

Net Worth Statement

Instructions

What can a net worth statement do for you?

A net worth statement is a simple tool to track your financial progress. It measures your financial wealth. Net worth statements are not just for people with high incomes or large bank accounts. Everybody needs to keep track of their financial progress.

Net worth is the difference between your assets and liabilities and can be calculated by completing a simple one page form.

Keep your statement and recalculate every year. This will give you an idea of how you are doing financially. Hopefully, your assets are growing and your debts are decreasing –this means you are building wealth. But don't get discouraged. Many people experience periods of their life when their financial net worth is low.

Step 1: Calculate the value of your assets

- Car values are published by the National Automobile Dealer's Association and by Kelly Blue Book. These publications are available in most libraries, at car dealerships and at lending institutions. You can also find sites on the Internet that list auto values. Examples of websites: www.nada.com and www.kbb.com
- The cash value of a whole life insurance policy can be found on a schedule in the policy. It is also available from your insurance agent. The cash value is the amount of money the insurance company would return to you if you terminated the policy today.
- Values of annuities are available in annual reports or periodic statements, or from your broker or insurance agent.
- Estimate the value of consumer goods by using information from second-hand shops and from classified ads. Use conservative estimates because it is not always easy to sell used possessions.
- The value of collections and jewelry can be estimated by dealers.

Step 2: Calculate your liabilities.

- The balance owed on installment debts or credit cards is listed on monthly statements. If not, the balance can be obtained from the creditor.
- The principal owed on a mortgage or real estate loan is available from the mortgage holder.

Step 3: Subtract the value of your liabilities from the value of your assets to determine your net worth.