

January 2019 - Detailed Financial Report #49 - Net Worth \$1,046,938 | Income \$27,522

Poof! January has disappeared, and with it went 2,678,400 seconds.

And you thought *money* was slippery? At the end of the day, **money is only a measure of how much time freedom you have**. If you think about the 4% rule, its basic premise is to accumulate 25X your desired annual burn rate in order to sustain you for a 30+ year “retirement” (in quotation marks because everyone’s definition of what this looks like is different). You have to dive a level deeper to realize that, before any appreciation, dividends, interest, or rental income, “25X” is really a measure of **time** - 25 years worth of living expenses - in today’s dollars. **That is 25 years worth of TIME FREEDOM!** Financial Independence is really about buying your time back to spend it as you see fit.

Feel less than rich? You were actually born a billionaire, handed a fortune that you get to spend as you choose. If you live out the full 85 years actuary probability says you should get, you have a 2,680,560,000 lifetime fortune of seconds to manage over your lifespan. That is almost 2.7B! Unlike money, you can never recover time once spent; once gone, it is gone forever. Therefore, time is truly the most scarce and valuable resource we each have. Ironically, money and time have an inverse relationship, because as your money pile (net worth) grows, your time fortune gradually decays with each passing second, day, week, month, and year. When it comes to the time fortune that we are all gifted at birth, there is no choice but to spend it down to zero. It doesn’t compound. It doesn’t grow. You can’t save it for later. You can’t create more time.

It’s important that we realize the inverse relationship between money and time in order to ensure we are managing this most precious resource of ours properly (and in line with our own goals and values). This relationship is what makes the FIRE movement so attractive. It’s a movement driven by a philosophy of optimization and efficiency, aimed towards the underlying goal to get you to full autonomy over your life in the shortest time possible. FIRE is about finding the point of equilibrium that allows you to live your desired lifestyle for as long as possible. FIRE is actually

about time...not money!

The annual burn rate of your multi-billion time fortune is 31,536,000 seconds. Every year. Last month, you spent 2,678,400 of those seconds whether you wanted to or not. Whether you realized it or not. So, I ask you, how did you spend yours?

An even better question is how will you spend the remaining 91.5% of this year? Or to be precise, how will you spend your remaining 28,857,600 seconds this year? Every one of those seconds counts and is actually an integral building block in the life we are each building. As writer Annie Dillard said, [“How we spend our days, is of course, how we spend our lives.”](#)

It's easy to get caught up in the pursuit of money but it's important that we remind ourselves from time to time that that pursuit is really all about *time*. I hope you spent your time wisely and intentionally last month. I also hope you didn't waste too much time either. This report is about the time I allocated to building up our net worth, in order to live our desired life.

So, let's dive in.

If you're a regular reader and only want to read the new content, feel free to just skip the intro below, and head to **Net Worth**. 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 does change periodically.

Why I Share These Monthly Reports

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*. And, 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.

Four years later, our net worth currently clocks in at \$1,046,938 with a gross income over the trailing twelve months of \$475,914.

- That's a **5.4X increase in net worth** due to a **compound annual growth rate of nearly 51%** for the past four years.
- At the same time, income has increased **2.7X**, which translates to a **compound annual growth rate of roughly 27%**.

Honestly, I 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 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. Choose to spend on what is meaningful to you. [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. Keep this famous Jim Rohn quote in mind:

"If you don't plan your future, somebody else will. And you know what

they have planned for you? NOT MUCH!”

