

# Do You Know What You're Worth?

What image comes to mind when you think “millionaire”? Armani suits, Rolex watches, luxury vehicles, mansions? A surprisingly different portrait emerged when Thomas Stanley and William Danko studied hundreds of Americans with a net worth in excess of one million dollars. <sup>1</sup> Instead of flash and glitz, they found hardworking, frugal citizens with solid bank accounts, living in modest neighborhoods. Wealth, they demonstrated, is not what you spend, but what you accumulate.

**What is Net Worth?** Net worth is simply a summary of your financial status at a given moment.

$$\begin{array}{rcccl} \text{ASSETS} & - & \text{LIABILITIES} & = & \text{NET WORTH} \\ \text{(Everything you own)} & & \text{(Everything you owe)} & & \end{array}$$

**Why Should I Know My Net Worth?** Do you want to build a business, own a home, retire comfortably, live on one income, sail the globe? What’s your dream? Random guesswork won’t build wealth. You need a compass to see where you are and where you want to go, to determine where changes can be made and to chart your progress. A net worth statement gives that visual in black and white and helps you formulate a plan to achieve your financial goals. Calculate your net worth at least one a year. <sup>2</sup> For your convenience in getting started, we’ve included a form on the reverse.

**How Do I Increase Net Worth?** *The Bottom Line is: Save More. Spend Less.* Some may question the value of an increased net worth that is not visible in material goods or a lavish lifestyle. Yet, the one with the “most toys” may not be the one with a cash cushion for unforeseen setbacks, with capital to finance a new business, or with a comfortable retirement. *Don’t lose sight of your dream in a pile of possessions.*

See Excel document: *Networth*. For page 2 Chart