2017 Update: How I Doubled My Net Worth In 1 Year

Description

2017 has been an amazing year â?? I got married to the love of my life, officially moved in with my in-laws, finally visited Venice, went into cryptocurrencies right before its massive bull stream that catapulted it into mainstream consciousness, wrote an entire cashback guidebook *(look out for the password to access it tomorrow in your inbox!)â?*¦and did a whole bunch of speaking engagements for CPF, DBS, Seedly, and more. It has been such a memorable year and Iâ??ve learnt so much.

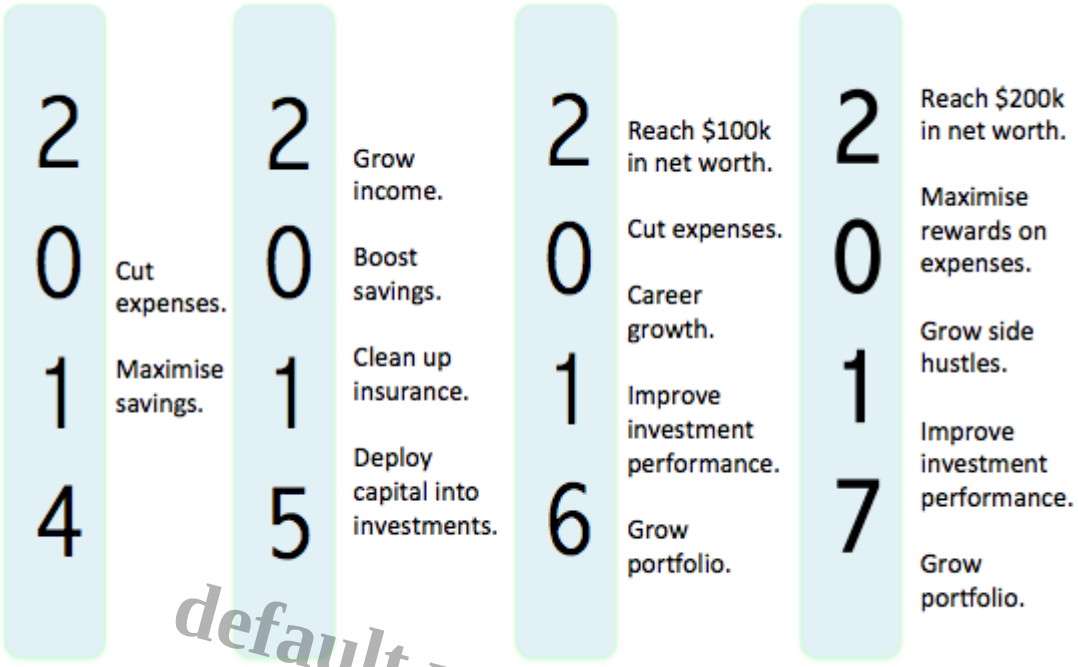
Weâ??re now nearing the end of the year so it is time for an annual review of how I fared this year in terms of meeting my financial goals. Hereâ??s a quick recap of previous years:

- 2014: Saved $20,000
- 2015: Saved $30,000 and grew income
- 2016: Saved $40,000 and grew income, hit $100k in net worth at age 26 including CPF

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My initial focus in 2014 was all about cutting down expenses and maximising my savings, but over the years, I soon came to realise that **thereâ??s a limit as to how much you can reduce expenses**. If I wanted to save more, t**he key would be to grow my income** â?? whether through my job or **through side hustles** such as selling stuff on Carousell and gleaning ad revenue from the blog (Google Adsense in particular).

Therefore in 2017, I decided that â??cut expensesâ?• would no longer be a realistic goal. Instead, I focused on â??maximising returns from expensesâ?•, which is why there was so much talk about cashback and other reward programs this year (youâ??ll find them consolidated in the upcoming Ultimate Cashback Guidebook). Most of the other goals remained constant, because when it comes to investing, it truly is a lifelong quest for learning and self-improvement.



