

Your Net Worth

Calculating your financial Net Worth

To determine your Net Worth simply fill out this worksheet.

STEP 1: IDENTIFY YOUR ASSETS

<i>Cash Equivalents</i>		<i>Personal Property</i>	
Checking	\$	Primary Home	\$
Savings	\$	Vacation Home	\$
CDs	\$	Car(s)	\$
Other	\$	Furnishings	\$
Other	\$	Jewelry/Art	\$
TOTAL CAS EQV.	\$	Collectibles	\$
<i>Investments</i>		Other	\$
Bonds (Gov't/Municipal)	\$	Other	\$
Other Bonds	\$	TOTAL PROPERTY ASSETS	
Stocks	\$	<i>Other Assets</i>	
Mutual Funds	\$	Cash Value of Insurance	\$
Business Interests	\$	Annuities	\$
Retirement Plans	\$	Other	\$
Roth IRA	\$	Other	\$
401(k)	\$	Other	\$
Other	\$	TOTAL OTHER ASSETS	\$
TOTAL INVESTMENTS	\$	TOTAL ASSETS	\$

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.

STEP 2: IDENTIFY YOUR LIABILITIES

<i>Liabilities</i>	
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	\$ *

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

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 business.
- 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.

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 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 to calculate your net worth.

The purpose of this information is to provide current information on tax, financial and business developments. It suggests general tax planning ideas that may be appropriate in certain situations. The information and opinions are generalizations and may not apply to all taxpayers; it is important that you seek appropriate advice before implementing any of the ideas suggested.

