

Use these charts to figure out your net worth

By Sid Mitra
special writer

am writing a two-part article on net worth and cash flow statements.

In response to several enquiries, I

For an individual or a family, net

worth is the basic measure of financial health.

It is the total fair market value of all assets owned, such as a house, stocks, bonds, and other securities,

minus all outstanding liabilities owed, such as a mortgage and revolving-credit loans.

Net worth is the amount by which

assets exceed liabilities at a specific time.

To calculate net worth, first pull together the relevant financial records.

These include latest tax records, bank statements, canceled checks, credit card information, other itemized living expenses, brokerage account and mutual fund records, mortgage payments, real estate closing records, insurance policies indicating free market value of personal property, pension account records, and loan repayment schedules for automobile and other goods purchased on credit.

Coming up with all of this documentation can seem daunting, but it is essential for net worth planning.

We will shortly learn, however, that these records not only help us calculate the net worth but also lay the foundation for savings, credit, debt, investment, tax and estate planning.

The statement of net worth presented in the accompanying table has several important features.

First, assets are divided between

liquid, investment and personal assets.

Second, investment assets are further subdivided between short-term and long-term assets.

Third, long-term assets are divided between equity, debt and miscellaneous categories.

Fourth, liabilities are divided between short-term and long-term liabilities.

Once the statement has been completed, subtracting total liabilities from total assets would provide the net worth figure for the family as of a given date.

Seminar: "Planning strategies for the young and successful." "How to tame the volatile market." "Annuities: The only tax shelter left?" "Retiring: Your best financial choices."

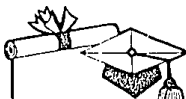
The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be from 7-9 p.m. Wednesday, Jan. 10, in the offices of Coordinated Financial Planning, Sheffield Office Park, 3250 W. Big Beaver, Suite 540, Troy. For reservations, call 643-8888.

assets

Items	Current value	%
I. liquid assets		
1. cash & checking accounts		
2. savings accounts		
3. credit union		
4. money market funds		
5. total (1-5)		
II. investment assets		
A. short term		
1. CDs		
2. treasury bills		
3. cash value life insurance		
4. other		
5. total (A-1-5)		
B. long term		
(i) Equity		
1. common/preferred stock		
2. stock mutual funds		
3. stock IRA		
4. bond profit sharing		
5. bond pension		
6. other		
7. total (B-i 1-6)		
(ii) Debt		
1. long-term CDs		
2. corporate/Muni. bonds		
3. bond IRA		
4. bond profit sharing		
5. other		
6. total (B-ii 1-5)		
(iii) Miscellaneous		
1. limited partnerships		
2. tangible assets		
3. business ownership		
4. real estate (ex. residence)		
5. Other		
6. total (B-iii 1-5)		
III. personal assets		
1. residence/vacation home		
2. automobiles		
3. personal property		
4. other		
5. total (1-4)		

liabilities

Items	Current value	%
I. short term		
1. current bills		
2. credit cards		
3. installment loans		
4. other		
5. total (1-4)		
II. long term		
1. mortgage		
2. life insurance loans		
3. borrowing from pensions		
4. loans to buy investment		
5. other		
6. total (1-5)		
III. net worth		
(total assets minus total liabilities)		



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