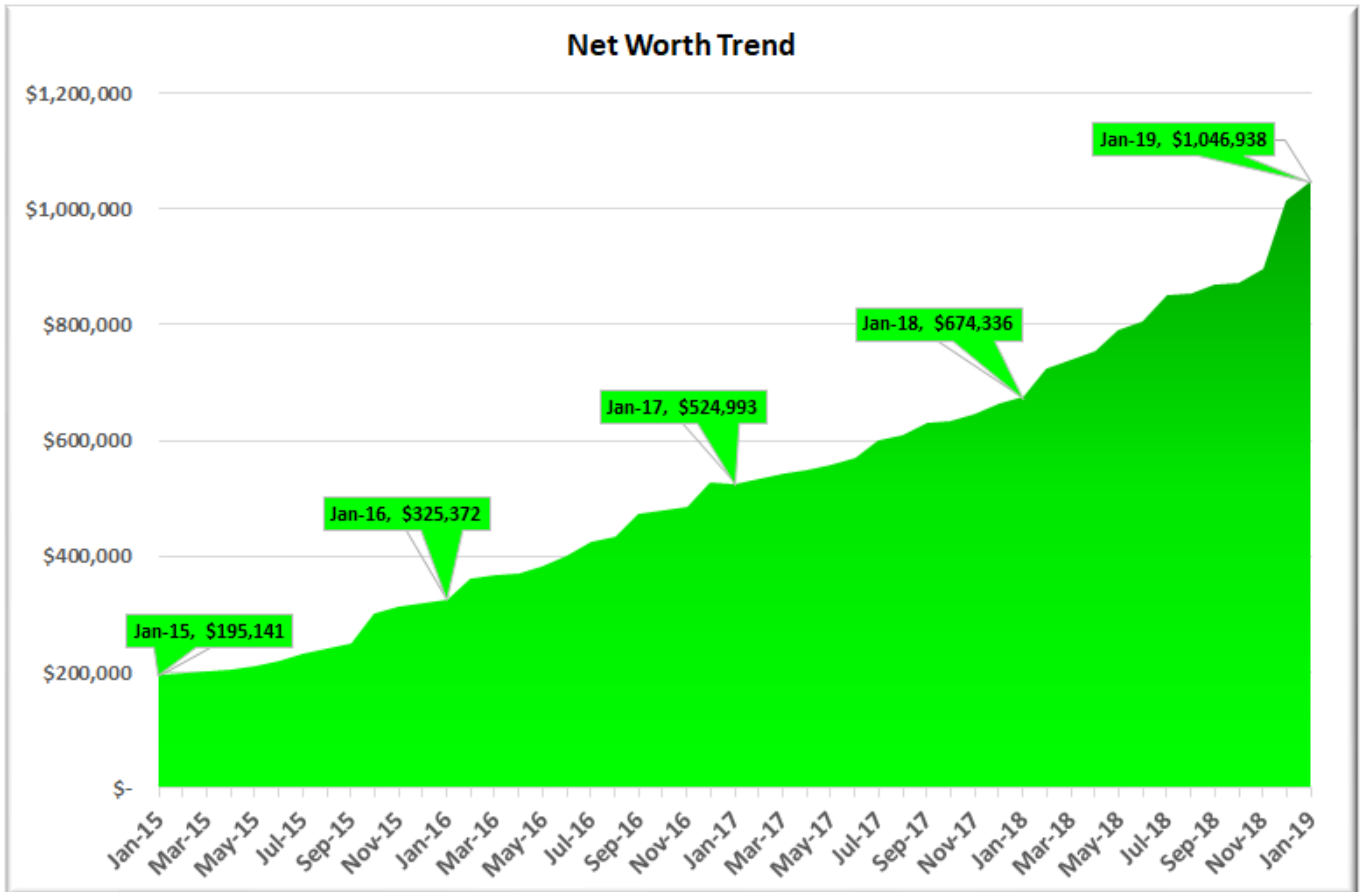
You must be intentional with your finances if you ever want a fighting chance to make it to financial freedom. But it does not have to take 40-50 years of slaving away for *The Man* before you have the option to retire. [I think 10-20 years is all you need](#), with the most aggressive folks probably able to reach financial freedom in 10 years or less. A high income paired with a high savings rate are two of the 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 so 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, and 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, so I have always intended to share my own.

You can find all my previous reports on the [Financial Stats](#) page.

Net Worth

Our net worth was up \$34,073 (3.4%) in January vs. December. Although certainly a very robust gain in just one month, even more mind-blowing is the fact that our net worth is up \$372,601 (55.3%) vs. January 2018. I don't anticipate being able to match that gain in 2019 unless we have another solid year across all of our investments. In other words, the stars would have to align to have a repeat year. Based on our 2019 budget, [we do anticipate being able to contribute \\$182,583](#) in new money to help fuel our net worth growth, and unless the economy takes a sustained nose dive in 2019 I project our net worth ending 2019 between \$1,200,000 and \$1,250,000.



