

## What's Your Net Worth?

One of the best ways to see how you're doing financially is to track your net worth.

Time to add up what you OWN and subtract what you OWE. That's your financial net worth. Download the Net Worth Worksheet at: (Hoyes) and complete it.

Every time you reduce your debt or increase your savings you positively affect your net worth. As long as your net worth is increasing, you're headed in the right direction.

By monitoring your progress towards your goals, you're more likely to stay focused. Fanatics do this as often as every month. But you should have a life, so doing a net worth update every six months or so should suffice. However, if you need the motivation to keep saving, by all means check how you're money is growing more often.

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People routinely include their "personal effects" as an asset. Don't bother. You're deluding yourself if you give your stuff more value than you could ever realize from selling it.

On the liabilities side of the equation, include overdraft (if you're in it), buy-now-pay-later purchases on which you still owe money (even if it isn't due yet), back taxes, money you've taken from your RRSP to buy a home or go to school, and (heaven forbid) pay advance loans.

While your net worth isn't the be-all and end-all of your life – it can't measure your job satisfaction or your overall sense of contentment – it is a great tool for track where you've been and where you seem to be going financially. There's nothing like the black and white of the numbers to make you really pay attention. As I always say, the numbers don't lie.

## **How You Doin'?**

By the way, if you want to measure yourself to see how on track you are for retirement, here are some numbers to use as a guideline:

In your 30s your net worth should be the equivalent to 1 year's worth of your salary.

In your 40s your net worth should be the equivalent to 5 years' worth of your salary.

In your 50s your net worth should be the equivalent to 8 years' worth of your salary.

At retirement your net worth should be the equivalent to 11 years' worth of your salary.