2024 Annual Review

I’ve been looking forward to sitting down to pen this second annual review. This year, I celebrated this blog’s 10-year anniversary, and I’m grateful for how impactful it has been in my life. It’s taught me the importance and power of reflection. On a micro level, I accomplish reflection in the journaling I do most days, but on a macro level and for things more financially inclined, I’ve used this blog to reflect back to keep myself accountable and on track for building my dreams.

I have also used this blog as a medium to articulate what I want my future to be and what the path ahead might look like. The act of writing has helped me become a more effective communicator in my personal and professional relationships. It has also helped me become a better thinker. I believe it has also aided and accelerated my success in business. With so much gained from this blog over the previous 10 years, I can’t wait to celebrate its 20-year anniversary in 2034!

Sitting down to write an annual review like this is daunting. Writing my prior monthly reviews was easier because the information was fresh and top of mind. It’s also hard to have something like this be short and sweet, especially for someone like me who doesn’t include brevity as a strong suit. It made me think of the quote below:

> I didn’t have time to write a short letter, so I wrote a long one instead.
>
> **Mark Twain**

Since this post is probably more beneficial to me than you, I don’t blame you for skimming or skipping this post altogether. Now, onto my **second** annual review.

Financial Update

Note: I began writing this section before the year was final, but the numbers are close enough. All figures were as of 12/26/24.

Net Worth

Year	Actual Net Worth	YoY % Change
2012	$ 42,424	
2013	$ 103,012	143%
2014	$ 181,364	76%
2015	$ 317,727	75%
2016	$ 527,668	66%
2017	$ 664,391	26%
2018	$ 1,012,865	52%
2019	$ 1,670,321	65%
2020	$ 2,379,441	42%
2021	$ 7,586,316	219%
2022	$ 10,245,337	35%
2023	$ 11,341,706	11%
2024	$ 12,169,864	7%

As expected, our net worth growth continued to slow in 2024. Part of the slowdown was self-inflicted due to ~$1.8M parked in treasuries, which was a significant under-performer vs. the S&P 500 again in 2024. I've been slow to deploy this cash as I was wrapping up loose ends and digesting our incredible run. I didn't want to deploy capital too fast, and last year, I spent a lot of time working through putting together an investor policy statement that has now gone through several rounds of refinement.

We did make some progress by increasing our net worth allocation to equities from 6% at the beginning of the year to 9% (50% YoY increase) by the end of the year. Going forward, this will continue to work its way higher as we work towards balancing the liquid and illiquid portion of our net worth.

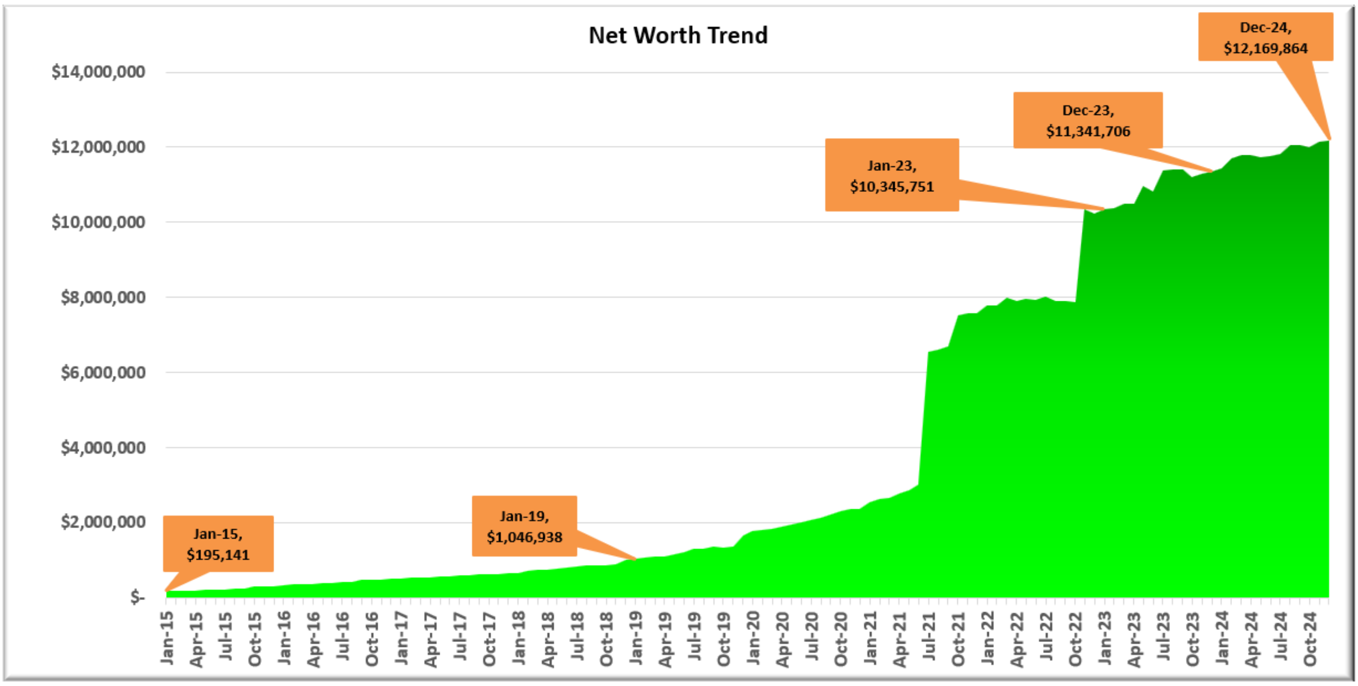
In the last couple of months, I landed on the final mechanism to make this transition from illiquid to liquid and to deploy the large amount sitting in treasuries: it will be deployed through an automated portfolio of low-cost ETFs. I've pre-funded this with ~$50,000 to start and automated investment set up for $5,000 every two weeks. Additionally, I have set alerts at 5% levels below all-time highs, which, if triggered, call for more significant infusions of capital – $100,000 per 5% decline ($100K at -5%, $200K at -10%, etc.). I know the studies show that lump sum investing is typically better than dollar cost averaging (most of the time), but psychologically, I'm uneasy putting such a large amount to work all at once.