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So hereâ??s how I fared in 2017:

1. Grow savings â?? ACHIEVED!

Cash savings

Cash Savings in 2014	$20,000
Cash Savings in 2015	$30,000
Cash Savings in 2016	$40,000
Cash Savings in 2017	$45,000
TOTAL	**$135,000**

I was initially expecting a drop in savings, as we needed to spend money for our wedding this year, but fortunately all the hard work and late nights that went into planning a budget wedding really paid off. This included being savvy about the right credit cards we used in order to maximise cashback on wedding expenses as well. Being able to see my fairytale wedding dream come alive at a mere $88 per guest (when hotel banquet rates are typically $120+) was no mean feat, but was entirely worth it. As a result, we managed to recoup the majority of our expenses from the ang paos received, which helped to usher in the beginnings of a great marriage.

By opting to go for a budget honeymoon (where we backpacked), we ended up only spending $3000 per person for a 14-day trip around Italy, and even had funds left over to go for a $705 Vietnam holiday later on.

My cash savings this year came in at $45,000 which was aided by a rise in income (and yes, Iâ??ve to pay higher income taxes as a result, but I guess it is a good problem to have). Iâ??m pretty satisfied by how Iâ??ve fared in this aspect.

2. Increase net worth â?? ACHIEVED!



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I had originally targeted to hit the momentous milestone by age 30, and even detailed out a plan on how to reach that goal here. Last November, I managed to reach $100k in net worth (cash + investments + CPF)â?¦this year, **my net worth has doubled to $200,000**!

(How I calculate my net worth : liquid savings + investment portfolio + CPF)

How was this possible? I wondered the same, so upon digging deeper, I realised this was achieved through a combination of factors:

- Investing in a government-grade AAA bond (a.k.a. topping up my CPF + that of my parents. This is also why I count my CPF as part of my net worth, given my cash injections)
- Bank interest on my high-yield savings accounts
- Cashback from my credit cards and other tools
- Dividend payouts from stocks
- Capital gains on stock investments (2 of my bigger stock holdings doubled, which really helped boost the portfolio)
- Gains on cryptocurrencies (500% on Litecoin, 250% on Ethereum, 300% on Bitcoin and Cardano)

What I learnt from seeing my net worth double within a single year was that it gets easier over time, and **the growth is truly exponential as long as youâ??re patient enough to let your seeds harvest**. All the effort spent in the earlier years helped to allow compound interest to snowball, and all I had to do was to let the magic happen.

3. Improve investment performance â?? Somewhat ACHIEVED

Iâ??ve made some good investment decisions, and some bad ones this year (you can read about them here). So as always, while there has been some stocks that have given me excellent returns this year, there are bound to be some losers dragging down the portfolio as well. This is where **portfolio sizing is key**, and having the conviction to continue holding until their value is achieved. I remain confident that the stocks Iâ??ve bought will *eventually* have their true value recognised by the market, and will continue holding, or even adding on, when the price dips.

Given how bullish markets were this year, it was difficult for me to find stocks trading at a discount, so I mostly added to the ones I already had, and took positions in other stocks which lost favour with the public this year (but Iâ??m still bullish on, in the mid to long term). How did I fare in the stock market? Well, all I can say is that I can definitely still do better.

In the world of cryptocurrencies, **I studied it for close to half a year before I was confident enough** to put a portion of my money in, and the effort seems to be paying off at the moment, with my portfolio gains surpassing that of what Iâ??ve made in stocks. Am I making money? Yes. Have I made MORE money than what some other people have made in buying (shitcoins, in my opinion) IOTA and Ripple? No.

Thereâ??s so many people rushing into cryptocurrencies now because of FOMO, chasing after coins that have already gone up by multiple times. **Do you really understand what the coin does?** Do you know the security measures required to safeguard your coins? Do you know how to transfer coins? Do you know that you can LOSE ALL YOUR COINS if you transfer to the wrong wallet address and YOU CAN NEVER GET IT BACK?

Hereâ??s an example of some coins I view as undergoing the mania phase right now: Ripple, IOTA, Cardano (ADA). These are coins which I feel are completely NOT worth their valuations right now *(but hey why would you trust the opinion of some girl on the Internet right?)* I bought ADA when it was at a much lower price, believing it was worth at least 2 to 3 times more. Iâ??m now sitting on 500% gains for it and am seeing everyone rushing into ADA now, but errrrr no one can seem to justify to me why ADA is worth its current market cap!?! Would I pay for ADA at the price I bought it at? Yes. Would I pay for ADA at its current price today? No. Whatâ??s the difference? I think its valuations today surpass what it actually is deserving of (do you know that ADA Is *just* a whitepaper vision now and its decentralized PoS blockchain is not even ready, unlike other coins who *already* have their own working product?) I rest my case.

