



Net Worth

What is Net Worth?

The basic definition of net worth is the value of things you **own** minus the value of the things you **owe**.

Why is net worth important?

Net worth is an important metric to gauge a person's overall financial health at one moment in time. A positive and growing net worth is a sign of improving financial position. A decreasing or negative net worth, meaning that total debts are greater than assets, is a sign that a person may need to focus on debt reduction.

How often should net worth be calculated?

Because net worth is a snapshot of a person's overall financial position, trends are more likely to be captured over the long term. Calculating net worth every 4-6 months is adequate to cancel out some of the day-to-day and month-to-month financial fluctuations. Once you have a few instances worth of data, you can easily plot a chart showing your change in net worth over time. You'll be able to see what sort of financial trajectory you're on and what, if anything, is cause for concern.

Use your net worth data to:

- Bolster your spirits in tough times (you can't control the stock market, but you can be proud of your savings rate)
- Assess and fix any issues negatively affecting your net worth (debt reduction and savings rate)
- Set long-term net worth goals with actionable steps to achieve success



THE SAVVY FINANCE COACH

Net Worth Calculation

Assets:

Checking account balance: _____

Savings account balance: _____

Home value: _____

Car value: _____

Retirement savings: _____

Other investments: _____

Other: _____

Other: _____

Total Assets: _____

Liabilities:

Credit card balance(s): _____

Mortgage balance: _____

Car loan balance: _____

Loan: _____

Loan: _____

Loan: _____

Other: _____

Other: _____

Total Liabilities: _____

Assets – Liabilities = _____ Net Worth