

# February 2019 - Detailed Financial Report #50 - Net Worth \$1,086,876 | Income \$59,020

Another one bites the dust!

Yes, I recently watched the movie “Bohemian Rhapsody,” thus the opening to this post. I thought it was an excellent movie and the music was great!

February flew by. It was a short month but it also happens to align with Mrs. GYFG going back to work and me traveling again after being on a travel hiatus for the last quarter of 2018. I was gone seven of Mrs. GYFG’s first ten days back at work. I felt bad about the timing and tried to make up for it the rest of the month. Our nanny also started with us full time this month and she’s been working out great. We really got lucky!

So many people have told us that kids are so expensive but we have yet to see that kick in just yet (keyword = YET). Since baby GYFG was born in October, our expenses over the past five months have been significantly *lower* than our average spending prior to his arrival. The twelve months prior to October 2018 we had spent an average of \$12,200 per month and the past five months have averaged \$8,200 per month. It will be interesting to watch this trend over time. I do expect an uptick of about \$3,000 per month due to the full-time nanny AND the fact that we purchased a Suburban – for \$65,000. Ouch! We did finance the entire purchase and those payments are going to run about \$1,000 per month. However, this still keeps us below our previous average of \$12,200 per month (by about \$1,000 per month).

Overall, February was another great month financially, as you are about to read.

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

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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*. 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 \$1,086,876 with a gross income over the trailing twelve months of \$461,242 (peaked at \$475,914 in January 2019).

- That’s a **5.6X 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 **2.6X**, 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.

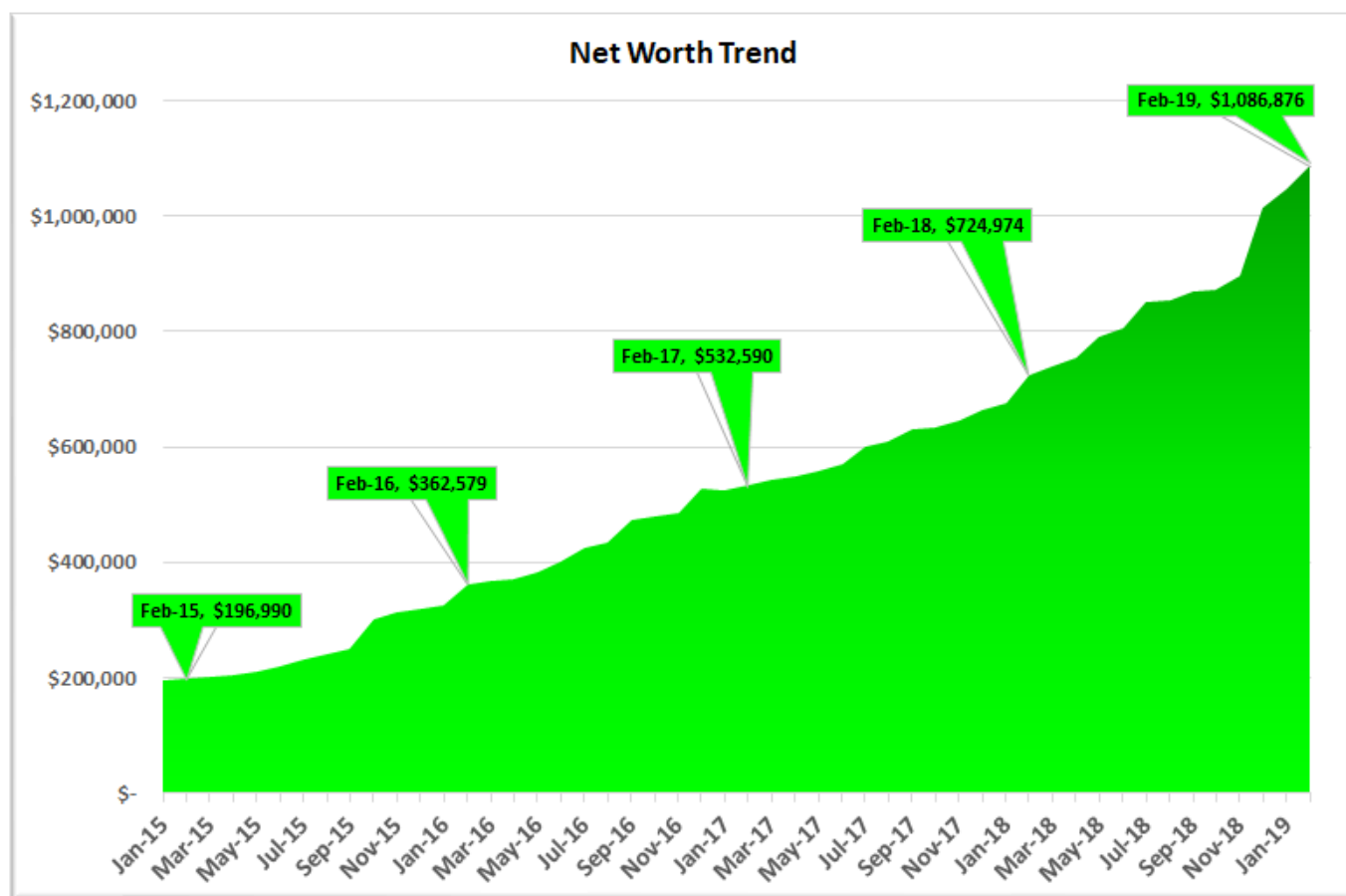
I know I don’t have to publish my juicy details every month, but it’s important to me that you know that I put my money where my mouth is (not so many people giving financial advice actually do this). I publish all of my financial details not to brag, but instead to show you what is working as well as 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 \$39,939 (3.8%) in February vs. January. Although certainly a very robust gain in just one month, even more mind-blowing is the fact that our net

