

NET WORTH IS SINGLE MOST IMPORTANT METRIC YOU CAN TRACK: IT'S ESSENTIAL FOR YOUR FINANCIAL SECURITY...

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Net worth is the single most important financial metric one can track. It represents sum total of your entire current financial life, reduced to a number. It shows all current assets and liabilities; and the difference between these two numbers is Net Worth. But most people don't know their number; which is unfortunate because being aware of it makes a big difference when trying to achieve a person's financial goals. According to Investopedia; net worth is a financial report card. It allows you to evaluate your current financial health and helps you figure out what you need to do in order to reach your financial goals...



A person's net worth is like a snapshot of their current financial situation. It's a 'big picture' view of a person's or company's finances easily accessible at any times. It's important indicator that helps determine when changes are needed in your financial management to reach your financial goals... Net worth is a point-in-time snapshot of assets and liabilities. When you compare net worth number from– month-to-month, or year-to-year, you can tell if your financial situation has improved or not. According to Rob Berger: tracking net worth is an essential step for managing your finances. In single number, it measures financial progress, whether you are– climbing out of debt, going further into debt, building wealth, or doing nothing...

In the article Net Worth Is Your Most Vital Financial Stat by Natalie Bacon writes: Net worth is snapshot of overall financial health. It's important to track it over time so you can ensure that your wealth is moving in the right direction. It's the best way to understand your financial health. If you track it over time, it illustrate the progress you're making toward saving and financial stability. But it's not to say that it's the ultimate arbiter of your financial success or failure. It's sort of liking tracking your weight as part of an overall fitness plan: It's a helpful indicator but it doesn't give you the whole picture. Your weight, after all, doesn't take into account your muscle mass, or how much you can run. It's just a number...

You might have negative net worth at some point in time but that may be because you invested to improve yourself, e.g.; earning a professional or advanced degree that will significantly increase your income over time. Although there may have a negative at point in time– that doesn't mean your financial health is bad– it just means your investment in yourself hasn't yet paid-off yet. Tracking it over time is an easy way to show– how far you've come, and how far you've got to go. Calculation is relatively simple: (Net Worth = Assets – Liabilities). Here's little more detail:

List of all assets: This includes your house, car, savings, stocks, bonds, other investments, retirement accounts, property.... All of your savings accounts should be listed separately and added up together for a total...

List of all liabilities: This includes all your debts. Add up your mortgage, car loan, student loans, personal loans, medical debt, and any other debts you have. List them all out separately and add up the total...

Subtract liabilities from assets: Subtract your liabilities from your assets. The total you get is your Net Worth...



In the article What's Your Net Worth Telling You? by Lisa Smith writes: Net worth is like GPS for your financial security. It tells you where you are now, and where you need to go. It's a simply benchmark for measuring financial health that is applied to companies as well as individuals. If it's negative, strive to get it to a positive number. It may indicate that you are spending more than you earn. A remedy may be to cut spending, or paying-off debt, or increase income– in order to turn the 'number' positive...

Even if your net worth is low, you can strive to build it through saving and investing– in incremental steps... The process is relatively simple (although sometimes painful)– maximize the amount you save and minimize the amount you spend. However, if your net worth is high, keep building on the momentum... According to Trent Hamm; virtually every financial move you make either raises or lowers your net worth. The real value in net worth calculation is ability to compare it to earlier calculations, e.g.; over last month, or over next month, or over quarter, or over year– keep an eye on the financial choices you make...

At end of each time period calculate it again. Compare that number to the prior time period. Did it go up? Or did it go down? Do it periodically, e.g.; monthly. quarterly, yearly... Some periods will see a nice increase; others will not. It's well worth your time to figure out why. Tracking it is like a road map to financial security. Managing it is critical regardless of your financial goals.

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In the article Tracking Net Worth Matters by Rob Berger writes: Net worth represents the sum total of your entire financial life, reduced to a few numbers. Tracking it is just the first step. It's also important to compare and evaluate its variation over time-to-time. That means evaluating your key financial indicators and how they change over time, e.g.; debt, saving, investment, major purchase, such as; home, car... major unplanned events, such as; sickness, death... major income sources, such as; new job, inheritance, winning the lottery... Measuring all financial changes are essential for financial security.



According to Jim Wang; it's you-vs.-you, not you-vs.-others. Compare you-vs.-you from a prior time period- versus- you, now. Don't compare you-vs.-family, or friends, or colleagues, or partner... Social media displays everyone's personal highlights, i.e.; awesome trip they took, amazing meal they had, insane car they bought, house they live in, family they spawned, and all the other whatever... it's keep-up with 'Jones' mentality, and that can drive you into serious financial ruin. It's far much better to practice stealth wealth– stay calm, be focused and remember the goal isn't to beat someone else, goal is to stay ahead of your– yesterday's you.

But, net worth is only one way to measure success. According to **Len Hayduchok**; not everyone derives identity from financial figures; for some, net worth is totally irrelevant number because that's not how they measure value. Many others think that if they could just– get better job, win lottery, or beneficiary of some late uncle's estate, then they will be okay: But highly unlikely. For all business and most people calculating and tracking net worth is unavoidable– its a visual snapshot of where you stand financially at any given moment, which is a powerful gut check...