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1 From Paycheck to Portfolio My Automated Dividend Engine

A hands-off system for building real income from everyday paychecks.

1.1 What the Paycheck-to-Portfolio Method Is

Imagine every paycheck you earn quietly becoming an employee of its ownone that never complains, never takes weekends off, and keeps sending money back to you. Thats the core idea behind Shawns Paycheck-to-Portfolio system: instead of parking your income in a checking account where it does nothing, you send it straight into investments that start working immediately. Those investments generate dividends, and those dividends eventually pay your bills.

Its a simple loop: Paycheck Portfolio Dividends Bills, and Margin acts as the flexible bridge that keeps the loop running smoothly.

1.1.1 The Cash-Flow Loop Explained

1. `Paycheck Arrives`: goes straight to your investment account (or, in your case, first

into a savings buffer).

1. `Investments Work`: your portfoliomade of funds like YMAX, PLTY, AMZY, CLM, and SPYGstarts earning dividends.

2. `Dividends Pay Bills`: when those dividends arrive, theyre routed back to your savings where bills are paid.

3. `Margin Fills Gaps`: if a bill comes due before dividends arrive, your margin account steps in automatically to cover the difference.

Think of it as a waterwheelyour paycheck pours in at the top, investments spin the wheel, and dividends flow out the bottom to power your life.

1.1.2 What Margin Really Is

Margin is money borrowed against your own investmentslike a built-in credit line. It automatically fills the gap if your bills come due before your dividends arrive, or when your dividends are still smaller than that bill payment. You repay it when new dividends or paychecks hit.

1.1.3 Why its powerful:

- You never have to sell your investments to pay bills.

- You keep your portfolio intact and growing.

- Margin acts like a cushionnot a crutchas long as its used under 25% of your portfolio value.

1.1.4 Why It Works for Dividend Investors

- Dividends are predictable income, not hope-based profits.

- Margin smooths the timing between earning and spending.

- Your paycheck becomes seed capital for an income-producing engine.

- Over time, dividends outgrow margin costs and start paying off margin automatically.

Goal: eventually, your portfolios dividends pay your bills entirely, and your paycheck goes 100% into investments.

1.2 Your $905 Savings System and Weekly Cash Flow

1.2.1 The $905 Buffer Concept

Your $905 savings balance isnt randomits deliberate. Its your systems circuit breaker. Every bill you pay passes through this savings account. If the balance ever dips below the required amount for a bill (for example, your $880 mortgage), that payment simply wont go through. This means your account cant accidentally overdraft or send partial paymentsit quietly holds back until theres enough to clear the bill in full.

That $905 number acts as your emergency float. It ensures theres always enough liquidity to cover your largest expense while keeping the rest of your money invested and working. Its protection against chaos, but it also makes automation possible.

1.2.2 The Margin Bridge

Heres how your automated rules work:

- If your savings rises `above $905`: the excess flows into your margin account. First, it

pays off any borrowed margin balance. If theres still more left, it builds positive margin credit.

- If your savings drops `below $890`: your margin account steps in. It first draws from

any margin credit youve built up. If thats not enough, it temporarily borrows to refill your savings back to $905.

This ensures your savings stays steady even when bills, deposits, and dividends arrive at different times. Margin is the bridge that keeps the loop unbroken.

`Flow summary`: Paycheck Savings Portfolio Dividends Savings Margin.

1.2.3 Your Weekly Cash Flow (Keep in mind, M1 may not show the auto transfer results but I have never had any issues)

Week	Income	Savings (905)	Savings Tranaction	Portfolio Bal (St
1	Paycheck +$800	-$880 (Mortgage)	$880 + $25 = $905	$2,000 + $125 =
		+$880 (Margin Top Up)	$880 - $905 = $25	
		—	—	
		+800 (Paycheck)	$800 + $905 = $1705	
		+800 (To Margin)	$800 - $1705 = $905	
		—	—	
		-$125 (Portfolio)	$125 - $905 = $780	
		+$125 (Margin Top Up)	$125 + $780 = $905	
		—	—	
		+$31.34 (Dividend Payout)	$31.34 + $905 = $873.66	
		-31.34 (To Margin)	$31.34 - $873.66 = $905	
2	Paycheck +$800	+800 (Paycheck)	$800 + $905 = $1705	$2,125 + $125 =
		-800 (To Margin)	$800 - $1705 = $905	
		—	—	
		-$125 (Porfolio)	$125 - $905 = $780	
		+$125 (Margin Top Up)	$125 + $780 = $905	
		—	—	
		-$120 (Georgia Power)	$120 - $905 = $785	
		+$120 (Margin Top Up)	$120 + $785 = $905	
		—	—	
		-$95 (Google Fi)	$95 - $905 = $810	
		+$95 (Margin Top Up)	$95 + $810 = $905	
		—	—	
		-$65 (Dekalb Water)	$65 - $905 = $840	
		+$65 (Margin Top Up)	$65 + $840 = $905	
		—	—	
		+$4.73 (Dividend Payout)	$4.73 + $905 = $909.73	
		-$4.73 (To Margin)	$4.73 - $909.73 = $905	
3	Paycheck +$800	+800 (Paycheck)	$800 + $905 = $1705	$2,250 + $125 =
		-800 (To Margin)	$800 - $1705 = $905	
		—	—	
		-$125 (Portfolio)	$125 - $905 = $780	
		+$125 (Margin Top Up)	$125 + $780 = $905	
		—	—	
		-$500 for Insurance	$500 + $905 = $405	
		+$500 (Margin Top Up)	$500 + $405 = $905	
		—	—	
		-$80 (Gas South)	$85 + $905 = $840	
		+$80 (Margin Top Up)	$85 - $840 = $905	
		—	—	
		+$16.07 (Dividend Payout)	$16.07 - $905 = $921.07	
		-$16.07 (To Margin)	$16.07 + $921.07 = $905	
4	Paycheck +$800	+800 (Paycheck)	$800 + $905 = $1705	$2,375 + $125 =
		-800 (To Margin)	$800 - $1705 = $905	
		—	—	
		-$125 (Portfolio	$125 - $905 = $780	
		+$125 (Margin Top Up)	$125 + $780 = $905	
		—	—	