worth is up \$891,735 since I first starting publishing these reports 50 months ago - that's 5.6X where it was in January of 2015. [I anticipate being able to contribute \\$182,583](#) in new 2019 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.



### February Net Worth \$1,086,876 (up \$74,011 or +7.3% for 2019)

- Previous month: \$1,046,938
- Difference: +\$39,939

### Net Worth Break Down (MoM):

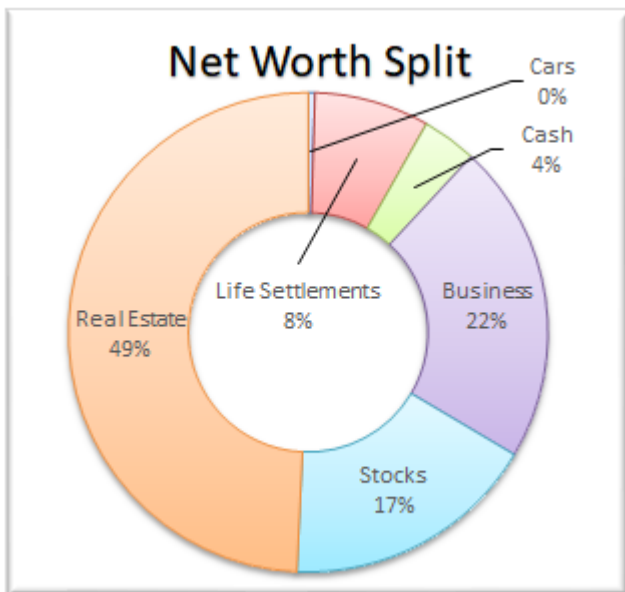
Below is a more granular look at the nuts and bolts of our net worth - a peek inside the sausage factory!

