227,000 Mortgage Balance In 14 Months

Imagine life without the shackles of debt. The GYFG household developed such a vision back in 2015 when we decided to [pay off our \\$350,000 mortgage in seven years](#). We had already eliminated student loans, car loans, and were in the regular habit of paying off the credit cards every month (always have, always will). We developed what we thought was an achievable plan based on a projected income that turned out to be far less than what we have actually realized.

In December of 2017, [I shared how well the GYFG mortgage snowball strategy was performing](#) and that we would be mortgage-free in four more years, based on following that original plan. I have been very careful to balance our net worth to ensure that the equity in our home doesn't make up too large of a percentage of the total pie. This has been for two primary reasons, stated every month in [my detailed financial write-ups](#):

(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.

All the while, I had Mrs. GYFG constantly whispering in my ear every month, saying "Why don't we just pay it off as quickly as we can?" I would go on my repeat reel about concentration risk and the importance of diversification. If I'm honest with myself, I have to admit that in the beginning I wasn't even listening – *really* listening – to her. That's not cool!

The good news is that Mrs. GYFG didn't let up. She just kept planting seeds. Then

in February of 2018 we found out we were expecting. This is when those seeds started to germinate and take root as a real possibility to consider. It's now the middle of June as I'm writing this and I'm on board with expediting this goal to the finish line. As of our May 2018 financial report, we still owe \$227,055 on our mortgage.

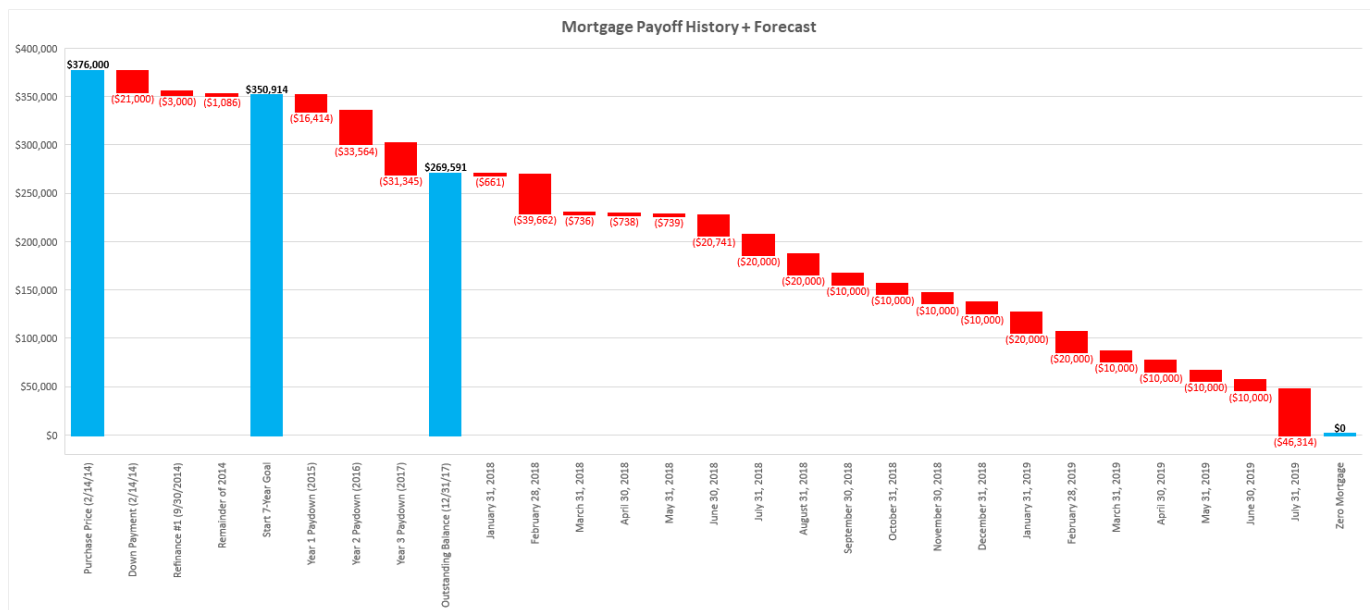
How long would it take us to pay it off if we really focused on it?

We looked at the cash we currently have in the bank and projected what we thought our income would be between now (June 2018) and the end of 2019 (December). We estimated that over the next 19 months we would generate around \$600,000 in gross income and already had \$70,000 in cash.

After careful consideration, we decided to reset our timeline and make a run at paying off the mortgage over the next 14 months (by July 31, 2019). This is going to require us to deploy \$16,214 per month on average. That is not the exact amount we are going to throw at the mortgage every month, just the average to show you the magnitude of how much it's going to take to get this goal done on a 14-month timeline.

In the short term, this is going to cause our net worth concentration in our house to increase to the 40-50% range. I feel less apoplectic about this now that we have the HELOC in place and a 14-month timeline to pay-off. It's exciting to think we could be completely debt-free in 14 months.

Here is how I project this goal playing out between now and July of 2019:



I admit that this is not going to be an easy feat, but then again, nothing worthwhile is ever easy.

As I type the final words of this post we have already completed the additional principal reductions seen in the chart above through June. This may not end up being exactly how we pay off the \$227,000 balance over the next 14 months but it's how I see it from my current vantage point. This is scary and exciting at the same time. This will take most if not all of our excess savings every month to accomplish.

Your turn! Are you a fan of paying off your mortgage early? Have you been working towards paying it off early? If so, what timeline have you given yourself? Or, if you have already paid your mortgage off early, I would love to hear your story in the comments below.

Onward & Upward!

- 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](#)