Account	Starting Amounts	Ending Amounts
Savings	$905	$905
Portfolio	$2,000	$2,625
Margin	$1000	+$639.47

1. Income

   - Paycheck 3,200
   - Dividend 63.47

2. Expenses

   - 1,794

1.2.4 Automation in Motion

Your savings account acts as the control tower of the entire system.

- Every Friday, your paycheck arrives automatically.

- Immediately, $125 moves into your M1 portfolio.

- Bills are paid straight from your savings account.

- Dividends flow back in, refilling savings.

Whenever your savings creeps above $905, margin gets repaid automatically. When it slips below $890, margin quietly advances funds to keep payments smooth. Its a hands-off feedback loop that runs 24/7no manual transfers, no guesswork, no stress.

Over time, as dividends increase, this same automation begins to repay margin completelyeventually leaving you with a self-sustaining cycle where your money pays your bills and your paycheck simply grows your portfolio.

1.2.5 Portfolio Growth (for your chart)

Starting: $2,000 Add: $125 weekly ($500 monthly) Formula: Portfolio[n] = Portfolio[n-1] + 500

So:

Month	Portfolio Value
Jan	$2,000
Feb	$2,500
Mar	$3,000
Apr	$3,500
May	$4,000
Jun	$4,500
Jul	$5,000
Aug	$5,500
Sep	$6,000
Oct	$6,500
Nov	$7,000
Dec	$7,500

1.3   Scaling Phases, Glossary & Checklist

1.3.1   Section 1 Scaling Phases: From $500 to $3 200 per Month

Phase Monthly Portfolio Contribution Goal Purpose Phase 1 $500 Cover insurance (~$500) Start cash-flow cycle and build dividend base. Phase 2 $1 000 Cover insurance + utilities (~$900$1 000) Reduce margin usage and add weekly dividend stability. Phase 3 $1 500 Add mortgage support (~$1 800 bills total) Portfolio dividends begin to match major expenses. Phase 4 $2 000 Replace all bills (~$2 200$2 500) Margin usage minimal; system becomes self-feeding. Phase 5 $3 200 Full paycheck portfolio Portfolio income > bills; dividends pay life completely.

How to move between phases: Increase only when average dividends cover the previous phases bills for two straight months.

1.3.2   Section 2 Key Concept Glossary (18 terms)

Term	Definition & Example
Portfolio	Your collection of income-producing funds (AMZY, PLTY, YMAX, CLM, SP
Dividend	Cash payment from a fund or stock. E.g., $100 in dividends hits your savings
Yield %	Annual dividends œ portfolio value. 33 % yield on $6 000 $165 per month.
Margin Account	Brokerage feature that lets you borrow against investments. Acts as tempora
Margin Interest	Fee for using borrowed margin (7 % per year).
Savings Buffer	The $905 held to pay bills and avoid overdrafts.
Floor & Ceiling Rule	Below $890 borrow from margin. Above $905 repay margin.
Cash-Flow Loop	Paycheck Savings Portfolio Dividends Savings Margin.
Automation	Your scheduled transfers that make the loop run without manual input.
DRIP	Dividend Re-Investment Plan (not used here cash is recycled manually).
Blended Yield	Weighted average of all funds yields (~3035 %).
SPYG	Quarterly boost month (Mar, Jun, Sep, Dec).
Bill Cluster	Grouped payments by week (W1 Mortgage W4 Subscriptions).
Net Cash Flow	Dividends Bills Margin Interest. Turns positive around month 9.
Income Phase	When dividends cover expenses and paycheck is fully invested.
Anchor Fund	Lower-yield fund that adds stability (SPYG in your case).
Rebalance Check	Quarterly review to keep each fund near 20 %.
Self-Paying Margin	When dividends exceed interest and margin starts repaying itself.

1.3.3 Section 3 Quick-Start Checklist

- Direct your paycheck savings.

- Keep savings between $890 and $905.

- Automate $125 weekly ($500 monthly) to portfolio.

- Route dividends back to savings.

- Allow margin to auto-refill when below $890.

- Watch dividends cover more bills each quarter.

- Increase contribution only after two months of stability.

- Avoid margin over 25 % of portfolio value.

- Check fund weighting (20 % each).

- Stay the course it snowballs quietly but powerfully.

1.3.4   Closing Message

"Youre not chasing the market youre building a machine. Each
deposit, each dividend, and each margin cycle is one more turn
of the wheel that eventually spins on its own."