

WIN MAKE GIVE



**WEALTH
SERIES**



PART TWO

**A FINANCIAL
REALITY CHECK**



Part Two - Financial Reality Check

In Part One, we introduced you to the 7 Steps of Building Wealth so you have a plan and a system for changing your financial future. Once again, they are:

1. **A Financial Reality Check** so you know where you're at
2. **Retirement Reality Check** to find out if you're on track for the future
3. **Save Like Crazy** by finding ways to spend less than you earn
4. **Be a Student of Wealth** leveraging the power of compound interest
5. **Increase Income** by creatively maximizing your income opportunities
6. **Pay Less Taxes** - legally, of course
7. **Investing Wisely** - learning the the five buckets of wealth

We start today with Part Two of the Wealth Series by walking through a financial reality check, so you can slow down and evaluate where you're at financially, both right now and moving forward in the future. Much like paying attention to your weight or blood pressure for your health, it's important to know and be able to track your financial metrics like your expenses, income, liabilities, debts and investments on a regular basis.

Before you get started, make sure you download our free Net Worth Tracker from winmakegive.com to "weigh yourself" financially on a monthly basis starting today. The goal is to get to a place where you have enough excess income to invest in assets that create enough income to fund your ideal lifestyle. Then, you can experience the true "wealth" that I define as being able to do *what* you want, *when* you want, with *who* you want.



Ben Kinney

Ben Kinney Companies Founder



Why track your net worth?

The goal of tracking your net worth is to get you in a position so that your investments, retirement, and other sources of income completely cover the expenses for your desired lifestyle.

To get an accurate financial “reality check,” you need to know your total expenses, debt, income, investments, assets, and liabilities. When you add up all of your assets and subtract your liabilities, what is left is your “Net Worth.”

Once your net worth is calculated, make a commitment to track it monthly. We recommend calculating it at the middle of the month after your bank statements and bills are received. Download the “Budget & Expense Tracker” and the “Net Worth Tracker” spreadsheets included with this session (and found at winmakegive.com) as an easy way to digitally track your finances moving forward.

Remember, there is no right or wrong number for your total net worth. When I started tracking my net worth, it was after the 2008 financial collapse. My net worth by 2009 was -\$500,000 because of the debt I accumulated and the poor investments that I had made. It took me years to get back to a \$0 net worth. Figure out where you stand today and let’s make a plan together to move forward.

Find an accountability partner or group and have a regular “wealth review night” where you go over these numbers together.

THE HIGHLIGHTER EXERCISE

Print out all of your credit card and bank statements with line item details. Highlight required expenses in green and optional expenses in yellow.

Get the Personal Budget & Expense Tracker at winmakegive.com

Reality Step 1: Expenses

The first step to knowing your net worth is understanding how much money you need every month to live on. We put these into two categories:

- 1. Required monthly expenses** - expenses you can't live without
- 2. Optional monthly expenses** - things you could do without in emergencies

Take the time to calculate your required and your optional expenses by referring to your bank and credit card statements and filling out this sheet.

REQUIRED MONTHLY EXPENSES

Mortgage/Rent _____

Water/Power/Garbage _____

Internet/Cable/Cell _____

Repairs _____

Debt/Loans/Credit Cards _____

Auto Payment _____

Car Insurance _____

Other Transportation _____

Gas/Oil Change _____

OPTIONAL MONTHLY EXPENSES

Entertainment _____

Dinners/Lunches _____

Hobbies _____

Vacation/Travel _____

Subscriptions _____

Clothing _____

Big Purchases _____

Charity/Church _____

Savings/401(k) _____

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Reality Step 1: Expenses Continued

REQUIRED MONTHLY EXPENSES

Groceries _____

Insurance _____

Medicine _____

Essentials _____

Pets _____

Other _____

Other _____

Other _____

REQUIRED TOTAL \$

x 12 =

REQUIRED ANNUAL \$

OPTIONAL MONTHLY EXPENSES

Education _____

Books _____

Other _____

Other _____

Other _____

Other _____

Other _____

Other _____

OPTIONAL TOTAL \$

x 12 =

OPTIONAL ANNUAL \$

ANNUAL EXPENSES = \$
(Required + Optional Annual)

Reality Step 2: Debt Tracker

Debt Tracker: This where you take the time to log all of your obligations, liabilities, and debt. Locate your minimum payment, interest rate, and balance.