January Net Worth \$1,046,938 (up \$34,073 or +3.4% for 2019)

- Previous month: \$1,012,865
- Difference: +\$34,073

Net Worth Break Down (MoM):

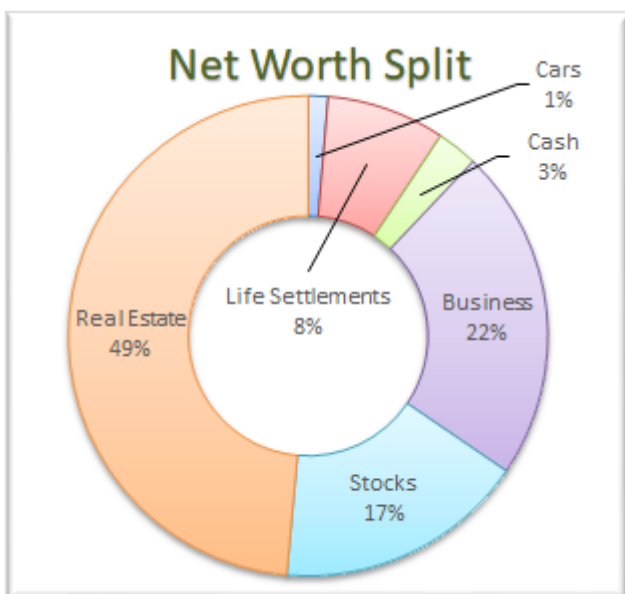
Below is a more granular look at the nuts and bolts of our net worth - a peek inside the sausage factory!

Assets	Stocks	Liquid Cash	Real Estate	CARS	Life Settlements	Company Stock	Total
January-2019	\$ 177,045	\$ 39,268	\$ 619,592	\$ 14,000	\$ 83,600	\$ 446,962	\$ 1,380,467
Previous Month	\$ 147,390	\$ 37,182	\$ 618,989	\$ 14,000	\$ 82,501	\$ 446,962	\$ 1,347,024
Change vs. Last Month	↑ 29,655	↑ 2,086	↑ 603	⇒ -	↑ 1,099	⇒ -	↑ 33,443
% Change	↑ 20.1%	↑ 5.6%	↑ 0.1%	⇒ 0.0%	↑ 1.3%	⇒ 0.0%	↑ 2.5%

Liabilities	House Mortgage	Credit Float	Company Stock Loan	Total
January-2019	\$ (111,074)	\$ (10,455)	\$ (212,000)	\$ (333,529)
Previous Month	\$ (116,043)	\$ (6,116)	\$ (212,000)	\$ (334,159)
Change vs. Last Month	↓ (4,969)	↑ 4,339	⇒ -	↓ (630)
% Change	↑ 4.3%	↓ -70.9%	⇒ 0.0%	↑ 0.2%

Net Worth	Assets - Liabilities
January-2019	\$ 1,046,938
Previous Month	\$ 1,012,865
Change vs. Last Month	↑ 34,073
% Change	↑ 3.4%

The majority of the gain in net worth this month was driven by the increase in the stocks category (up \$29,655 or 20.1%). In addition to the S&P 500 continuing its recovery from the 20% correction in Q4'18, we contributed \$16,809 in new capital to our 401K accounts. In particular, I have front loaded my contributions in order to max out by the second week in February. I did this in order to try and take advantage of the Q4'18 decline.



The **Real Estate (\$508,518)** category decreased to 49% from 50%. This category includes the equity in our primary residence (\$338,926), our investment in the [Rich Uncles commercial REIT \(\\$65,476\)](#), and our hard money loans through the [PeerStreet \(\\$104,116\)](#) platform. I have been taking capital as it's freed up from our after-tax PeerStreet account and using it to fund Rich Uncles as we work the RU account value up to \$100,000 (which is why the PeerStreet value hasn't been changing much MoM).

Net Cash (\$28,812) remained flat at 3%. We actually have \$39,268 in cash but net cash is only \$28,812 after you adjust for our current credit card balance of \$10,455, which we pay in full every month based on the statement due date. I started traveling again in January, so this will fluctuate a lot more going forward.