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I quote Charlie Lee, the founder of Litecoin (and also the one that gave me supersized returns) on this:



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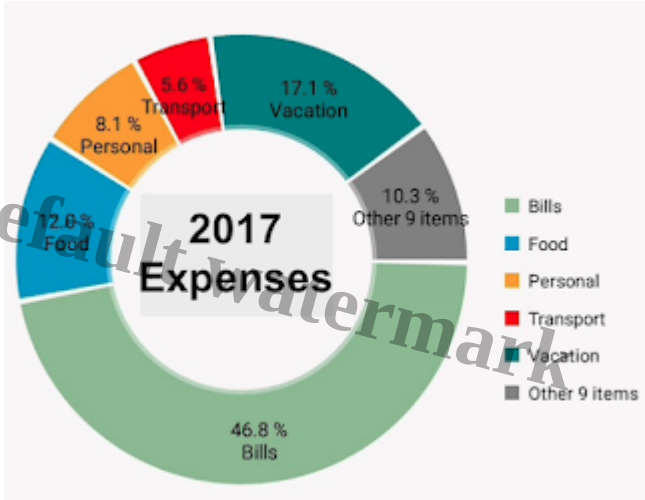
*(Please donâ??t get the mistaken idea that cryptocurrencies are a sure-win investment. They are extremely volatile instruments and for the high returns, youâ??re taking on high risks as well. You may want to read this post where I talked about a friend who lost $500,000 overnight when the markets crashed on Christmas*â?¦*are you sure you can stomach the ride? If youâ??re not prepared to lose it all, then perhaps you might not be able to handle investing in cryptocurrencies*

especially given the number of shitcoins out there.)

As always, **I continue only to invest in only stuff that I understand, which are either undervalued, solve a real-life problem, or are changing the world**. Whether in stocks or cryptocurrencies, this underlying philosophy remains the same and has served me well this year, so I donâ??t foresee it changing anytime soon.

Could I lose all my money? Yeah if Bitcoin crashes or go to zero, thereâ??s no saying what will happen. So my mantra is **only to invest in cryptocurrencies using money that I can afford to lose**. If Iâ??m wrong about cryptocurrencies (but I donâ??t think I am, lol) and lose my capital, Iâ??ll just suck thumb and delay my FIRE plans. But if Iâ??m right about thisâ?¦heh.

4. Maximise returns on expenses â?? Somewhat ACHIEVED



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Youâ??ll find a recurring trend in my expenses â?? bills take up the biggest portion without fail, every single year. The bills portion went up significantly this year because I started contributing to my in-laws household expenses since Iâ??m now a permanent member of the family, and also because we clocked quite a bit of expenses for the wedding under my cards and funds.

Bills are non-discretionary expenses which are hard to reduce further. But even trimming discretionary spending has proven difficult in the last few years. Thereâ??s only so much a girl can do to skimp and save further, especially when I already live a pretty minimalistic lifestyle. *(I prefer hawker meals and homecooked food over cafe brunches, I donâ??t drink or party, I mostly take public transport unless Iâ??m cabbing for work, I donâ??t buy branded stuff or shop excessively on clothes / shoes / makeupâ?¦)*

Therefore, instead of trying to make my life more difficult in trying to cut my expenses even further, I decided that the goal for this year was to **maximise my returns on every dollar spent** instead. By combining the right credit card strategy with various cashback tools and saving apps, I was able to make every single dollar go further. For instance, I got a few hundred dollars of cashback from routing my online purchases through Shopback, and managed to get rewards even on my tax payments to IRAS by going through CardUp!

2018 will be even better, now that Iâ??ve finally gotten the Ultimate Cashback Guidebook out. This will be available only to subscribed readers and members of the merchants Iâ??m working with, therefore, be sure to look out for the link and password in your inbox over the next few days!

The most important lesson I learnt this year? That **it really does get easier. Once you hit your first $100,000, you would have established the key lifestyle habits crucial to growing your wealth.** Thereafter, the rolling effect of compound interests really do start to become more prominent. And if you need some ideas on how to reach your first $100k, check out this post.

What about you, how did you fare this year? Did you meet your financial goals? If not, whatâ??s stopping you?

With love,
Budget Babe

Category

1. Savings

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