

(21)

Assets & Liabilities

Asset - value of items owned

Liability - Debt that you owe

Net Worth - assets - liabilities

Assets	Liabilities
• Car (paid off) • Home value (equity) • Checking acct. • Savings acct. • Furniture • Cash • Jewelry • Certificate of Deposit (CD) • Stocks & Bonds	• taxes • Bills - insurance - phone - utilities • Credit Cards • Mortgage • Rent • Loans - student loans - personal loan • Auto loan • <u>payoff</u>

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Items	Amount(\$)
Credit Card	500
Checking Acct.	1,250
Home Value	95,250
Mortgage	75,000
Auto Loan	3,500
Savings Acct.	3,150

→ Construct a net worth statement

<u>A.</u>	<u>L.</u>
Checking 1,250	C.C. 500
Home Value 95,250	Mortgage 75,000
Savings +3,150	Auto Loan +3,500
<u>99,650</u>	<u>79,000</u>

Assets	99,650
- Liabilities	-79,000
Net Worth	<u>20,650</u>

Interpret: positive: owns more than they owe

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Negative: owe more than what you own