The **Business (\$234,962)** category decreased to 22% from 23%. This represents the [ownership I have in the private company that I work for](#). This is an illiquid investment that only gets an update to its value one time per year. I net the company stock asset value of \$446,962 against the company stock loan of - \$212,000 to arrive at the \$234,962.

Life Settlements (\$83,600) remained flat at 8%. We currently have investments in seven policies at \$10,000 each. They are accreting in value by about \$1,000 per month. For anyone that is familiar with options, I liken the fixed return of life settlements to the theta of a short option. In this case, the accreted value is like the theta decay of an option you've sold. In more simple terms, with this fixed return you are amortizing (realizing) that value with the passing of time.

The **Stocks (\$177,045)** category increased to 17% from 15% and represents the cumulative value of our brokerage accounts (retirement accounts and after-tax account) that are invested in stocks. However, this is not all of our retirement money, as the majority of our [PeerStreet](#) investments are made through a self-directed IRA (worth about \$78,000 and are counted in the Real Estate category of the pie chart).

The **Cars (\$14,000)** category remained flat 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. Spoiler alert: this category will look a bit different next month...

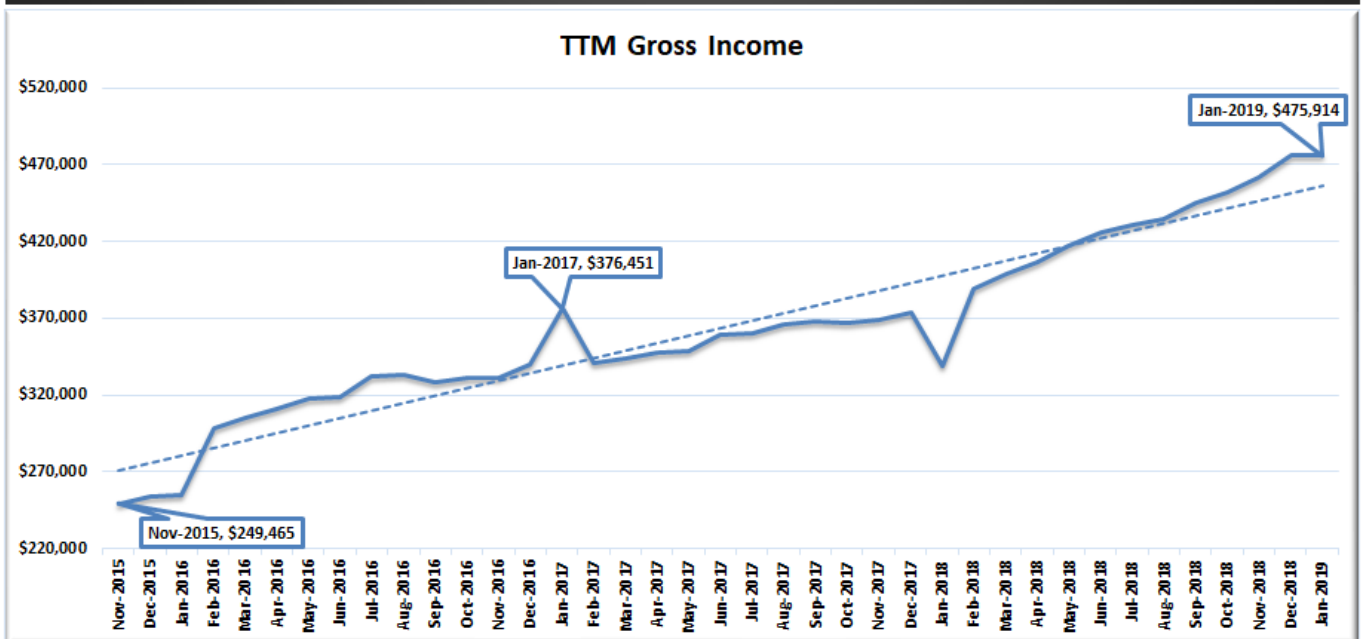
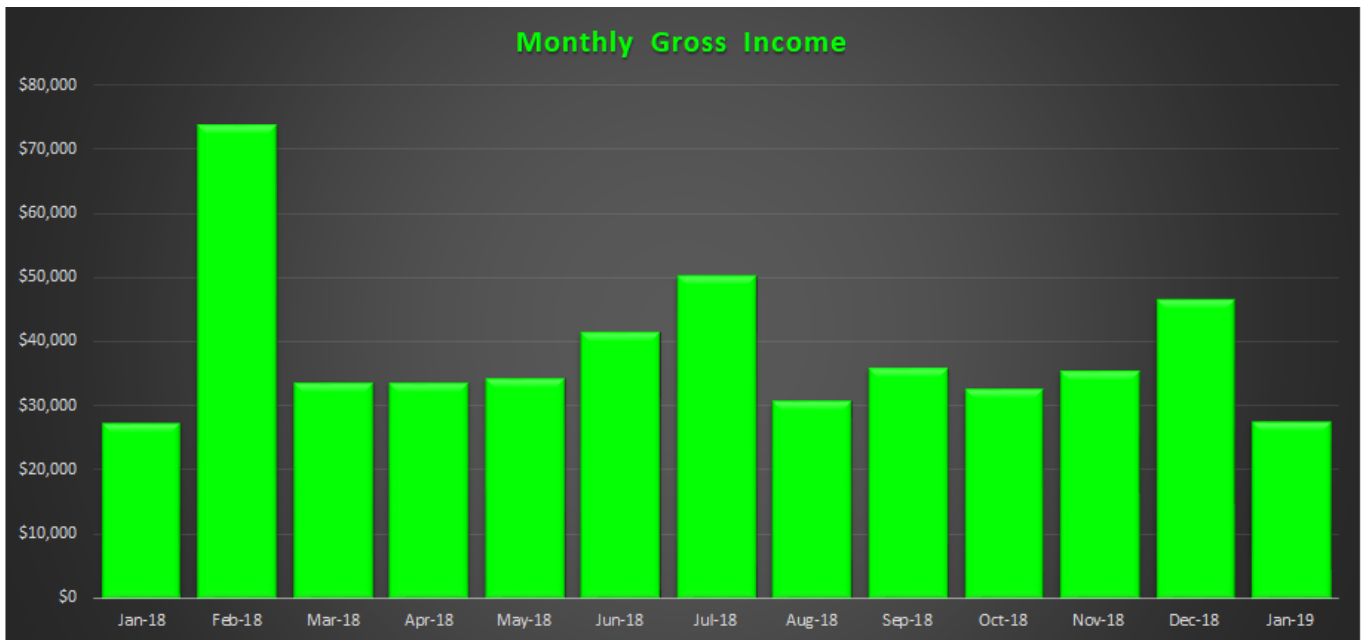
Total Capital Deployed in 2019:

Investment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dividends / Interest	401K Matches	2019	% Split
Peer Street	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Rich Uncles	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	3.6%
Mortgage	\$ 4,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,969	17.9%
Stocks (401K)	\$ 21,809	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,809	78.5%
Private Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Life Settlements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Total	\$ 27,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,779	100.0%

We started 2019 off strong! As I mentioned above, I anticipate deploying about \$182,000 in new capital this year. Although healthy, [this is down significantly from the \\$414,692 that we were able to deploy in 2018](#). On average I anticipate deploying about \$15,000/month. February will likely represent the high for the year as it's when I will get the remainder of my 2018 bonus and it's also the month that my new salary takes effect (retroactive to the beginning of January).

Gross Income

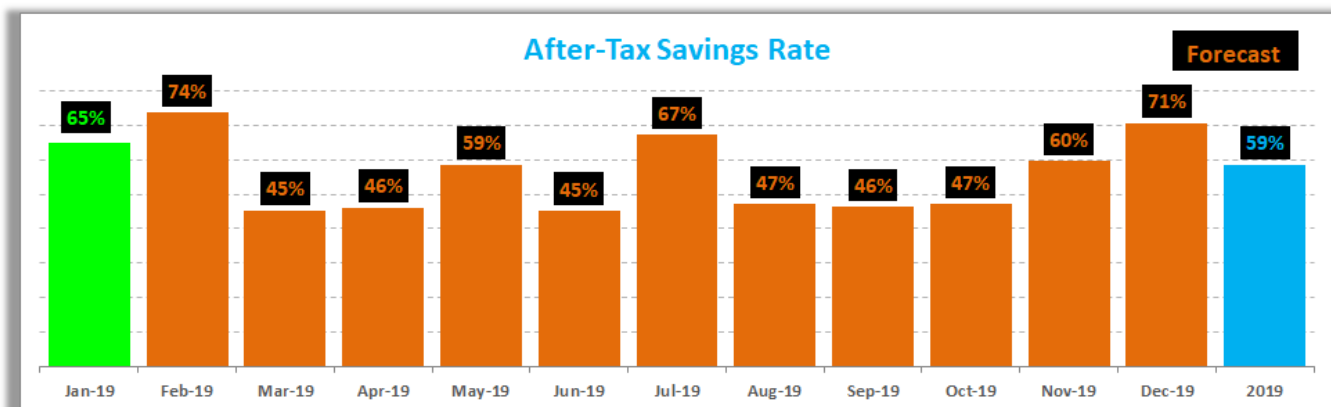
January brought the least amount of income in the prior twelve-month period. The primary driver is that Mrs. GYFG was still out on maternity leave. She does go back to work in February and that in addition to my raise for 2019 will help boost income. Income for February should come in between \$60,000 and \$75,000 for the month (including my year end bonus).



In the second chart above, I also track our income on a trailing twelve months, and we set another record in January at \$475,914 (that's twelve consecutive months of record highs). This new high almost didn't happen. January TTM squeaked over December by only \$169!

Savings Rate

Below is how we actually did vs. our goal of [saving 50% of our after-tax income](#). In the chart below, the green bars represent our actual savings rate for the month, the orange bars are what we anticipate based on our 2019 budget, and the blue bar is the projected savings rate for all of 2019.

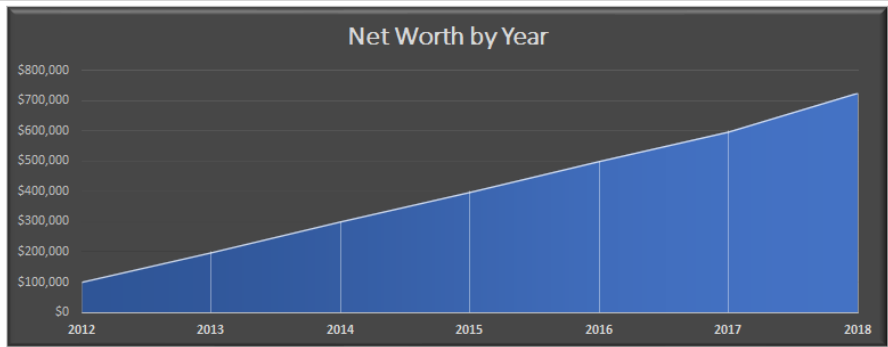


Do you want to calculate your own savings rate? I've made it super easy for you with the savings rate calculator included in the free GYFG FI Toolkit that you can download instantly by clicking the link below. Here's a peek below. Did I mention it's free? You have nothing to lose and everything to gain, Freedom Fighter!!!



NET WORTH TREND

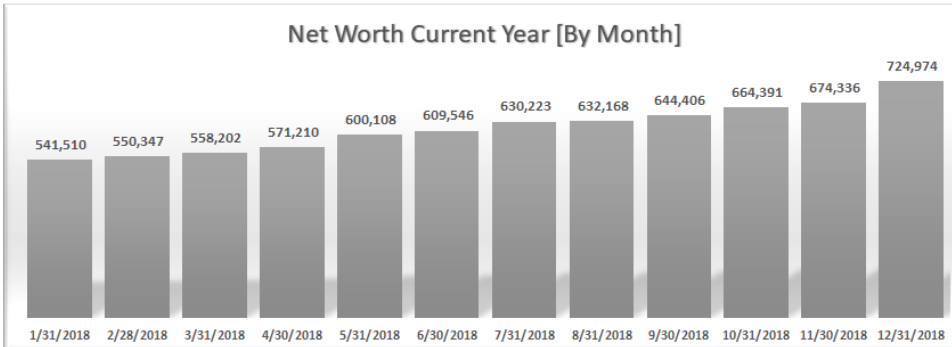
Year	Actual Net Worth	YoY % Change
2012	\$ 100,000	
2013	\$ 200,000	100%
2014	\$ 300,000	50%
2015	\$ 400,000	33%
2016	\$ 500,000	25%
2017	\$ 600,000	20%
2018	\$ 724,974	21%
2019		
2020		
2021		
2022		
2023		
2024		
2025		



