

# A Dollar Saved Is a Dollar Earned

With so much uncertainty in the world, it's difficult for me to allocate incremental capital to traditional investments right now. I'm currently dumbfounded by the performance of the stock market and I'm waiting to see how this pandemic spills over to the real estate market. While I wait, I continue to build our war chest of cash, while simultaneously looking for creative ways to manufacture financial returns. Since mid-March when the COVID-19 outbreak started dominating our lives, I shifted the majority of my focus to things I could control, like our expenses. I've gone through a detailed analysis of all of our outflows looking for opportunities to cut out [unnecessary spending](#).

Like many, if not most, we are naturally going to spend a lot less money this year because of the restrictions placed on our lives in order to combat the virus. This means significantly less eating out, less shopping, and little to no travel (three of our larger spending categories). In our "GYFG Historical Expenses" below, you have to discount the "House Mortgage & HOA" category as it had historically included the additional funds we were paying towards the mortgage, which is why you see a line that deducts these additional principal payments from the total spending to arrive at adjusted spending. As I've explained many times in the past, these payments were merely balance sheet transfers and not a true expenses.

<b>GYFG Historical Expenses</b>	<b>Actual 2015</b>	<b>Actual 2016</b>	<b>Actual 2017</b>	<b>Actual 2018</b>	<b>Actual 2019</b>	<b>Forecast 2020</b>
<b>Expenses</b>						
<i>Health   Dental   Vision</i>	<b>10,827</b>	<b>11,565</b>	<b>10,690</b>	<b>10,954</b>	<b>16,534</b>	<b>19,320</b>
<i>Childcare</i>	-	-	-	-	22,201	14,727
<i>House Mortgage &amp; HOA</i>	38,091	55,497	47,618	168,828	134,819	8,378
<i>Home Improvement</i>	17,888	10,944	14,845	6,761	35,097	1,454
<i>Condo-Mortgage &amp; HOA</i>	15,899	16,343	12,978	-	-	-
<i>Food &amp; Dining</i>	19,735	26,882	27,301	28,177	23,799	13,503
<i>Shopping &amp; Other</i>	20,215	26,935	62,374	42,130	59,059	24,131
<i>Travel &amp; Hotel</i>	5,907	4,195	10,046	12,668	17,947	4,802
<i>Auto &amp; Transport</i>	8,533	7,918	8,662	9,457	13,159	17,626
<i>Bills &amp; Utilities</i>	5,870	5,711	6,509	6,717	5,272	5,131
<i>Health &amp; Fitness</i>	2,871	3,813	4,193	6,652	1,750	9,882
<i>Business Services</i>	1,929	1,684	1,512	11,869	7,369	1,074
<i>Time Share</i>	605	380	765	586	600	804
<b>Expense Total</b>	<b>148,369</b>	<b>171,868</b>	<b>207,494</b>	<b>304,799</b>	<b>337,605</b>	<b>120,833</b>
<i>Less Amortizations</i>	22,364	39,766	35,854	153,548	128,903	-
<b>Adjusted Spending</b>	<b>126,005</b>	<b>132,102</b>	<b>171,640</b>	<b>151,251</b>	<b>208,702</b>	<b>120,833</b>

Besides our spending naturally declining due to the shelter in place orders we are currently living under, I've also made an effort to cut certain expenses, which include:

- Switching from Verizon to [Mint Mobile](#) (saving \$2,100 annually)
- Negotiating with the insurance company that holds our car and home policies (saving \$1,200 annually)
- Canceling or reducing other miscellaneous expenses (saving \$4,400 annually)

Although we have been doing plenty of home improvement projects during the lockdown, the projects we have undertaken are relatively cheap compared to past home improvement projects. When you tally it all up, our spending will be down \$87,870 or 42% vs. 2019 (our largest spend on record). This also puts us on pace for the lowest spending level since prior to 2015.

A dollar saved is a dollar earned!

The end goal is to [get a little wealthier every day](#) through both good markets and bad. With potentially less certainty in our income this year, this is an easy way to still continue progressing towards our financial goals. I typically prefer to do this by focusing on

the income side of the equation but sometimes I need to be flexible.

### **But wait, there's more!**

Back in 2015, we decided to invest in the power of [the Sun](#) by installing a solar system on our roofs. This has been an incredible investment that has saved us approximately \$2,500 per year on a \$10,000 net investment. The keen observer quickly realizes that this is a 25% annual return – not too shabby! Over the years our electricity usage has continued to increase for various reasons and in 2019 our net bill to the electric company was about \$950, meaning our solar system was not able to produce enough electricity to cover all of our needs as it did when we first installed it. I expect the minimum annual bill for being connected to the grid to be about \$120/year.

Well, the price of solar has decreased, and the federal government is still giving tax credits (now 26% in 2020). So, we are now under contract to double the size of our solar system for a net cost of \$8,880. This investment will end up saving us \$830 per year (when you net the minimum payment to the electric company). If you perform the simple arithmetic, that translates to a 9.3% return per year.

### **But wait, there's more!**

The battery technology has come a long way since we first installed solar. Tesla has their battery wall but the cost is high. We got a quote for two battery walls – the recommended amount for our size house – and the price for two is \$27,500. Without any rebates or tax credits, that cost doesn't make financial sense. But this is where it gets really interesting. Like the solar system, there is a 26% federal tax credit. In addition, the state of California is offering up to \$26,400 for two power walls (or other equivalent battery storage systems – see [Self Generation Incentive Program](#)). The minimum rebate in California is \$3,000 per battery wall, but we qualify for the maximum amount. And the California rebate has no impact on the federal tax credit! Suffice it to say, we are also now under contract for two Tesla Power Walls and the company we are working with has just submitted our application for the rebate (we only move forward once they secure our rebate).

Let's do the math:

Gross Cost	\$27,500
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Federal Tax Credit @ 26%	(\$7,150)
California Rebate	(\$26,400)
Net Cost	(\$6,050)

Assuming everything goes as planned, we will actually get paid \$6,050 for installing these Power Walls. When looked at together with the expansion of our solar system, this puts our net cost at \$2,830, with a net annual savings of \$830 per year (or 29% annual return).

Sometimes you have to get creative and [engineer a return!](#)

These are just a few of the activities I've been up to during the last two months of "shelter in place" orders. These are the best opportunities I see right now.

- Gen Y Finance Guy

p.s. There is one other opportunity I see that I will share in the near future. You know me, so you know it will not be something most would pursue!!!



## 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](#)