

Often your Net Worth is asked for by a lender in the form of a Personal Financial Statement. Your Net Worth is the total value of what you own (your assets) minus the value of what you owe others (your liabilities).

Your Assets

Assets generally include cash, bank accounts, investments, property you own and other property of value. More specifically, key components of your assets are:

- **Cash-** includes funds in your checking, savings, money market accounts, CDs, Treasury Bills and cash values in your life insurance policies.
- **Investments-** includes stocks, bonds, mutual funds, retirement plans (e.g. 401(k)), IRAs, annuities, employee stock options and loans to individuals or businesses.
- **Personal Property-** includes collectibles such as art, stamps, antiques, coins, or guns- which may increase in value over time. Personal property also includes other property such as autos, boats, electronic equipment, musical instruments and household furnishings which may lose value over time.
- **Real Estate-** includes your home, vacation home, rental property owned and land.

Your Liabilities

Liabilities generally include debts you owe on loans, outstanding credit card balances, mortgages, leases, alimony and child support. Be sure to account for all the money you owe others both short term and long term:

- **Short term liabilities-** credit card balances, monthly bills, taxes, insurance and installment loans owed within the next twelve months.
- **Long term liabilities-** loans you may repay over many years such as mortgages, second mortgages, student loans, contracts for deed or other long term obligations.

NET WORTH IS THE FIRST STEP IN FINANCIAL PLANNING

When establishing a financial plan for you or your family a "first step" is usually to take a look at what you're worth.

Examining the components of your assets and liabilities and making projections of their individual values into the future can be helpful in forecasting your financial future and your retirement needs.

Accurately recalculating your net worth every six months to a year will also give you a track record of how your wealth is growing or declining over time.

NECESSARY STEP WHEN BORROWING

Presenting your Net Worth or a Personal Financial Statement will also generally be required by:

- **Banks-** When applying for a mortgage or a home equity line of credit or loan.
- **Universities and colleges-** When applying for financial aid for yourself or your children.
- **Investment Institutions-** When investing in high risk instruments like options trading or junk bonds.
- **Sellers-** When buying a business or other assets with seller financing.
- **Clubs and partnerships-** Where financial obligations are involved to determine membership.

Use the worksheet inside to calculate your net worth.

Your Net Worth

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Calculating your financial worth



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This publication provides only summary information regarding the subject matter. Please call with any questions on how this information may impact your situation.

To determine your Net Worth simply fill out this worksheet.

STEP 1: IDENTIFY YOUR ASSETS

Cash Equivalents

Checking \$ _____

Savings \$ _____

CDs \$ _____

Other _____ \$ _____

Other _____ \$ _____

TOTAL CASH EQV. \$ _____

Investments

Bonds (Gov't/Municipal) \$ _____

Other Bonds \$ _____

Stocks \$ _____

Mutual Funds \$ _____

Business Interests \$ _____

Retirement Plans \$ _____

Roth IRA \$ _____

401(k) \$ _____

Other _____ \$ _____

TOTAL INVESTMENTS \$ _____

Personal Property

Primary Home \$ _____

Vacation home \$ _____

Car(s) \$ _____

Furnishings \$ _____

Jewelry / Art \$ _____

Collectibles \$ _____

Other _____ \$ _____

Other _____ \$ _____

TOTAL PROPERTY ASSETS \$ _____

Other Assets

Cash Value of Insurance \$ _____

Annuities \$ _____

Other _____ \$ _____

Other _____ \$ _____

Other _____ \$ _____

TOTAL OTHER ASSETS \$ _____

TOTAL ASSETS \$ _____

STEP 2: IDENTIFY YOUR LIABILITIES

Liabilities

Home Mortgage \$ _____

Home Equity Loans \$ _____

Other Mortgage \$ _____

Bank Loans \$ _____

Auto Loans \$ _____

Credit Card/Charge Accts. \$ _____

Personal Loans \$ _____

Other _____ \$ _____

Other _____ \$ _____

TOTAL LIABILITIES \$ _____

STEP 3: CALCULATE YOUR NET WORTH

TOTAL ASSETS \$ _____

Minus:

TOTAL LIABILITIES (\$ _____)

TOTAL NET WORTH \$ _____ *

Hints:

- Value property at what you would expect to receive if you sold it today, including income taxes and withdrawal penalties.
- Include retirement/funds like 401(k)s or IRAs in the retirement plan section.

- Deduct real estate selling costs of 5-7% when valuing your home.
- You may want to include the current value of a pension. Do this within the other assets section using the estimated present value of the pension.

* A positive value indicates what you would have if you paid off all your debts and sold all your assets.