



PERSONAL BALANCE SHEET

The personal balance sheet is a snapshot of your various account balances for a given month. Basically, this statement contains what you own, and what you owe.

The term "balance sheet" comes from the corporate world, where a firm's assets must *balance* (be equal to) the liabilities plus the shareholder equity. Shareholder equity is actually "a firm's assets minus its liabilities".

Assets = Liabilities + Shareholder Equity

In the world of personal finance, you and your family are shareholders, and the "value" of your company is your "Net Worth".

So for your personal balance sheet, you can rearrange the equation slightly and get something easy to understand:

Assets - Liabilities = Net Worth

When it comes to calculating your net worth, most financial advisors want to calculate your net worth with and without your home and vehicles.

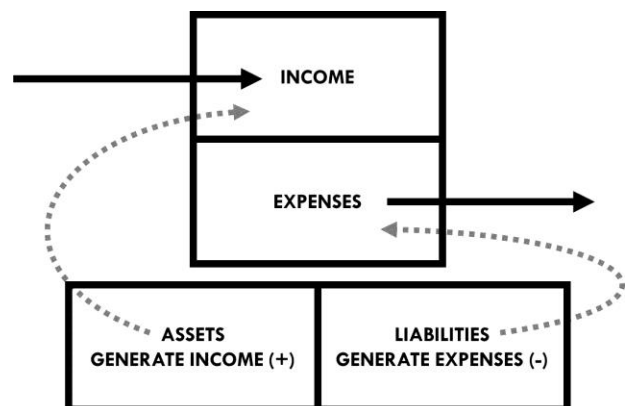
Why?

Because "assets" like your home, cars, motorcycles, boats, etc. aren't really assets at all! They usually require some form of financing and insurance (liabilities). Vehicles depreciate with use (value decreases the more you use it).

So it's good practice to calculate your net worth using both methods.

As a general rule of thumb, I like to use Robert Kiyosaki's definition for an asset; something that provides income.

I use a category called "Acquisitions" to capture my home, car, etc.





Assets(+)										
Business #1										
Intellectual Property #1										
Passive Asset Value										
Investing/Trading Account										
Cash (Savings Account)										
Cash (Emergency)										
Cash (Checking Account)										
Paper Asset Value										
Retirement Account (401K)										
Retirement Account (Roth IRA)										
Retirement Asset Value										
Life Insurance Policy (Term)										
Life Insurance Policy (Whole)										
Insurance Asset Value										

Liabilities(-)										
Home Mortgage										
Credit Card #1 - Balance										
Credit Card #2 - Balance										
Credit Card #3 - Balance										
Car Loan										
School Loan										
Net Liability Value (Loss)										

"Net Worth" excl Acquisitions										
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Acquisitions										
Property - Single Family Home										
Automobile										
Motorcycle / Boat / RV/ etc.										
Net Acquisition Value										

Traditional "Net Worth"										
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