

### Handout: Net Worth and Cash Flow

Name: \_\_\_\_\_

#### Part A

Directions: Classify each of the following as an asset (write "A"), liability ("L"), income ("I"), or expense ("E").

- \_\_\_\_\_ Electricity bill.....\$50/month
- \_\_\_\_\_ Car loan balance.....\$4,000
- \_\_\_\_\_ Wages .....\$30,000/year (after income and payroll taxes)
- \_\_\_\_\_ House value .....\$175,000
- \_\_\_\_\_ Doctor visits .....\$50/month (after insurance)
- \_\_\_\_\_ Interest on savings .....\$30/quarter
- \_\_\_\_\_ Credit card balance.....\$1,500
- \_\_\_\_\_ 70-inch TV .....\$1,300
- \_\_\_\_\_ Property taxes .....\$300/quarter
- \_\_\_\_\_ Mortgage balance.....\$120,000
- \_\_\_\_\_ Car value .....\$9,000
- \_\_\_\_\_ Groceries .....\$150/week
- \_\_\_\_\_ Gold coins .....\$2,500
- \_\_\_\_\_ Mortgage payment.....\$1,320/month
- \_\_\_\_\_ Emergency cash.....\$500
- \_\_\_\_\_ Gasoline .....\$60/month
- \_\_\_\_\_ Stocks owned .....\$10,500
- \_\_\_\_\_ Car loan payment.....\$350/month
- \_\_\_\_\_ Unpaid IOU.....\$1,000
- \_\_\_\_\_ Savings .....\$4,000
- \_\_\_\_\_ Cable/Internet/phones.....\$160/month
- \_\_\_\_\_ Stock dividends.....\$60/quarter
- \_\_\_\_\_ Other personal property.....\$3,700
- \_\_\_\_\_ Other expenses.....\$110/month

#### Part B

Given the information in Part A, what is this person's net worth? Explain your answer.

#### Part C

Given the information in Part A, explain whether this person's net worth is likely to grow or decrease over time if things remain the same. (Hint: Convert all income and expense flows into monthly figures and compare them.)

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#### Making Personal Finance Decisions