Assets	Stocks	Liquid Cash	Real Estate	CARS	Life Settlements	Company Stock	Total
February-2019	\$ 187,260	\$ 48,184	\$ 621,362	\$ 5,000	\$ 84,341	\$ 446,962	\$ 1,393,108
Previous Month	\$ 177,045	\$ 39,268	\$ 619,592	\$ 14,000	\$ 83,600	\$ 446,962	\$ 1,380,467
Change vs. Last Month	↑ 10,215	↑ 8,916	↑ 1,770	↓ (9,000)	↑ 741	⇒ -	↑ 12,642
% Change	↑ 5.8%	↑ 22.7%	↑ 0.3%	↓ -64.3%	↑ 0.9%	⇒ 0.0%	↑ 0.9%

Liabilities	House Mortgage	Credit Float	Company Stock Loan	Total
February-2019	\$ (86,104)	\$ (8,129)	\$ (212,000)	\$ (306,232)
Previous Month	\$ (111,074)	\$ (10,455)	\$ (212,000)	\$ (333,529)
Change vs. Last Month	↓ (24,970)	↓ (2,327)	⇒ -	↓ (27,297)
% Change	↑ 22.5%	↑ 22.3%	⇒ 0.0%	↑ 8.9%

Net Worth	Assets - Liabilities
February-2019	\$ 1,086,876
Previous Month	\$ 1,046,938
Change vs. Last Month	↑ 39,939
% Change	↑ 3.8%

The majority of the gain in net worth this month was driven by debt pay-down on the mortgage, which was funded from my year-end bonus that was paid out this month.



The **Real Estate (\$535,258)** category remained flat at 49%. This category includes the equity in our primary residence (\$363,896), our investment in the [Rich Uncles commercial REIT \(\\$66,847\)](#), and our hard money loans through the [PeerStreet \(\\$104,515\)](#) 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 (\$40,055)** increased from 3% to 4%. We actually have \$48,184 in cash but net cash is only \$40,055 after you adjust for our current credit card balance of

\$8,129, 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 remained flat at 22%. 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 (\$84,341)** 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 (\$187,260)** category remained flat at 17% and represents the cumulative value of our brokerage accounts (all retirement accounts) 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 \$80,000 and are counted in the Real Estate category of the pie chart).

The **Cars (\$5,000)** 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. I mentioned above that we financed a new Suburban. We did negotiate a killer deal since it was previously a dealership loan vehicle with 4,500 miles on it. It is a 2019, and we got it for about \$15,000 less than what a brand model would cost, which will help combat the crazy depreciation that happens once you drive the car off the lot. Since the first payment is not until April 1st, I won't be adding it here until then. That said, the value vs. the loan makes it net worth neutral at this time (keep a look out for a post detailing what I have dubbed "Carbitrage").