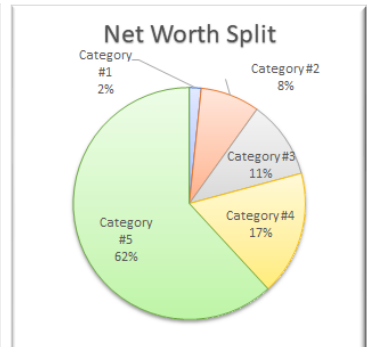
7.2% Of Net Worth Goal

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

Net Worth Current Year [By Month]

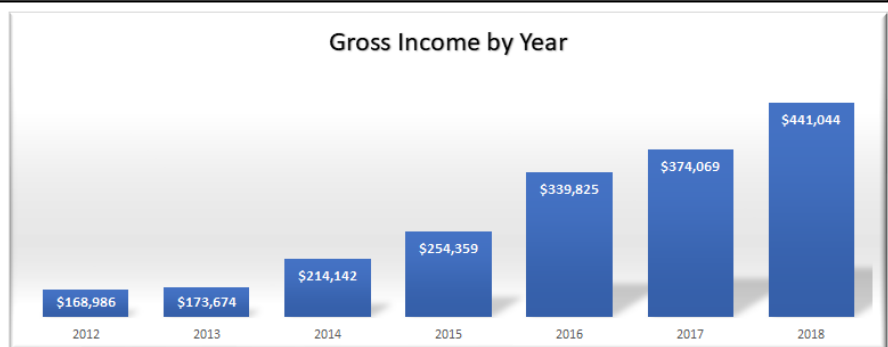


Net Worth Split



GROSS INCOME TREND

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	\$ 374,069	10%
2018	\$ 441,044	18%
2019		
2020		
2021		
2022		
2023		
2024		
2025		



MORTGAGE PAYOFF (PRIMARY RESIDENCE)

Goal: Pay off Mortgage on Primary Residence by December 31, 2021

43.7% Paid Off



Savings Rate Calculator

Gross Income

Total Gross Income	10,000
Total Pre-Tax Contributions	1,500
Total Benefit Expenses	190
Total Taxes	1,135
Net Take Home Pay	7,175
Total Living Expenses	2,500
Net Income	4,675
Add Back Amortizations	500
Add Back Pre-Tax Contributions	1,500
Total Savings	6,675

