

Worksheet # 4. Computing Net Worth

COMPUTING YOUR NET WORTH

ASSESSING YOUR FINANCIAL STANDING

Know how much your WORTH is...

Financial Planning starts with assessing your own current financial standing. Like taking a journey, you will not be able to know where you are headed unless you know where you are starting from. So, understanding and doing a quick assessment of your current situation will give you an idea of where you are right now in terms of your financial standing.

Objectives:

1. *Get an estimate of the value of your assets---how much you own?*
2. *Get an estimate of the value of your liabilities—how much you owe?*
3. *Reflect and realize your current net worth---how much is left upon deducting your liabilities from your assets?*

STEP 1.

**DESCRIBE & REFLECT ON
YOUR FINANCIAL
STATUS NOW.**

**YOU NEED TO REALIZE AND UNDERSTAND YOUR CURRENT
FINANCIAL STATUS!**

***The ability to realize and
understand your current
financial situation is key
to defining your
financial roadmap.***

Can you describe your current financial status? You may write it down below:

Now that you have a general description of your current financial status, you can start to do a quick estimate of your personal finance status in terms of:

YOUR ASSETS	How much do I own?
	Have I accumulated enough assets?
	What type of assets do I own?
YOUR LIABILITIES	How much do I owe?
	Am I able to meet my liabilities once they fall due?
	What type of liabilities do I have?

STEP 2.

List all your assets first.

TAKE A HARD LOOK ON YOUR ASSETS!

List down all your assets. These are the things that you own.

Current assets: assets that can be utilized or sold within the next three months. Include your bank account balances, cash on hand. If you have marketable produce and inventories, include this.

Other assets: assets that you own which will not, or cannot easily be sold. Include your car, house, furniture and fixtures, the cash value of your insurance policies, your interest in a business, jewelries and others.

STEP 3.

Next list all your liabilities

TAKE A HARDER LOOK AT YOUR LIABILITIES!

List down all your liabilities. These are the things that you owe.

Current liabilities: Are your payment obligations required to be made within the next three months? This includes utilities bill. Also include your loan and mortgage payments, if any.

Other liabilities: referring to financial obligations that require payments in a future date three months hence.

STEP 4.

*Take the difference
between your assets and
liabilities—that's your NET
WORTH*

Use this Table to get your

NET WORTH

NET WORTH is Total Assets less Total Liabilities

Your Net Worth is a measure of financial standing. We can say that it speaks of your level of WEALTH.

Can you work out how much your net worth is?

	<u>AMOUNT (example)</u>
TOTAL ASSETS	500,0000
less	
TOTAL LIABILITIES	450,000
equals	
NET WORTH	50,000

The amount of your NET WORTH may be either POSITIVE or NEGATIVE.

If **NEGATIVE**. You need to examine why you are in such a situation. Try to look at your expenses and which liability you can reduce over the next few months. You may need to pay off those debts that are costing you so much interest; or, you may need to look at ways to increase your assets. How can you reduce your liabilities or increase your assets in the next 12 months?

If **POSITIVE**. You need to look at how you can stay positive and examine which of your asset is really earning. Are you currently maximizing your earning asset potential? How liquid are you at this moment? Do you expect to incur any additional liabilities in the coming months?

YOUR GOAL: POSITIVE NET WORTH.

CAN YOU LIST 3 BIG ACTIONS YOU CAN DO TO IMPROVE YOUR NET WORTH?

1	
2	
3	

STATEMENT OF NET WORTH

STATEMENT OF NET WORTH			
		Remarks	
Name			
Age			
Spouse's Name			
Spouse's Age			
Spouse's Place of Employment			
Number of Children and Ages			
Home Address			
Work Telephone			
Home Telephone			
Employment/Source of Income			
Monthly Income			
Place of Work			
NET WORTH			
ASSETS	Amount	LIABILITIES	Amount
Cash (on Hand)		Housing Loan	
Savings in Bank		Car/Motorbike Loan	
Savings in MFI/Credit Union		Student Loan	
Certificate of Deposits (Time Deposit)		Loan from the MFI/Credit Union	
Cash Value of Pension Plan/Severance		Loan/Credit from Stores	
ASSETS	Amount	LIABILITIES	Amount

Receivables (collectibles)		Loans from relatives, friends/ usurer, etc.	
Others (Specify)		Others (Specify)	
Real Estate (Estimated Market Value)			
House			
Rental Property			
Others			
Personal Property			
Vehicle/Motorcycle/ Boat			
Furniture			
Jewelry			
Others			
Total Assets		Total Liabilities	
		NET WORTH (Total Assets less/minus Total Liabilities)	