

# *THE* Home Account BOOK



Bulletin 723



THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL,  
AND ENVIRONMENTAL SCIENCES



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- Family economic well-being
- Family development
- Diet, nutrition, food safety and health
- Leadership and volunteer development

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# THE Home Account BOOK

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## Why Keep Home Accounts?

Well organized and updated home accounts are valuable financial management tools. They can:

- \_\_\_\_\_ Help in planning for financial decisions and provide information for future expenditures;
- \_\_\_\_\_ Show how family income was used;
- \_\_\_\_\_ Bring together the financial activities of household members;
- \_\_\_\_\_ Provide critical information for making major financial decisions (such as “Can we afford a new TV?” or “What spending can we reduce so we can save more or repay bills more quickly?”);
- \_\_\_\_\_ Provide information to help in determining if the family can take on more credit;
- \_\_\_\_\_ Help family members recognize current cash flow and current monthly expenditures;
- \_\_\_\_\_ Help identify financial “leaks” in spending or habits that cause spending leaks;
- \_\_\_\_\_ Provide important information for revising financial plans when circumstances change or you face a transition (such as birth of a child, moving, retirement, etc.);
- \_\_\_\_\_ Help control impulse buying or haphazard spending;
- \_\_\_\_\_ Assist in anticipating future income needed to meet needs of a growing family.

**Check (✓) all of the above that would improve your financial situation.**

## You Will Need:

- A convenient location to work on financial data with storage for your *Home Account Book* and related files and records.
- A place—a box or drawer—where everyone in the household knows to put receipts and sales slips, so you can enter expenditures in the account book and make record keeping a family affair.
- A specific spot everyone knows to put incoming bills to be paid and other financial mail.
- Files or folders for income tax information and receipts for tax time.
- Permanent files for your Personal Property Inventory and Home Improvements.
- An adding machine or small calculator, or the use of a computer software program like Excel.
- A pad and pencil in your pocket or purse to jot down purchases or record on a phone app.
- A planned time to work on your records, weekly.

**Optional:** To create a beginning budget, it is helpful to have access to past records, checkbook entries, receipts and/or credit card statements that provide information about household spending patterns. (If you do not have these figures, you can make some rough estimates for your initial budget, or just start keeping current income and expense notations.)

# How to Use Your Home Account Book

You can adapt the *Home Account Book* to fit your household and preferences. The following tips outline steps to help you get started.

Become familiar with the *Home Account Book*. Review all worksheets: **Income by Month; Periodic Payments; Payments on Installment Contracts; Monthly Income and Expenses; Annual Spending Summary; Savings Goals** and the **Net Worth Statement**. You may elect to use some or all of the worksheets in your planning and tracking.

**Change the headings of columns on Record of Monthly Income, Debt, Savings and Expenses** pages to fit your situation. For example, if you do not have child care expense, skip that column or rename the space for another purpose.

**Begin by drafting a budget or possible spending plan on The Record of Monthly Income, Debt, Savings and Expenses.** Use a pencil so you can adjust the estimates if you find it needs some changes. For the first year, your budget may be a rough guess. In later years, your records will help you create a customized budget that fits the needs of you and your family.

**Monthly Income, Debt, Savings and Expenses**  
An essential part of building a budget is to track your spending on a monthly basis. When expenses are recorded and added at the end of the month, adjustments can be made. This series of spreadsheets, labeled **'Record of Monthly Income, Debt, Savings and Expenses,'** are for you to customize. Start at the beginning of the month by recording all the income on the top left side. Keeping track of the gross and net will help you keep a running total of your earnings to date.

## Consumer Debts

In section A on the **Record of Monthly Income, Debt, Savings and Expenses**, you can place the balance on your credit cards at the beginning of the month and then record additions to it during the month. It will help you realize the items added to the balance and keep track of the increase or



decrease on a regular basis.

In section B, you can list any new debt you have added to your budget, while adding it to the appropriate category in the spreadsheet. This might be a new vehicle loan that will be on your book for years or a piece of furniture that you will pay off in 60 – 90 days.

