

# Money management TIPS for young families

Newsletter 2

February

## NET WORTH STATEMENT

How are you doing financially? Are you getting ahead or are you falling further and further behind?

The only real way to know that answer is to prepare a family net worth statement. You may be able to get a general feeling of how you are doing if your savings account is up or down from a year ago, or if your list of creditors has changed. However, that is not the total picture. To know whether you are increasing or decreasing your total net worth, you need to figure your net worth each year. Then, once figured compare it with previous years.

To get started, fill out the form on the back of this page, as of December 31<sup>st</sup> of last year. If you do not know what cash you had on hand, or what stock values were, fill in what you can now and next December 31<sup>st</sup> record that information for next year's net worth statement.

When listing what you own, use the market value for assets – house, cars, household furnishings, stock, etc. Antiques and houses may increase in value each year, while cars, clothing and furniture start to depreciate as soon as purchased. Market value is what you would get for the item if you were to sell it.

Housing values may be difficult to estimate. Compute them on the basis of housing prices in your area. Car resale values may be obtained from a book listing resale prices available at newsstands, listing major household furnishings, equipment and clothing items. Except for jewelry and antiques most items have little or no market value. Even though you paid \$200 for a new coat, its resale value is very little. Cash-value of life insurance is stated in the policy. Term insurance has no cash value. Retirement plans usually send information on the cash value of the plans each year.

<u>WHAT WE OWN</u>	<u>MARKET VALUE</u>	<u>WHAT WE OWE</u>	
Cash on hand	_____	Mortgage	_____
Checking accounts	_____	Installment debts	_____
Savings accounts	_____	Personal debts	_____
House value	_____	Bills	_____
Other real estate	_____	Cars	_____
Value of cars	_____	Others (list)	_____
Household items	_____	_____	_____
Antiques	_____	_____	_____
Stocks	_____	_____	_____
Bonds	_____	Total what we owe	=====
Cash value-insurance	_____		
Cash value-retirement	_____	WHAT WE OWN	_____
Others (list)	_____		
_____	_____	LESS WHAT WE OWE	_____
_____	_____		
_____	_____	NET WORTH	=====
Total what we own	=====		

Subtract what you owe from what you own and that is your net worth. It is the best figure to tell you where you are and whether or not you are getting ahead financially.

Net worth is where you are. Where would you like to be a year from now? Perhaps you would like to reduce the debt load you are carrying, increase your savings or buy a major item.

A financial plan will improve your chances of attaining your goals or getting where you want to be. But before you can make a plan, a record of what you are currently spending is a must. Newsletter 3 will help you learn to keep those records.

Next month's Tip - KEEPING RECORDS

For further information or assistance contact me \_\_\_\_\_ your county Extension agent, at \_\_\_\_\_.

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