Savings Rate (% After-Taxes & Benefits) 76.9%

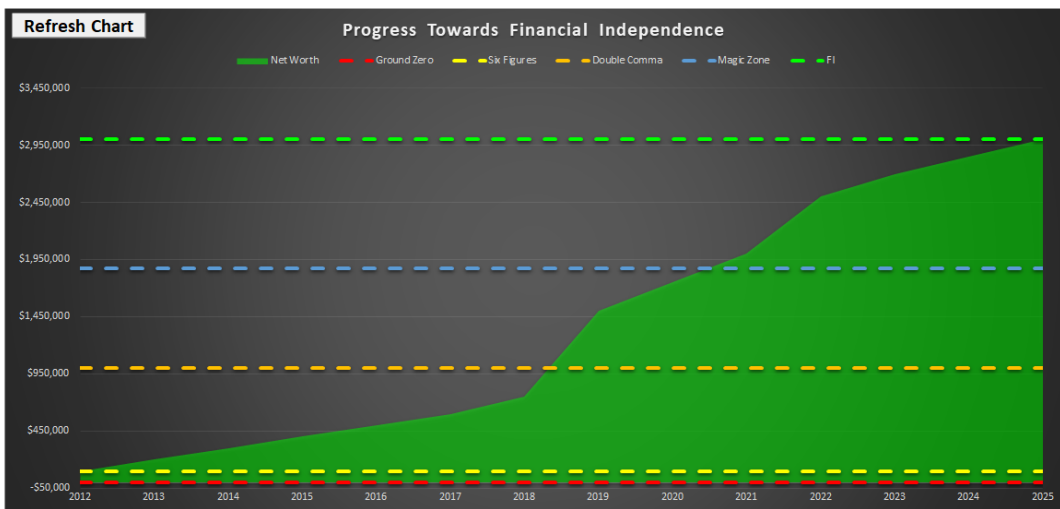
Gross Savings Rate 66.8%



Desired Annual Spending \$ 120,000
 Financial Independence \$ 3,000,000

Year	Net Worth
2012	\$ 100,000
2013	\$ 200,000
2014	\$ 300,000
2015	\$ 400,000
2016	\$ 500,000
2017	\$ 600,000
2018	\$ 750,000
2019	\$ 1,500,000
2020	\$ 1,750,000
2021	\$ 2,000,000
2022	\$ 2,500,000
2023	\$ 2,700,000
2024	\$ 2,850,000
2025	\$ 3,000,000

Your FI number is based on the 4% rule, which defines FI at the point your Net Worth Reaches 25X your desired annual.



Click Here To Download

Speaking of savings rate, go check 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

After [several refinances](#), our mortgage is a 3/1 ARM at 2.25% and we currently owe \$111,074. [We had originally set a goal to pay it off in seven years and three months](#) but recently accelerated that timeline by a few years. In the progress bar below you will notice that we were originally working towards a goal completion date of 1/31/2022, but are now aiming [to have this goal completed by 7/31/19](#).

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

68.7% Paid Off

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.

For the past few years, I have been writing about the desire to avoid concentration risk and ensure diversification, and therefore *not* rush to pay off our mortgage. But in June 2018 we decided to go after this goal hard and fast. Why the change of heart? The first major driver is the fact that our income has grown far faster than we had ever imagined in our wildest dreams. [Based on the 20-year plan](#) I shared on the blog back in 2015, our income wasn't projected to hit current levels until 2031 - that puts us 11 years ahead of schedule.

Secondly, prior to the 2018 tax reform, the tax benefit we received from being able to deduct the interest and property taxes was already minimal. And now, under the new reform, there is **zero** tax benefit (due to SALT limit and the increased standard deduction to \$24,000 for a married couple which is greater than our itemized deductions). I still don't understand why anyone could be dogmatic about keeping a mortgage for the tax deduction, [which is worthless under the new tax reform for most households across the USA](#).

Moreover, why would you spend a dollar on interest to get thirty cents back? Why not pay zero interest and keep 70 cents out of each dollar that you don't have to pay towards interest? Our lightbulb moment came when we realized that we could get this pay-off accomplished in about a year, which became very motivating once

baby GYFG arrived. This gives us a very strong financial foundation from which to spring into our next phase of life, and wealth-building.

This acceleration means that the equity value in our home will be growing rapidly over the next six months, as will the percentage of our net worth concentration tied up in this asset. It currently makes up 32.4% of our net worth (down from 33% last month), and I anticipate it will make up as much as 35-45% of our net worth between now and July of 2019.

LESS THAN SIX MONTHS TO GO!!!

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](#). This has proved to be not only true but also very conservative. To date, we have paid down the mortgage by \$243,926 in four years (and **one** month). It’s crazy to think that we will be mortgage free a little less than five years from setting this goal.

This goal is now 68.7% complete (vs. 67.3% in December)!

Closing Thoughts

I’m very satisfied with such a strong start to the year. The best part of this month’s performance is that it took minimal effort and bandwidth from me or Mrs. GYFG. [We put together a plan back in November 2018 and left things on cruise control](#). If you’re looking for a hack, planning is the best one I have up my sleeve. With enough practice, planning becomes a superpower. As much as I like to talk and write about personal finance, planning allows me to spend the least amount of time actually managing or thinking about our finances. It frees up time to be spent elsewhere. In January that meant more time with baby GYFG and Mrs. GYFG as her maternity leave comes to an end. It also left more time to read. To write. To get a new business off the ground.

As you can tell from the opening of this month’s post, time has been a topic of deep

thought. I prefer to always stay conscious of time in order to ensure I'm not squandering the fortune that was so generously given to me to manage. I take great pride in spending my time wisely, productively, and without regret.

I challenge you to make a promise to yourself and your family that you will always aim to be intentional and conscious of how you spend down your multi-billion time fortune.

To the time we have left!

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](#)