Section C serves as a summary for your debt. It will help you in managing your total debt load to keep it at less than 20% of total income.

## Categorize your Spending

Use the **Record of Monthly Income, Debt, Savings and Expenses** pages like a checkbook register. Fill in the date and record the amount under the correct category. If you have several expenditures on the same date, use the same line to record the spending categorically. For example, if you pay utilities, rent or mortgage and loan payments on pay day, then use one date and list all the payments in their respective category. As you keep track and know what your expenses are, you will have greater control of your finances.

At the end of each month, use the **Annual Spending Summary** worksheet to total expenses.

# Annual Spending Summary

	Savings		Home					Food		Transportation	
Month	General Savings	Retirement Contributions	Mortgage Rent, Property Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home	Car Payments Gas	Repairs Insurance
January	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
February											
March											
April											
May											
June											
July											
August											
September											
October											
November											
December											

This gives a summary of your monthly financial activity and will give you a clear picture of how much money your family uses across the year.

Complete the **Payments on Installment Contracts and Loans** table to look at all your agreements to pay and when they occur. During the year, add any new agreements to this list so they don't get overlooked.

List the amount and month due for all non-credit financial obligations that are made "occasionally," quarterly, etc. (e.g., insurance premiums, school tuition/supplies, holiday celebrations, etc.) on the worksheet, **Reminder of Periodic Payments Due**. Then, total the monthly amounts for the year and divide by 12 to get the monthly "set-aside" needed to have the needed funds available. Record under monthly expenditures as the payments are made.

## Making it Work

**Keep account book up-to-date**—schedule a time weekly (or at least twice monthly) to enter income and expenses. This may be at the same time you are writing checks or scheduling online payments.

Your records need not account for every penny. For

many entries you may round up to even dollars. (But do **not** try this with your credit records and bank accounts.)

**Label each entry** with a description. List enough information to identify what it represents so you can easily look for omissions and avoid double entries.

**Keep statements, receipts, and canceled checks you will need for tax purposes.** Other account records can be held for several months or to the end of the year. Cash receipts may be discarded, when not needed for a return or exchange. There are a few exceptions: Save major proofs of purchase and receipts for your **personal property inventory** and keep **home improvement/remodeling** receipts as long as you own the property.

Take care to record credit and debit card use as well as savings deposits and withdrawals.

**Credit use**—Record money borrowed, or goods and services bought on credit. **Also** record credit **repayment** under the appropriate expense column(s) to help you estimate what it costs for that expense item.

**Debit Card**—A debit purchase is recorded in your checkbook as a withdrawal from your account and in





Months	July	August	September	October	November	December
Income	\$4,500	\$4,500	\$4,500	\$3,000	\$1,500	\$500
Expenses	\$2,500	\$2,500	\$2,500	\$2,600	\$3,000	\$3,500
Balance	\$2,000	\$2,000	\$2,000	\$400	-\$1,500	-\$3,000
Savings	\$2,000	\$2,000	\$2,000	\$400	\$4,900	\$1,900
&		Balance	Balance	Balance	Balance	Balance
Balance		\$4,000	\$6,000	\$6,400		

As an example: If average monthly income across the months is \$2,500, base a spending plan on that amount. The month that your income is \$4,500, put \$2,000 in savings to use in the months when your salary is low.

**Compare income and spending and make adjustments to achieve balance** - this will keep you on target and allow you to build savings needed for emergencies and special purchases.

### Fluctuating Income

Individuals who work in seasonal work or those subject to layoffs as well as those who work for commissions face more challenges. Developing a spending plan that takes this fluctuating income into consideration needs to spread the income earned in working months across the entire year.

### How do you set up a monthly budget for fluctuating income during the year?

Begin by collecting a full year of pay stubs or income records to consider high-income months and low-income months. Add up expenses for each month and total each for the past year. If you do not know, estimate expenses for each month. Remember that during winter and summer, energy costs may be higher than spring or fall. As well, there are more costs associated with holidays. Put this information on a chart. See *the six month example above*. In the months that income is high, more should be put into your savings account. You can then draw on that money when income is low.