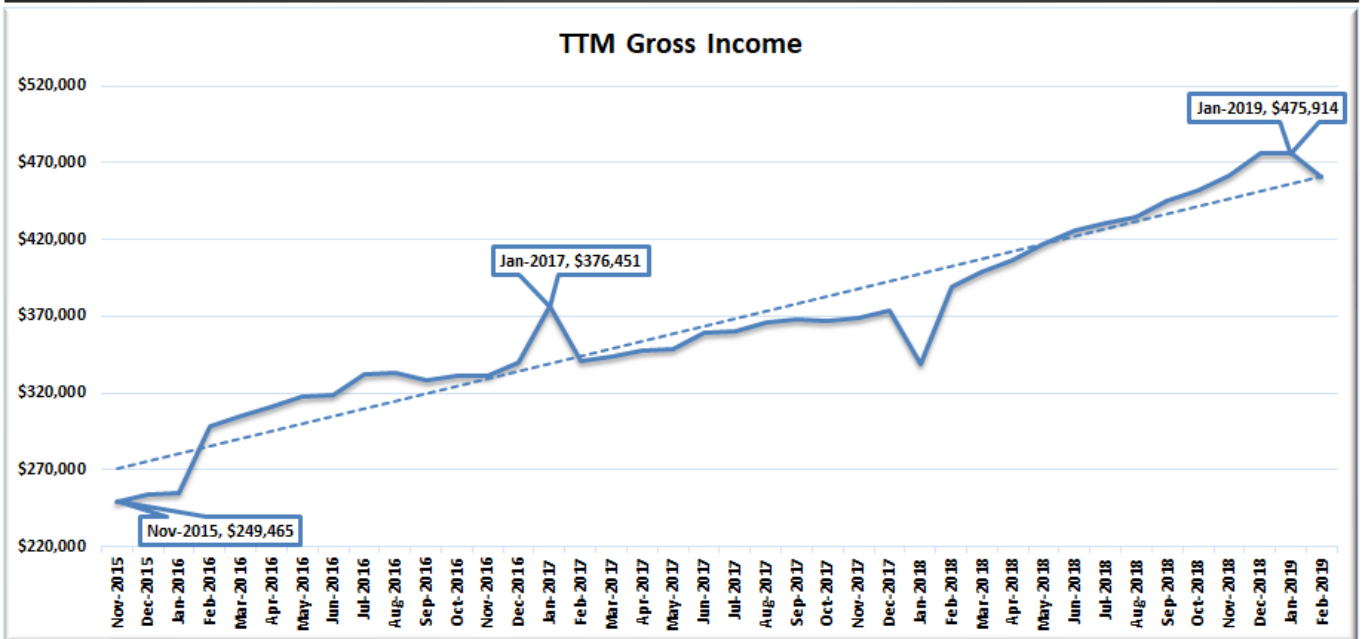
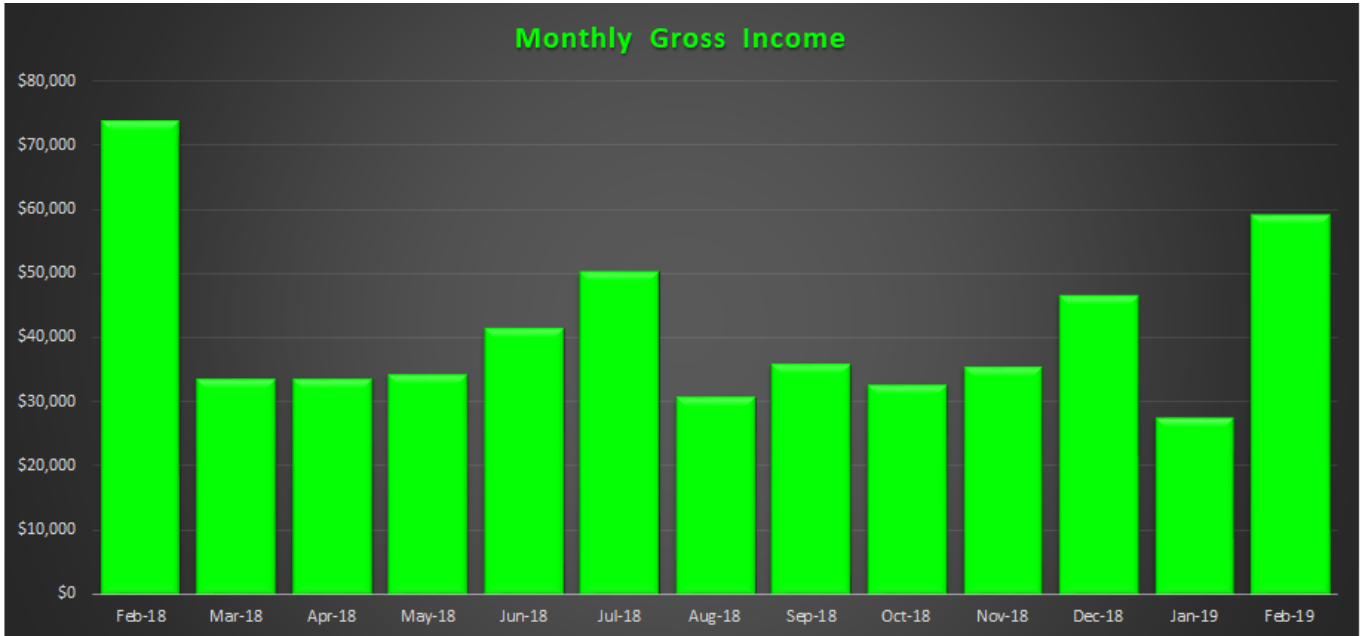
**Total Capital Deployed in 2019:**

