



HEALTHY, WEALTHY, & WISE

Learning to improve financial health, increase wealth, and make wise consumer choices

Healthy, Wealthy, and Wise is a consumer education series that helps you improve financial health, increase wealth, and make wise consumer choices.

Have fun and learn to make the most of your money by completing the activities in every newsletter issue. In this issue you will learn to measure financial health and wealth.

What does it mean to be *financially*... healthy, wealthy, and wise?
Write what “financial health” means to you here:

Financial health and success seldom happen by accident. The choices we make can affect our financial health over time, just as much as the foods we eat and lifestyle choices we make can affect our physical health. How is your financial health?

Financial Health Checkup

Answer the following questions to assess your basic financial health:

- ✓ Do you spend less than you earn?
- ✓ Do you spend no more than 15 to 20 percent of your monthly income for credit payments, including car payments, credit cards, and all other debts (not including your house payment or mortgage)?
- ✓ Do you have an emergency savings fund to cover one to three months of your living expenses?
- ✓ Are your financial records organized so you can pay bills on time and find important papers when you need them?

If you answered “yes” to all of the questions above, your finances should be in good shape! If you do not know the answers or you answered “no” to some questions, your financial health may be suffering. You will want to pay special attention to completing the financial fitness exercises in future newsletters to address these issues.

Prescription for Financial Health

Circle actions you will take to work on improving your financial health:

1. Balance spending with income (spend no more than is earned).
2. Reduce spending.
3. Keep debt (not including home) to 15 percent of income or less, or 35 percent including home.
4. Reduce debt.
5. Be free of debt by _____ (date).
6. Increase savings.
7. Save \$_____ (total amount) by depositing \$_____ (amount) each _____ (pay period, week, month).



Measuring Wealth

Increasing wealth can be accomplished in at least two ways. For some, it means adding to savings or investments. For others, the first step toward increasing wealth is to eliminate or reduce debt. How is wealth measured?

A **net worth statement**, sometimes called a financial statement, measures wealth. Like a photo, it gives us a clear picture of our financial health and wealth - or how much we are worth - at one point in time. Most families start out with a negative or very small net worth that continues to grow through mid-life and then begins to shrink as we age into retirement.

Lenders usually require a net worth statement when you apply for a home loan or try to renegotiate debts. This information may also be required for legal matters such as divorce, child support orders, bankruptcy, or succession after death.

A net worth statement has two parts: what you own (also called assets) and what you owe (debts or liabilities).

How much do you OWN? (Assets)

1. List all of the assets you own, including bank account balances and investments, as well as the current value of your home, real estate, and other personal property.
2. Add values of each asset to get a total dollar value of what you own.

How much do you OWE? (Liabilities)

3. List the total outstanding balance of each debt you owe, including your home mortgage, car loan, and other credit accounts. Be sure to include unpaid overdue balances on utility, medical, or other bills.
4. Add all debts to get a total dollar amount of your liabilities.

What is your NET WORTH?

5. Subtract total liabilities you owe from total assets you own to figure your total net worth. If you owe more than you own, your net worth will be a negative number.

Begin working on a net worth statement to get a picture of your **current** financial health. Use the net worth worksheet in this issue or look for the Mississippi State University Extension Service Information Sheet # 977, *Net Worth Statement*, available with other publications on the Extension website:

msucare.com/pubs/infosheets/is0977.pdf



Net Worth Rises with Age and Income

The charts below* provide an average net worth by age and by household income.

How does what you are worth compare with families of similar age and income?

Circle your age in the first chart and your family income in the second. Are you average?

Age	Average Net Worth
Less than 35	\$11,400
35-44	\$48,500
45-54	\$90,500
55-64	\$110,800
65-74	\$104,100
75 and more	\$95,000

Household Income	Average Net Worth
Less than \$10,000	\$4,800
\$10,000 - \$24,999	\$30,000
\$25,000 - \$49,999	\$54,900
\$50,000 - \$99,999	\$121,100
\$100,000 and more	\$485,900

Record Daily Spending

Write down every cent you spend this week on an index card or small tablet. Have each person in your family do the same. You will use these records for activities in the coming issues.

Track Income and Expenses

Begin collecting all pay stubs, bills, and receipts to track all spending and income received for a month. This helps you create a spending plan later for a financially healthy **future**.

References

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* From Federal Reserve Survey of Consumer Finances



Net Worth Statement

Assets (What You Own)

Liabilities (What You Owe)

Balance in checking account	_____	Home Mortgage (balance owed)	_____
Bank savings	_____	Other real estate mortgages	_____
Cash on hand	_____	Notes to bank or others	_____
Current market value of stocks, bonds, etc	_____	Amount borrowed on life insurance	_____
Current market value of other securities	_____	Medical and dental debts	_____
Life insurance – cash value	_____	Unpaid installments: (Total balance due)	
Market value of:		Home	_____
Home	_____	Furniture	_____
Other real estate	_____	Farm or business equipment ...	_____
Notes, accounts due	_____	Taxes due	_____
Inventory value of farm or business	_____	Other debts:	
Market value of durable possessions:		_____	_____
Automobile	_____	_____	_____
Mobile home	_____	_____	_____
Appliances and furnishings	_____	_____	_____
Musical instruments	_____	_____	_____
Jewelry	_____	_____	_____
Other	_____	_____	_____
Total	_____	Total	_____
Total assets minus total liabilities = Total Net Worth			_____
Net Worth _____		Date _____	20 _____

IN THE NEXT ISSUE: *Finding Extra Income*

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