I can't predict the rate at which our net worth will grow, but the goal is to position the entire portfolio to enable a range of 5% to 20% in any given year (or better if we get lucky). There is one thing that is jumping off the table above: in 12 years, we have not experienced a drawdown year, but mentally, I'm always preparing for that eventual day.

Even after all the liquidity we've realized over the last four years, we still have a large concentration of our net worth (37% but down from a high ~77%) tied to the equity value from the roll I did when we sold the remaining 40% of the business. This continues to be an x-factor in terms of the effect it can have on the overall growth rate our net worth can experience. I strategically rolled equity to trade up for a much larger compounding machine, and it's already almost doubled in less than two years based on the last valuation in mid-2024 (currently projected, the next valuation won't be out until some time in February, 2025).

I'm still in awe every time I look at the chart below, especially when I remind myself that it happened in less than a decade.

(The chart doesn't start until 2015 because that was the first year I began monthly tracking of our financial data; however, the GYFG household started our professional careers out of college in 2008 with **a negative $300,000 net worth**.)



Note: the below (in red) is a holdover from last year's annual review with the addition of a revised table showing the potential ending net worths (at various compound rates) based on 2024's ending value.

As much as I think about compounding, this quote from Warren Buffett still takes my breath away:

> Over the 63 years, the general market delivered just under a 10% annual return, including dividends. That means $1,000 would have grown to $405,000 if all income had been reinvested. A 20% rate of return, however, would have produced $97 million. That strikes us as a statistically-significant differential that might, conceivably, arouse one's curiosity.

The 10% return is a rounding error vs. the 20% return. At 10%, you are doubling roughly every seven years; at 20%, you are doubling roughly every 3.5 years. **You double your capital base an extra 18X over 63 years at 20%**.

This is the second year we've experienced what I would classify as a substantial slowdown in our net worth growth. Although I believe the equity I rolled over will continue to be a **HUGE** dial mover between now and 2027, I've played out a few scenarios after reading Buffett's quote above. I still have yet to be able to adopt Warren's favorite holding period of "forever" because a human life – my human life – is finite.

I'm comfortable thinking in 1-20 year time frames, and for this exercise, I went out as far as I can comfortably do while simultaneously acknowledging many unknowns between now and then. In what I see as the worst case scenario, we compound our net worth at 5% and end up with a $30M net worth in 20 years (I'd give this a 95% probability of happening). On the other end of the spectrum, I have what I see as the best-case scenario of compounding at 20% per year, which would lead to a net worth of $434M (I'd give this a 25% probability of happening).

