7.13C Net Worth

Defintions

Financial Asset – an object or item of value that one owns.

- Assets represent a positive value in relation to net worth.

Financial Liability – an unpaid or outstanding debt.

- Liabilities represent a negative value in relation to net worth; values may or may not be indicated by a negative sign.

Note: Financial assets and liabilities records may fluctuate each month depending on payments made towards liabilities, whether additional liabilities are taken on, or if the value of an asset changes due to appreciation or depreciation.

Net Worth – the total assets of an individual after their liabilities have been settled.

- An individual's net worth may be positive or negative depending on the amount of their assets and liabilities.

1) John's assets and liabilities are illustrated in the below tables. Determine John's net worth with the given information.

Assets		Liabilities	
3 acres of property in Lavaca county	$8,250.00	Mortgage	$113,987.74
2001 Truck	$7,615.00	Student Loans	$3,874.46
Collectible first edition book	$230.00	Credit Card Debt	$2,214.92
Investments	$3,459.16		
Household furnishings	$12,874.52		
Value of home	$148,318.74		

Net Worth	
Assets	
Liabilities	
Total	

To find the Net Worth we must take the total of the assets and subtract from the total of the liabilities. Net Worth = Assets – Liabilities.

Step 1: Add up the assets.   **Step 2:** Add up the liabilities

$	8,250.00	3acres of property
$	7,615.00	2001 Truck
$	230.00	Collectible first edition book
$	3,459.16	Investments
$	12,874.52	Household furnishings
+ $	148,318.74	Value of home
$	180,747.42	Assets

$	113,987.74	Mortgage
$	3,874.46	Student Loans
$	2,214.92	Credit Card Debt
$	120,077.12	Liabilities

Step 3: Subtract the liabilities from the assets.

$	180,747.72	Assets
- $	120,077.12	Liabilities
$	60,670.60	Net Worth

2) The table below shows Steven's net worth. Assets are shows as positive numbers, and liabilities are shown as negative numbers.

Net Worth

Item	Value
Collectible first edition book	$230.00
Credit Card Debt	-$2,214.92
Investments	$3,459.16
Student Loans	-$3,874.46
2001 Truck	
3 acres of property in Lavaca county	$8,250.00
Household furnishings	$12,874.52
Mortgage	-$113,987.74
Value of home	$148,318.74

Steven's net worth is $60,670.30. Based on the information in the table, what is the value of Steve's 2001 truck?

In order to find the value of the truck we must first find the known assets and liabilities. The truck in this case is considered as an asset but is unknown.

Step 1: Add up the known assets

$\qquad$ $ \qquad 230.00$ Collectible first edition book
$\qquad$ $ \quad 3,459.16$ Investments
$\qquad$ $ \quad 8,250.00$ 3 acres of property
$\qquad$ $ \ 12,874.52$ Household furnishings
$\ +\ $ $ 148,318.74$ Value of home
$\qquad$ $ 173,132.42$ Known assets

Step 2: Add up the liabilities

$\qquad$ $ \quad 2,214.92$ Credit Card Debt
$\qquad$ $ \quad 3,874.46$ Student Loans
$\ +\ $ $ 113,987.74$ Mortgage
$\qquad$ $ 120,077.12$ Liabilities

Next, we will need to add up the net worth + liabilities as this will give us the total amount for our assets. Afterwards, we can take the total assets and subtract the known assets to find the value of the truck.

Step 3: Total Assets = Net Worth + Liabilities

$\qquad$ $ \ 60,670.30$ Net Worth
$\ +\ $ $ 120,077.12$ Liabilities
$\qquad$ $ 180,747.42$

Step 4: Truck = Total Assets – Known Assets

$\qquad$ $ 180,747.42$ Total Assets
$\ -\ $ $ 173,132.42$ Known Assets
$\qquad$ $ \qquad 7,615.00$ Truck value

Therefore, the value of the truck is $7,615.00.

3) The table below shows Adanna's net worth. Assets are shown as positive numbers and liabilities are shows as negative numbers.

Net Worth

Item	Value
Savings account	$7,423.05
Credit card debt	-$3,942.62
Vintage toy collection	$12,350.00
Car loan	-$32,487.12
Student loan	
Investments	$26,721.53
Mortgage	-$176,216.53
Value of home	$260,000.00

Adanna's net worth is $66,702.14. Based on the information in the table, what is the amount of money Adanna owes for her student loan?

In order to find how much Adanna owes on her student loan we must first find the assets and known liabilities. The student loan in this case is considered a liability but is unknown.

Step 1: Add up the assets

$~~~~7,423.05$ Savings account
$~12,350.00$ Vintage toy collection
$~26,721.53$ Investments
+ $260,000.00$ Value of home
$306,494.58$ Assets

Step 2: Add up the known liabilities

$~~~~3,942.62$ Credit Card Debt
$~32,487.12$ Car loan
+ $176,216.53$ Mortgage
$212,646.27$ Known liabilities

Next, we will need to subtract the assets from the net income as this will give us the total amount for our liabilities. Afterwards, we can take the total liabilities and subtract the known liabilities to find the value of the student loan.

Step 3: Total Liabilities = Assets – Net Worth

$306,494.58$ Assets
- $~66,702.14$ Worth
$239,792.44$ Total liabilities

Step 4: Student loan = Total Liabilities - Known Liabilities

$239,792.44$ Total liabilities
- $212,646.27$ Known liabilities
$~27,146.17$ Student loan

Therefore, Adanna owes $27,146.17 on her student loan.