### Tip

*It pays to practice preventative dental care, since a good cleaning routine helps prevent fillings, root canals, and dental crowns, which are expensive and no fun.*

See more at: [americasaves.org](http://americasaves.org)

### Can I Afford to Use Credit?

While credit can be a convenient and sometimes useful financial resource, it is easy to over-use credit, and that can quickly lead to too much debt. So, how much credit is too much?

Here are questions you might ask yourself before using credit;

- Do I really need this item?
- Can I wait to have this item until I save up enough to buy it with cash?
- Will I be able to pay off my credit card balance this month if I use credit on this purchase?
- What will the total cost for this item be once I pay all the interest?
- Will I still be paying for this item even when I'm no longer using it?

One simple way to determine if your debt load is too high is to use the 20 percent rule. Add up all your monthly debt payments (except your home mortgage). If this amount is 20% or more of your monthly net income (your take-home pay), you should STOP using credit and focus on getting your debt balances paid down. If your monthly credit card payment is 10% of your net income, you may proceed with caution. It's at this point you really need to carefully monitor your use of credit so you don't move closer to the 20% mark. If your monthly debt payments are less than 10% of your net income, you may proceed carefully with wise credit use. For more information, see the "Manage Your Money Letter Study Series" at your local Ohio State University Extension office.



# Income by Month

Use the 'after tax' amount from your paycheck. That is what you can spend.

If you or members of your household are paid weekly or biweekly, look at your paystubs to determine what your monthly income is for the month, especially if your income varies. If the paystub is dated *January* count that income for the month of January, even if you only worked one or two days in January.

List all members of your household who contribute to the income of the household.

Add the 'month' totals for all members for the yearly family income.

At the end of the year, add all the months for the yearly income.

Income	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Wage Earner 1												
Wage Earner 2												
Pensions												
Interest												
Dividends												
Gifts												
Other												
<b>TOTAL</b>												

**Total Yearly Income All Sources \$** \_\_\_\_\_

To calculate monthly "set-aside" amount, list all payments for the year and divide by 12. Be sure to set aside that amount each month to have the needed funds available when the payments are due. As payments are made, record under monthly expenditures in the appropriate category.

## Reminder of Periodic Payments Due

Taxes, Insurance, membership dues, pledges, auto licensing

Item	January	Feb.	March	April	May	June	July	August	Sept.	Oct.	Nov.	Dec.	Yearly Total
e.g., Car Insurance		\$362.00			\$362.00			\$362.00			\$362.00		

**Total needed for periodic payments across the year \$** \_\_\_\_\_

Divide Yearly Total by 12 to determine monthly amount to 'set aside' for these regular payments.

These dollars can be 'set aside' in a separate savings account to pay these occasional expenses.

## Protect Your Work: Resources to Keep You Safe and Up-to-Date

In case of general need or an emergency, could you or other family members easily locate your valuable papers? Are the papers “safe” (stored in an appropriately protected area)? If these papers were lost or destroyed, would you be able to replace them easily? For assistance, see “Know Your Valuable Papers” at your local Ohio State University Extension office.

**Your Safe Deposit Box.** Keep in your safe deposit

box records and documents that cannot be replaced or would be very costly or time consuming to replace. Keep copies at home for easy reference. Suggested records to keep in a safe deposit box include: certificates of birth, adoption, marriage, divorce and death; citizenship papers and passports; property abstracts and titles (including burial lot); military service records; records of major debts (mortgages, installment contracts, notes, liens, etc.); wills (copies, not originals); household/property inventories; and evidence that others owe money to you (contracts, notes, etc.).

**How Long Should Records Be Kept?** “Household Record-Keeping Tips” is a 2-page chart listing many records and important papers with suggest-

## Payments on Installment Contracts and Loans

Use this as a reminder; also include under monthly expenditures

Payment	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
e.g., Eyeglasses												

As soon as you receive your paycheck, set money aside for your savings goals. Enter your savings in the chart below:

## Contributions to Savings Goals and Investments

Goals	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Retirement												
Holidays												
Vacations												
Education												
Other:												
Other:												
Other:												
Other:												

ed time periods for keeping them. Find it on the web at [ohioline.osu.edu](http://ohioline.osu.edu) or ask for a copy at your local extension office.