Current NW	Years	CAGR	Ending NW
$11,341,706	20	5%	$30,092,923
$11,341,706	20	10%	$76,301,327
$11,341,706	20	15%	$185,624,455
$11,341,706	20	20%	$434,813,787

Based on 2023 ending Net Worth

Current NW	Years	CAGR	Ending NW
$ 12,169,864	20	5%	$32,290,272
$ 12,169,864	20	10%	$81,872,758
$ 12,169,864	20	15%	$199,178,532
$ 12,169,864	20	20%	$466,563,371

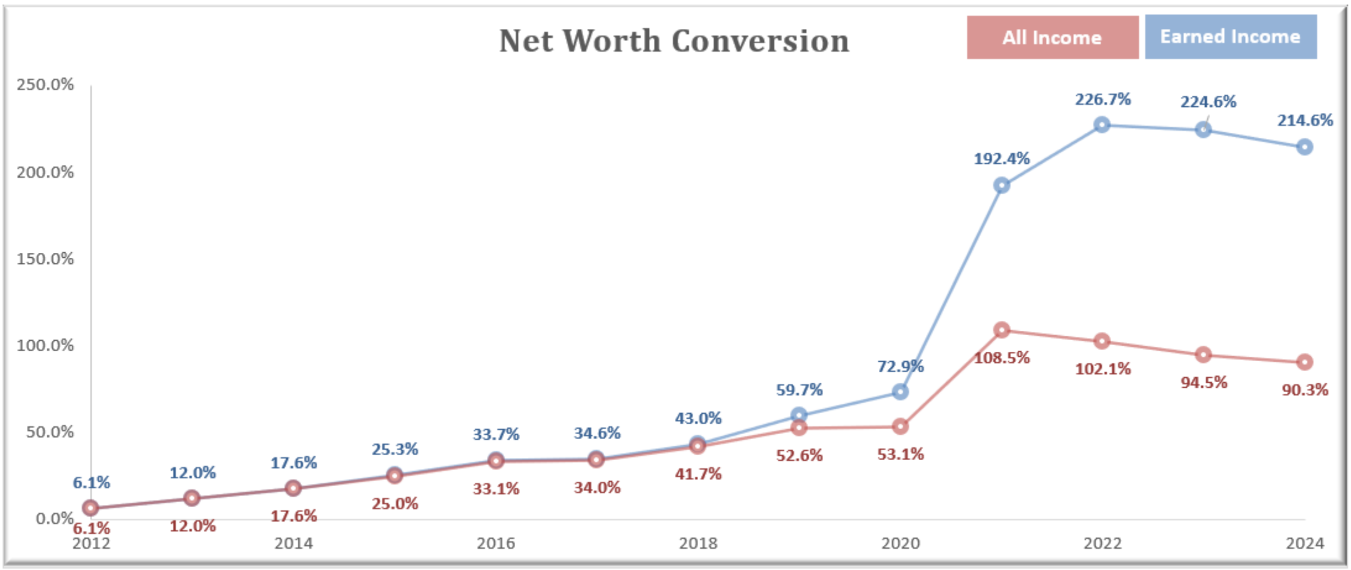
Based on 2024 ending Net Worth (NEW)

What was so great about this exercise was that **it reminded me that I don't need to swing for the fences** to end up in a fantastic place. All I have to do is not be too stupid with the net worth base we have built.

Net Worth Conversion Ratio

My **FAVORITE** metric to track! We hit what I've dubbed "Financial Nirvana" in 2021, which I define as the point at which your net worth exceeds your lifetime earned income (see Net Worth Conversion Ratio). You can build wealth either through labor or capital. The goal is to reach a point where labor becomes optional, and your capital does all the heavy lifting for you.

I like to look at this metric on both an "Earned Income" and an "All Income" basis. The reason I also like to look at the "All Income" version is to get a sense of both savings and tax efficiency. It's not perfect, but it gives me an idea of where I am – the closer I am to 100%, the more tax efficiency I've experienced (paired with a robust savings rate, of course), meaning that if both numbers produce a 100% or greater reading, I have lived for **FREE** inclusive of taxes. Now, I'll point out that when the "All Income" metric is reading over 100%, it's due to significant unrealized gains that have yet to be taxed by Uncle Sam – you can see this as I converted equity into real taxable gains between 2021 and 2024.