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000	3.5%
Mortgage	\$ 4,969	\$ 24,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,981	50.3%
Stocks (401K)	\$ 21,809	\$ 4,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,625	46.2%
Private Business	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
Life Settlements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
<b>Total</b>	<b>\$ 27,779</b>	<b>\$ 29,827</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,606</b>	<b>100.0%</b>

We started 2019 off strong! As I mentioned above, I anticipate deploying about \$182,000 in new capital this year (of which 32% has already been deployed). Although healthy, [this is down significantly from the \\$414,692 that we were able to deploy in 2018](#). Going forward I expect there to be a lot more month-to-month variability in the capital deployed. About 65% of the total deployed this year will go towards [putting the mortgage to bed this year](#).

## Gross Income

Income for the month of February came in just shy of my lower estimate last month of \$60,000. Our income tallied up to \$59,020. Although a very robust month, it was down significantly from our all-time-high of \$73,692 in February 2018.

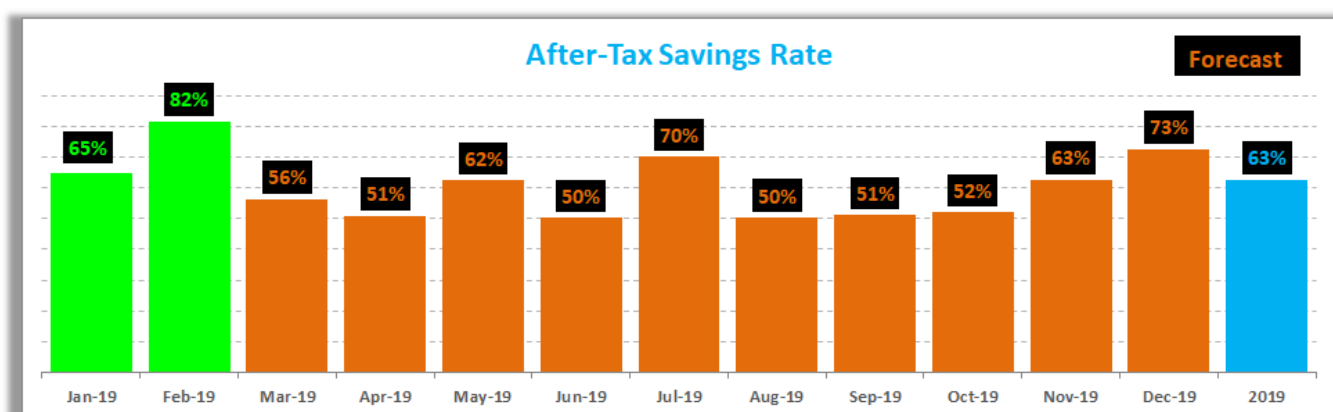


In the second chart above, I also track our income on a trailing twelve months, and we finally got that dip I've been expecting. TTM revenue came in at \$461,242. We might see a few more months of declines vs. the January 2019 high of \$475,914 before it starts climbing again.

### 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.

We have officially peaked for the year at a robust monthly savings rate of 82% for February.