		MIN PAYMENT	RATE	TOTAL BALANCE
Credit Cards	1.	_____	_____	_____
	2.	_____	_____	_____
Auto Loans	1.	_____	_____	_____
	2.	_____	_____	_____
	3.	_____	_____	_____
Student Loans	1.	_____	_____	_____
	2.	_____	_____	_____
Lines of Credit	1.	_____	_____	_____
	2.	_____	_____	_____
	3.	_____	_____	_____
Real Estate	1.	_____	_____	_____
	2.	_____	_____	_____
	3.	_____	_____	_____
Other Loans & Debt	1.	_____	_____	_____
	2.	_____	_____	_____
	3.	_____	_____	_____
	4.	_____	_____	_____
	5.	_____	_____	_____
IRS	1.	_____	_____	_____
	2.	_____	_____	_____

TOTAL MONTHLY = \$

TOTAL = \$

Reality Step 3: Current Income

The income section will help you understand how much you have left each month to save, invest, or maybe just explain why your debt keeps growing.

Annual Salary	1.	_____
Other Income	1.	_____
	2.	_____
	3.	_____
Business Profits	1.	_____
	2.	_____
	3.	_____
Rents	1.	_____
	2.	_____
	3.	_____
	4.	_____
	5.	_____
Investments / Dividends	1.	_____
	2.	_____
	3.	_____
Loans / Interest Paid	1.	_____
	2.	_____
	3.	_____
TOTAL =		\$ <input type="text"/>

Reality Step 4: Net Worth

We are now to the fun part - creating your first net worth tracker! Start by adding up the value of all your assets, or anything you own that has true value. Use the attached spreadsheet to save more detail in each section.

ASSETS	
Cash	_____
Savings	_____
Checking	_____
Bonds / CDs	_____
Life Insurance Cash Value	_____
Annuities (surrender value)	_____

TOTAL =

\$

INVESTMENTS	
Brokerage Accounts	_____
Mutual Fund Accounts	_____
Personally Held Stocks / Bonds	_____
Other	_____
Real Estate (non-owner occ.)	_____

TOTAL =

\$

Get our free Win Make Give Net Worth Tracker at winmakegive.com

Reality Step 4: Net Worth Continued

RETIREMENT ACCOUNT

SEP IRA
Traditional / Rollover IRA
401(k) / 403(b), etc.
Profit Sharing
Pensions

TOTAL =

\$

OTHER ASSETS

Primary Home
Autos
Jewelry / Metals / Gems
Collectibles
Furnishings / Art / Baseball Cards
Other - Fancy Handbags

TOTAL =

\$

TOTAL ASSETS =

(Assets + Investments +
Retirement Account + Other Assets)

\$

Reality Step 4: Net Worth Continued

This section is the total of all debts and liabilities. Add up the balances at the end of each month and total each of the categories below.

LIABILITIES	
Mortgage	_____
Auto Loans	_____
Credit Card Balance	_____
Student Loans	_____
Back Taxes Owed	_____
Home Equity	_____
Lines of Credit	_____
Investment Debt	_____
Mutual Fund Accounts	_____
Business Debt	_____

TOTAL =

\$

NET WORTH

(Assets - Liabilities)

= \$

Get our free Win Make Give Net Worth Tracker at winmakegive.com

Net Worth Tracker Example

Here is an example of a net worth tracker that has been filled out over a period of a few months. Each month you should see a positive change in your net worth as assets increase in value and debts are paid down.

Assets						
	Months					
	1	2	3	4	5	6
Cash						
Checking Accounts	2,000	2,500	3,500	5,500	7,000	7,000
Savings Accounts	10,000	11,000	12,000	13,000	14,000	15,000
CD's (Certificates of Deposit)	-	-	3,000	3,000	4,000	5,000
Life Insurance (Cash Surrender Value)	-	-	-	-	-	-
Other Cash	-	-	-	-	-	-
TOTAL CASH	\$ 12,000	\$ 13,500	\$ 18,500	\$ 21,500	\$ 25,000	\$ 27,000
Investments						
Securities (Stocks, Bonds, Mutual Funds)	5,000	6,000	7,000	8,500	9,500	11,000
Treasury Bills	-	-	-	-	-	-
Other Investments	-	-	-	-	-	-
TOTAL INVESTMENTS	\$ 5,000	\$ 6,000	\$ 7,000	\$ 8,500	\$ 9,500	\$ 11,000
Property						
Real Estate (Market Value)	300,000	301,000	302,000	303,000	304,000	305,000
Automobile (Present Value)	8,000	8,090	8,080	8,070	8,060	8,050
Bullion (Silver, Gold, Etc.)	500	510	520	530	540	550
Jewelry, Art and Collectibles	1,000	1,000	1,000	1,000	1,000	1,000
Other Property	-	-	-	-	-	-
TOTAL PROPERTY	\$ 309,500	\$ 310,600	\$ 311,600	\$ 312,600	\$ 313,600	\$ 314,600
Retirement						
Retirement Accounts (IRA, 401k, etc.)	25,000	25,500	25,600	25,700	25,800	25,900
Other Retirement Assets	-	-	-	-	-	-
TOTAL RETIREMENT	\$ 25,000	\$ 25,500	\$ 25,600	\$ 25,700	\$ 25,800	\$ 25,900
Other						
Notes and Accounts Receivable	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL OTHER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL ASSETS	\$ 351,500	\$ 355,600	\$ 362,700	\$ 368,300	\$ 373,900	\$ 378,500