Note the gravitational pull our goal of saving 50% of our after-tax income (set in 2015) had on this metric for the preceding five plus years. If you pair the above chart with the actual numbers in the table below, you can see why a rising income was so magnetic in dramatically lifting the conversion rate between 2015 and 2022. There was not much delta in the early years on the chart between the red and blue lines. That delta started to increase dramatically in 2020 as we began experiencing liquidity events from equity we owned both in other people's businesses and our own.

Before this, we saved and paid down our mortgage with little left over that went into other investments. With the benefit of hindsight, I can also share that our net worth was significantly understated in 2019 through mid-2021 since we were not carrying any value for my business until a legitimate buyer showed up.

	Earned Income			
Year	Mr. GYFG	Mrs. GYFG	Other	Total
2002	$ -	$ 1,212	-	$ 1,212
2003	$ 3,471	$ 1,782	-	$ 5,253
2004	$ 5,862	$ 408	-	$ 6,270
2005	$ 15,767	$ 5,642	-	$ 21,409
2006	$ 24,709	$ 7,795	-	$ 32,504
2007	$ 28,227	$ 4,198	-	$ 32,425
2008	$ 44,416	$ 20,268	-	$ 64,684
2009	$ 62,788	$ 38,548	-	$ 101,336
2010	$ 68,942	$ 59,558	-	$ 128,500
2011	$ 80,332	$ 61,755	-	$ 142,087
2012	$ 85,585	$ 77,619	-	$ 163,204
2013	$ 90,000	$ 70,929	-	$ 160,929
2014	$ 111,925	$ 61,591	-	$ 173,516
2015	$ 128,800	$ 91,728	16,781	$ 237,309
2016	$ 186,808	$ 126,761	8,446	$ 322,015
2017	$ 231,681	$ 123,673	7,641	$ 362,995
2018	$ 293,846	$ 139,999	41,900	$ 475,745
2019	$ 327,039	$ 113,761	304,408	$ 745,208
2020	$ 284,048	$ 181,832	839,247	$ 1,305,126
2021	$ 300,000	$ 379,611	1,828,875	$ 2,508,486
2022	$ 404,885	$ 170,700	2,473,151	$ 3,048,736
2023	$ 444,500	$ 87,112	1,434,745	$ 1,966,357
2024	$ 444,500	$ 177,392	850,079	$ 1,471,971
Total	$ 3,668,130	$ 2,003,874	$ 7,805,273	$ 13,477,278

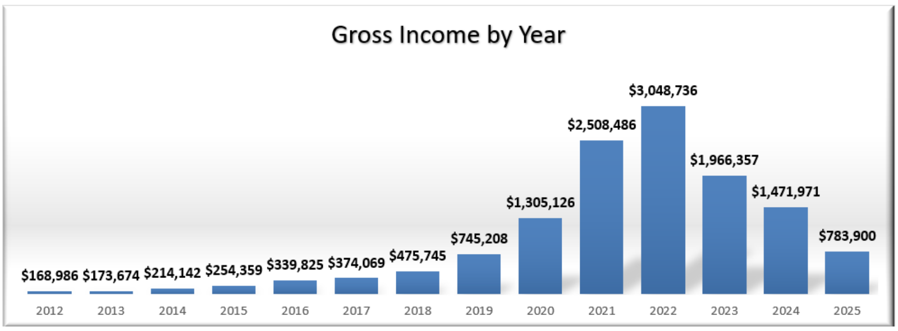
Year	Earned Income	Cummulative Earned Income	Net Worth	Net Worth Conversion
2002	1,212	1,212	-	0.0%
2003	5,253	6,465	-	0.0%
2004	6,270	12,735	-	0.0%
2005	21,409	34,144	-	0.0%
2006	32,504	66,648	-	0.0%
2007	32,425	99,073	-	0.0%
2008	64,684	163,757	-	0.0%
2009	101,336	265,093	-	0.0%
2010	128,500	393,593	-	0.0%
2011	142,087	535,680	-	0.0%
2012	163,204	698,884	42,424	6.1%
2013	160,929	859,813	103,012	12.0%
2014	173,516	1,033,329	181,364	17.6%
2015	220,528	1,253,857	317,727	25.3%
2016	313,569	1,567,426	527,668	33.7%
2017	355,354	1,922,780	664,391	34.6%
2018	433,845	2,356,625	1,012,865	43.0%
2019	440,800	2,797,425	1,670,321	59.7%
2020	465,879	3,263,304	2,379,441	72.9%
2021	679,611	3,942,916	7,586,316	192.4%
2022	575,585	4,518,500	10,245,337	226.7%
2023	531,612	5,050,112	11,341,706	224.6%
2024	621,892	5,672,005	12,169,864	214.6%
Total	$ 5,672,005	$ 5,672,005	$ 12,169,864	214.6%