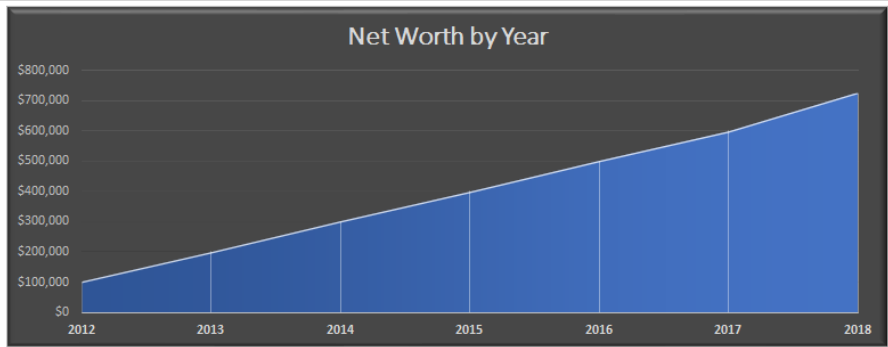
**Do you want to calculate your own savings rate?** I've made it super easy for you with the savings rate calculator included in the free GYFG FI Toolkit that you can download instantly by clicking the link below. Here's a peek below. Did I mention it's free? You have nothing to lose and everything to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





**NET WORTH TREND**

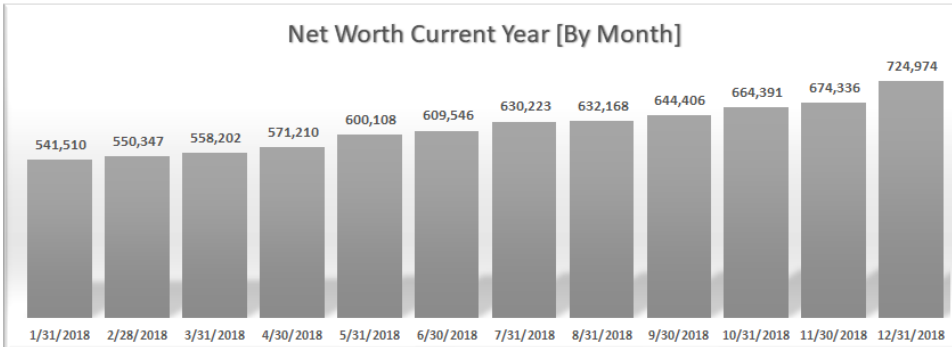
Year	Actual Net Worth	YoY % Change
2012	\$ 100,000	
2013	\$ 200,000	100%
2014	\$ 300,000	50%
2015	\$ 400,000	33%
2016	\$ 500,000	25%
2017	\$ 600,000	20%
2018	\$ 724,974	21%
2019		
2020		
2021		
2022		
2023		
2024		
2025		



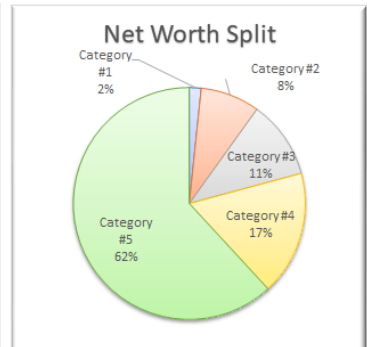
**7.2% Of Net Worth Goal**

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

**Net Worth Current Year [By Month]**

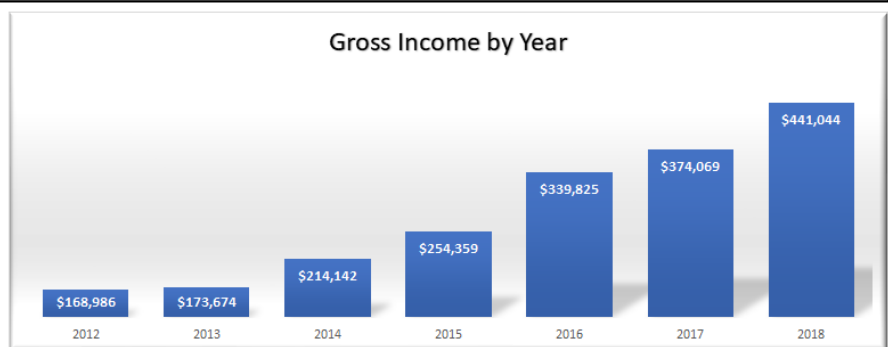


**Net Worth Split**



**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
<b>Net Take Home Pay</b>	<b>7,175</b>
Total Living Expenses	2,500
<b>Net Income</b>	<b>4,675</b>
Add Back Amortizations	500
Add Back Pre-Tax Contributions	1,500
<b>Total Savings</b>	<b>6,675</b>

