

Are You The Picture of Financial Health?

Everyone knows what a picture is worth. You can bet that a picture that sums up your financial health is worth a lot more. In fact, taking a financial snapshot (some people call this estimating your net worth) is one thing you can do yourself, right now. It needn't cost a thing and it can be an invaluable aid in planning for your retirement.

To know where you stand, write down the amount of money you would have if you sold all of your assets and possessions today. (Be as realistic as you can.) Then write down what you owe to others. Subtract what you owe from what you own. There you have it: your net worth.

Are you saving enough to support yourself comfortably in retirement?

If you sold all of your property and paid off your debts, would you have enough to retire? When planning for retirement, your net worth includes only what you really would sell or could sell. Keep in mind that although you might sell your home, you'll still have to live somewhere. And you might sell your car and family heirlooms, but you probably won't. So adjust your net worth to reflect the assets you could and would sell against the debts you have. Now you know where you really stand.

If you go through this exercise every year, you'll soon have an album of snapshots showing you how quickly you're building your nest egg.

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