Year	All Income	Cummulative Income	Net Worth	Net Worth Conversion
2002	1,212	1,212	-	0.0%
2003	5,253	6,465	-	0.0%
2004	6,270	12,735	-	0.0%
2005	21,409	34,144	-	0.0%
2006	32,504	66,648	-	0.0%
2007	32,425	99,073	-	0.0%
2008	64,684	163,757	-	0.0%
2009	101,336	265,093	-	0.0%
2010	128,500	393,593	-	0.0%
2011	142,087	535,680	-	0.0%
2012	163,204	698,884	42,424	6.1%
2013	160,929	859,813	103,012	12.0%
2014	173,516	1,033,329	181,364	17.6%
2015	237,309	1,270,638	317,727	25.0%
2016	322,015	1,592,654	527,668	33.1%
2017	362,995	1,955,648	664,391	34.0%
2018	475,745	2,431,394	1,012,865	41.7%
2019	745,208	3,176,602	1,670,321	52.6%
2020	1,305,126	4,481,728	2,379,441	53.1%
2021	2,508,486	6,990,214	7,586,316	108.5%
2022	3,048,736	10,038,949	10,245,337	102.1%
2023	1,966,357	12,005,307	11,341,706	94.5%
2024	1,471,971	13,477,278	12,169,864	90.3%
Total	$ 13,477,278	$ 13,477,278	$ 12,169,864	90.3%

Income: Active, Passive, Total

GROSS INCOME TRENDS

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	$ 475,745	27%
2019	$ 745,208	57%
2020	$ 1,305,126	75%
2021	$ 2,508,486	92%
2022	$ 3,048,736	22%
2023	$ 1,966,357	-36%
2024	$ 1,471,971	-25%
2025 FCST	$ 783,900	-47%



We’ve had an incredible run with our income, which peaked in 2022 and is expected to decline for the third year in a row in 2025. A large portion of our income in the years 2021 through 2024 was due to monetizing equity (from the business I sold) into taxable income (but at more favorable capital gains tax rates).

In 2024, we had our last $500,000 payment related to the business sale, so we expect a further decline in 2025. Mrs. GYFG has officially completed the sale of her business and will be working only a few days a month for the new owner during 2025.

Warning: I might be sandbagging our 2025 income because there is now a high probability chance that we will have another liquidity event that could bring upside in the range of $1.5M to $3M to 2025 income, which will obviously impact the year's income. Without this event my income forecast stands.

When I set my [BHAG of a $10M Net Worth by 48](), it was paired with the goal of a $600,000 per year annual passive income. We have not yet achieved the $600,000 passive income part of the goal. In 2024, our passive income was $331,586 compared to $202,165 in 2023, representing a 64% YoY increase. This is despite several investments that are not cash-flowing or performing as expected.

We will keep plugging away to continue building the passive income towards our ultimate $600,000 per year goal.

Health & Fitness

I'm 38 in both photo 2 & 4 above, but one compares and contrasts where I was at 30 (2016), and the other is compared to 33 (2019). There was no big goal in 2024; it was all about consistently working out, one of my daily foundational habits.

When I reflect on the progress pictures above, I’m taken back to a conversation with my uncle when I was a sophomore in high school. At the time, I had been working out consistently for almost two years and had joined the swim team. My uncle made a comment with something like “take advantage of staying fit now while you are young and have the time because once you start working and building a family, you won’t have the time to focus on your health and fitness.” Even as a high schooler, that comment was flagged by my developing bullshit detector, and being a teenager without a filter, I responded with something like, “That may be true for you, but I will make the time no matter what.”

I’ll be honest: my fitness has been a roller coaster since I graduated college in 2008. There have been times that I chose not to prioritize health and fitness, and other times when I swung the pendulum to the extreme and got great results, but it wasn’t sustainable. But these last three years have been different because I have avoided the extreme in favor of consistency and sustainability. On the days I don’t feel like working out, I choose a less intense activity to keep the streak going instead of letting one day turn into several weeks of missed workouts. I plan time off to recover. I acknowledge that intensity levels can’t always be 110%, and on the days you don’t feel it, 70-90% effort is better than 0%.