**Household Inventory.** Having a complete and up-to-date inventory of household furniture, furnishings, equipment and other personal property (clothes, cameras, etc.) can be very helpful in determining the amount of insurance coverage needed, plus it will make claim filing easier if you experience a loss. Written and/or video records can be made and stored securely to make your life easier. BEFORE investing time and other resources, check with your insurance agent for company requirements for filing claims. Also get your insurance company requirements for making an inventory of household possessions. Be sure to ask for company forms and suggested procedures for making and updating your inventory. Once made, update your household inventory yearly and keep it in a safe place outside your home.

Find additional resources from your county Family and Consumer Science professional at your local Ohio State University Extension office.



## OHIO STATE UNIVERSITY EXTENSION



THE OHIO STATE UNIVERSITY

COLLEGE OF FOOD, AGRICULTURAL, AND ENVIRONMENTAL SCIENCES  
COLLEGE OF EDUCATION AND HUMAN ECOLOGY  
FAMILY AND CONSUMER SCIENCES

# Record of Monthly Income,

**JANUARY**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal													
Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													

## Debt, Savings and Expenses

[illegible]

# Record of Monthly Income,

**FEBRUARY**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													



## Debt, Savings and Expenses

[illegible]

# Record of Monthly Income,

**MARCH**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal													
Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													

## Debt, Savings and Expenses

[illegible]

# Record of Monthly Income,

**APRIL**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													

## Debt, Savings and Expenses

[illegible]

# Record of Monthly Income,

**MAY**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal													
Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													



## Debt, Savings and Expenses

[illegible]

# Record of Monthly Income,

**JUNE**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													

## Debt, Savings and Expenses

[illegible]

**JULY**

# Record of Monthly Income,

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal													
Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													

## Debt, Savings and Expenses

[illegible]

# AUGUST

## Record of Monthly Income,

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal													
Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													



## Debt, Savings and Expenses

[illegible]

# Record of Monthly Income,

**SEPTEMBER**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal													
Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													

## Debt, Savings and Expenses

[illegible]

# Record of Monthly Income,

**OCTOBER**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													

## Debt, Savings and Expenses

[illegible]

# NOVEMBER

## Record of Monthly Income,

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal													
Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													



## Debt, Savings and Expenses

[illegible]

# Record of Monthly Income,

**DECEMBER**

Family Income				Budgeted Amount	Savings		Home					Food	
Source	Gross	Net	Date	Goods and Services Provided	General Savings	Retirement Contributions	Mortgage Rent. Prop. Tax and Insurance	Utilities (Light, Gas, Water)	Phone Cell and Landline	Household Repair Remodeling Maintenance	Home Furnishing and Appliances	Food at Home	Food Away from Home
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Total NET													
Consumer Debts													
A. Outstanding Debts at beginning of the month													
B. New Debts and Amount													
Creditor		Amount											
Total													
Payments Made During Month													
C. Principal													
Interest and Finance Charge													
Total for Month													
Total of A + B - C													
Carry this total to (A) at the beginning of next month's page													

## Debt, Savings and Expenses

[illegible]

# Preparing Your Net Worth Statement

**What is a “Net Worth Statement?”** This financial tool shows your current overall financial position at a given point in time. It is like a “financial snapshot” that shows the dollar value of what you own and what you owe. Your **net worth** is the **difference** between your **total assets** (what you own) and your total **liabilities** (what you owe). This relationship can be stated as:

## ***Assets – Liabilities = Net Worth***

Net worth is the dollar amount you would have if all assets were sold today for current market value and all debts were paid in full. For example, if your assets have a current financial value of \$28,000 today and you currently owe \$8,000 in credit card balances, loans, and other debts, your net worth TODAY is \$20,000 (**\$28,000 assets - \$8,000 debts**).

For many families, this is a ‘once a year’ state-

ment, and can be completed using the end of year statements from financial institutions, credit card companies and retirement accounts.