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

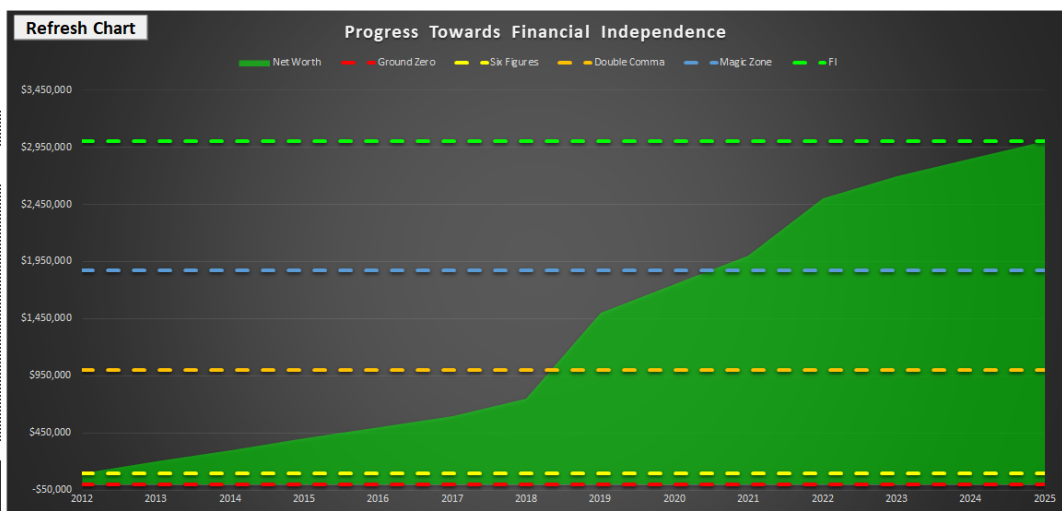
*Gross Savings Rate* **66.8%**



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 \$86,104. [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**

**75.7% 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 how 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 33.5% of our net worth (up from 32.4% 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 FIVE 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 \$268,896 in four years (and **two** months). 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 75.7% complete (vs. 68.7% in January)!

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### **Closing Thoughts**

The systems are firing on all cylinders. I feel like this year is mostly on autopilot, more so than in years past. I plan to leave autopilot on until the mortgage is paid off before becoming a bit more active in managing our personal finances.

I’m taking these first seven months of the year to focus on other areas of life: family, fitness, and fun. I have to admit that I have even softened up these first couple months of 2019, in that I’ve been sleeping in until around 6am or a little later most mornings. After years of waking up between 4am and 5am almost seven days a week, this is a big change for me.

I’ve been reading more. Cooking more (dinner with the family almost every weeknight). Working out more. Sleeping more. Spending more time with family and

friends. To make room for this change I have been working significantly less. I have even reduced the time I spend on the blog, which you probably haven't noticed because I went crazy in the last quarter of 2018 and wrote enough content to get me through June of this year (besides these monthly updates that can't be written ahead of time).

The concept of work/life balance has always eluded me. Instead, I've embraced the idea of the work/life blend. In the ten years prior to baby GYFG's arrival, there was a lot more work in that blend, with the eventual goal to swing the pendulum the other way. But now, I can honestly say that the shift to spending more time on the life side of the equation has been a success. There are seasons in life and I look at this shift as yet another season.

I hope you had a fantastic February!

- 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](#)