> **All or Nothing.** I have historically been a pendulum swinger on certain things. One of those over the years has been fitness, where I have had some wild swings. I started making a shift in 2022 and solidified my new belief in 2023. I decided to go after consistency vs. extreme pendulum swings. I don’t do extreme calorie deficits for some short-term aesthetic goal or crazy workout schedules that I know I can’t maintain for a long period of time. I’ve also learned to listen to my body, and although I aim to work out five days a week on average, I don’t let one missed workout turn into several weeks of missed workouts. And if I’m not feeling it, I find some lighter activity to keep moving and maintain momentum. I really enjoy food, so I haven’t taken any extreme stances on diet. This also means that there are times I’m feeling really good, and I may work out nine days in a row before I take a rest day. —**Me during [my 2023 Annual Review]**

I also try to be self-aware and smart by listening to my body to avoid injury.

The overall vision I've set for myself is to commit to the daily habits that serve me to be the best version of myself and help me reach my goal of living to 100+ years old.

A Year Without Goals

Last year, for the first time in over a decade, I decided not to set annual goals but instead focus on daily habits and themes for the year. I plan to head into 2025 with the same framework that I shared below.

> **Themes:** Simplify, Slow Down, Go Deeper
>
> **Daily Habits:** Working out, reading, writing/journaling, meditating, sauna, cold plunge. **(not an exhaustive list)**

After listening to a recent podcast interview with Jesse Itzler, I'm starting to think about my daily habits as "vitamins." Although they are listed as daily, I may not hit every habit daily as the list grows. The first four are the highest priority for near daily, if not daily, practice. But when it comes to sauna and cold plunge, I don't need to do them every day; I just want them in the rotation of the "vitamins" that serve me.

Typing that out reminds me that I should share the fact that I do have different timescales for habits: daily, weekly, monthly, and quarterly. Things like sauna and cold plunge are a weekly habit in terms of expected adherence or adoption. I try to get at least one monthly massage. Mrs. GYFG and I do weekly date nights as a habit that keeps our relationship strong. Another important weekly habit to me is taking my kids to breakfast every Friday before dropping them off at school/daycare (nothing fancy).

My 7-question Personal Annual Review (I borrowed this from Sahil Bloom)

(1) What did I change my mind on this year?

a. **Active vs. Passive.** Last year, I transitioned to favor liquid over illiquid investments and set a five-year plan to go from 28% to 50% liquid, and banned any new private/illiquid investments. I recently wrote about my decision to move to a fully automated passive investing strategy with low-cost ETFs. I'm self-aware enough to realize I'm no Warren Buffett. I also acknowledged that most of my net worth has been generated from being an entrepreneur and operator, not an investor. I can also see from Schwab that my brokerage accounts grew ~17% vs. the S&P 500 growing ~50% the last two years – a big driver of this underperformance is the majority of the funds were parked in treasuries so the wounds here were mostly self-inflicted and intentional. **I also acknowledge that had the markets underperformed I would feel much better but I still conclude that I was too conservative for too long.**

b. **Desire to be an ACTIVE full-time capital allocator.** My goal has always been in the context of my family's wealth and not managing other people's money…although I would be lying if I didn't admit to at least flirting with this idea. Based on the above, my goal has changed. I had previously had three major goals for my professional life: (1) c-suite by 30, (2) start, scale, and sell a business and (3) transition to full-time capital allocator (I accomplished 1 and 2 and was working towards 3). This change puts into question what my next big transition will be.

c. **Exiting the firm that acquired my firm.** You will start to see that there is a bit of a domino effect here. I was previously determined to leave the firm that bought mine once their private equity sponsor exited, which was initially targeted for 2026. That now looks like it will be pulled forward to 2025. With the self-awareness from above, I've now mentally committed to staying for at least one more liquidity event, which would keep me in play, continuing to build the piece of the business I brought to the firm through at least 2028 and likely through 2030. I realized and committed to this much earlier in the year, which has helped me find a new sense of purpose and direction vs. just biding my time until the next exit.

(2) What created energy this year?

a. **My New Commitment and Direction.** Once I worked through the above three dominos, it allowed me to renew my passion and energy for the business

I started almost six years ago. It cleared cloudy skies and helped me to stop meandering about, waiting for my next adventure to begin. It's amazing what clarity can do.