**Assets.** Determine the financial value of what you own. This value must be expressed in “current market value” (in other words, what the asset would be worth if sold today to a willing buyer).

If recently purchased, the purchase price of your house or other “real” property can be used. Otherwise, consult a realtor to get a market quote on the value of the property if you were to sell it now. Or, check recent sales of similar properties.

For personal possessions (personal property) such as vehicles, household goods, clothing, and recreational equipment, the value is more difficult to determine. Most of these items lose financial value (depreciate) from the day of purchase. However, if recently acquired, the purchase price could be used. For vehicles, look for the Official Kelley Blue Book at [www.kbb.com](http://www.kbb.com)

For life insurance, list only “cash value” policies (or what you could borrow from the policy today).



# Net Worth Statement

Your net worth is the dollar amount you would have if all assets were sold today for their current market value and all debts were paid in full.

List the value of your assets in the left hand column, based on its value if sold today; list all debts owed in the right column.

## Assets (What you own)

### Cash

Checking Account.....  
Savings Account.....  
CD's (Certificates of Deposit) .....  
Life Insurance (cash surrender value).....  
Other cash.....

**Total Cash**.....

### Investments

Securities (stocks, bonds, mutual funds).  
Treasury Bills .....  
Other Investments.....  
Total Investments .....

### Property

Real Estate (market value).....  
Vehicle(s) (current blue book value).....  
Bullion (silver, gold, etc.) .....  
Jewelry, Art and Collectibles.....  
Other property .....  
Total Property .....

### Retirement

Retirement accounts (IRA, 401K) .....

### Accounts Receivables

Any outstanding income you  
EXPECT to receive .....

**Total Assets**.....

**Assets**.....

**Liabilities**.....

**Net Worth** .....

## Liabilities (What you owe)

### Mortgage

Real estate .....  
Home Mortgage (balance) .....  
Other real estate .....

### Installment Contracts

Vehicles.....  
Furnishings and appliances.....  
Other.....

### Personal Loans

Education.....  
Medical.....  
Other.....

### Charge Accounts (balances due)

.....  
.....  
.....  
.....  
.....  
.....

### Unpaid Bills

Taxes (property, income, etc.) .....  
Insurance .....  
Rent.....  
Utilities.....  
Other.....

**Total Liabilities** .....

**Net Worth** (previous year) .....

**Loss or Gain** .....

$$\text{Assets} - \text{Liabilities} = \text{Net Worth}$$

Use the End of Year (EOY) or regular monthly statement for the current financial value of investments.

The financial value of cash and other liquid assets like bank accounts is determined by counting “cash on hand” and/or getting the current balance for checking and savings accounts.

**Liabilities.** Determine the dollar value of your debts (what you owe). For mortgages, list the balance due. Also list unpaid bills such as income and property taxes you currently owe, unpaid utility bills, rent, and insurance premiums coming due. (You may need to use the most recent account statements to estimate current obligations.) List the amount you owe on current loans like car and education loans.

Also list how much you owe on each of your credit cards.

## What does the Net Worth Statement Mean?

If liabilities exceed the value of assets (negative net worth), corrective action needs to be taken immediately. However, even a person with a high net worth may have financial difficulties. Having

many assets with low liquidity (inability to immediately convert to cash) may mean not having adequate cash available to pay current expenses if income suddenly decreases.

If a high proportion of your asset value is in “depreciable” property (personal possessions or investments that quickly lose value), one’s financial position is less secure. For increased financial security over time, it’s usually financially “wiser” to allocate more financial resources to assets that “appreciate” (gain financial worth) or at least hold financial value. Of course, this usually means that you must make some “tough” financial choices to save and invest for the future rather than spend everything today or take on high consumer debt. For most people, financial security is built slowly over time. Checking your net worth statement at the beginning and end of each year can provide you information to make changes.

Having an updated net worth statement can be helpful when making financial decisions. Your net worth statement will clearly state the difference between the current value of possessions and your loan value. Most loan applications require financial data that appears on your net worth statement. And, if you are overloaded with consumer (non-mortgage) debt, updating your net worth statement can highlight the importance of debt reduction to improve your financial position.

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