I have put the business I run back into growth mode this year after having our first down year in 2023. I created a new productized offering that the market and my team have received well. We have created a new level of deal velocity while simultaneously creating operational efficiency that is only in its infancy. We are going all in with this new offering and changing how we sell and implement it. It's created energy for me this year, but I'm even more excited about what it will do for me in 2025.

(3) What drained energy this year?

a. **Big Company Dysfunction.** A repeat from last year. It's exhausting chasing things across the finish line for weeks and months when, before selling, it would take days at most. The most aggravating part is being ghosted by my own internal team. I remind myself to focus on the things I can control.

(4) Who were the boat anchors in my life?

a. **My firm's legal team.** They make it very hard to do business. I recognize that I am now part of a near $1B company and that they are in place to protect and serve the business but I wish they would recognize that time kills deals. I have personally lost a couple million dollars of revenue because of excessively long legal review times.

b. **My firm's marketing resources.** After three years since the acquisition, we have only recently been able to get support from the firm's marketing resources to generate leads and help with demand generation. This was something I expected from Day 1. Even so, the resources are stretched so thin that the amount of leads produced are minimal and not sufficient to hit our increasing revenue targets.

(5) What did I not do because of fear?

a. **Deploy more capital into equities.** I didn't have a plan and I also feared putting too much capital to work at all-time-highs. There is a real fear of having come from nothing, reaching financial freedom, and then losing it all. I also feared not having enough liquidity if shit hit the fan. Realizing this fear was the genesis of creating my Investor Policy Statement.

(6) What were my greatest hits and worst misses?

a. **Greatest Hits:** (1) Getting my hands back on the product that we sell and implement, (2) Creating a new productized offering and launching it to the market, (3) Finding my passion and energy to continue driving the team and the business to new heights, (4) Putting the business in growth mode again.

b. **Worst Misses:** (1) A second year of significant underperformance vs. the general public markets.

(7) What did I learn this year?

a. **It's never the right time.** That there is a perfect time to do anything is a fallacy and typically only exists in hindsight. You have to choose to make it the right time!

Top 11 Books I Read in 2024

I read (or re-read) 44 books this year. My list will intentionally be shorter in 2025 as I am taking a new approach to my reading. I'm slowing it way down and being much more thoughtful and contemplative. I also suspect the majority of my list will be books I'm re-reading. I wouldn't be surprised if my list was less than 20 books next year.

1. Areté
2. How to Live: 27 conflicting answers and one weird conclusion
3. Life Force: How New Breakthroughs in Precision Medicine Can Transform the Quality of Your Life & Those You Love
4. Think Again: The Power of Knowing What You Don't Know
5. Poor Charlie's Almanack: The Essential Wit and Wisdom of Charles T. Munger {audio book; re-read}
6. The 38 Letters from J.D. Rockefeller to his son: Perspectives, Ideology, and Wisdom
7. The Happiest Man on Earth: The Beautiful Life of an Auschwitz Survivor

8. Resilience: Hard-Won Wisdom for Living a Better Life {audio book; re-read}
9. Mind Shift: It Doesn't Take a Genius to Think Like One
10. The Time Keeper
11. All I Want To Know Is Where I'm Going To Die So I'll Never Go There: Buffett & Munger – A Study in Simplicity and Uncommon, Common Sense

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The Year Ahead

I've been very intentional about the decisions I've been making to make progress every day, week, and month to move closer to my ideal lifestyle. My most important resource is time and the autonomy to spend it how I want to spend it.

The last couple of years have been fantastic regarding financial success, but we have had to be intentional to ensure it is paired with increased autonomy over time. After several years of planning and transition, Mrs. GYFG is making a big change by going to a part-time role that will only require a couple of days a work per month in 2025 – using our wealth to buy a significant portion of her time back.

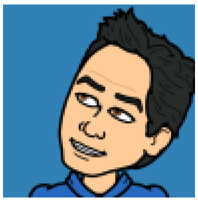
I'm looking forward to traveling more with the family – we have some great trips already planned. We head to Hawaii in January, the Bahamas in April, and a potential trip to Austria in December to celebrate Christmas with my brother and his wife who recently moved to Vienna.

I plan to continue working to simplify our financial lives per the GYFG Investment Policy (I have a refined version from which I'm operating).

I wish you a happy, healthy, and prosperous year ahead.

Cheers,

– 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