Will you commit and start filling out the net worth tracker **monthly**?

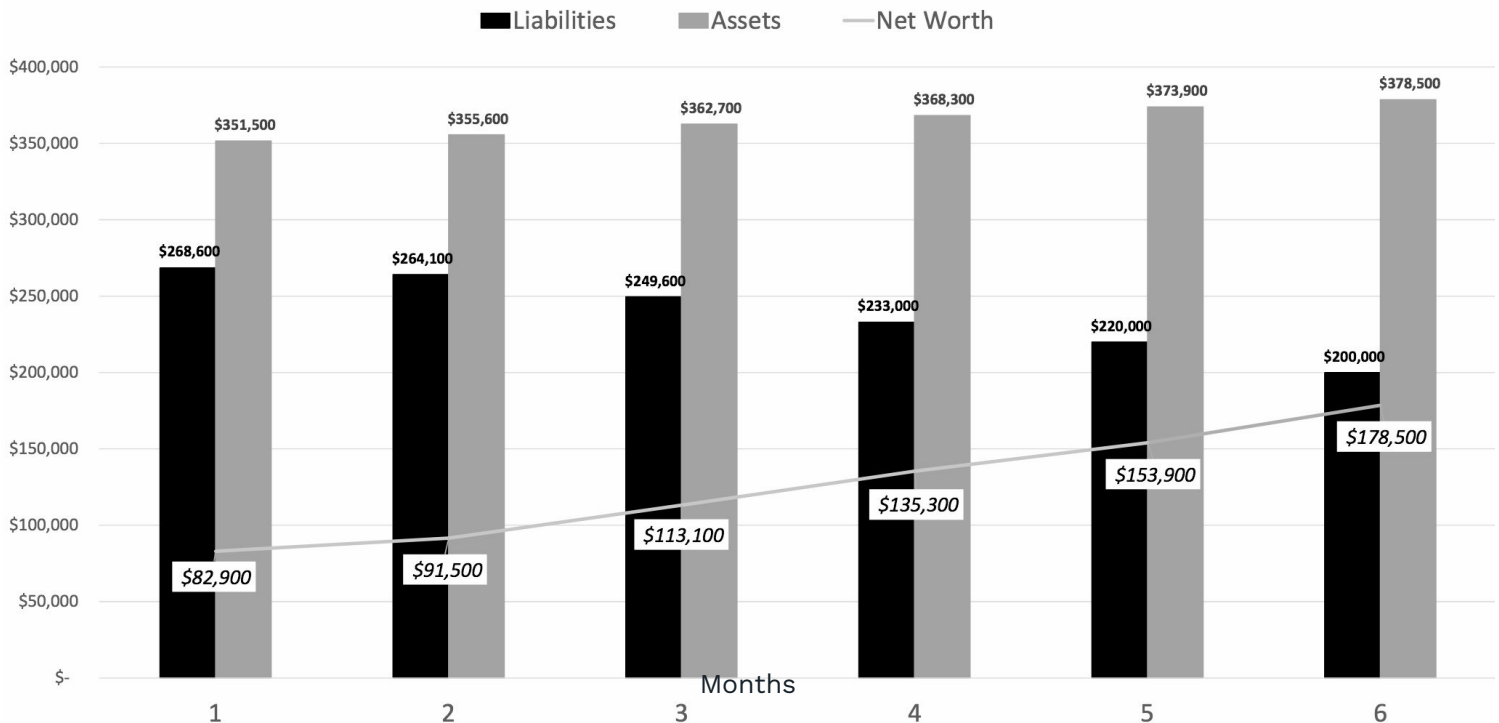
Net Worth Tracker - Continued

We often overestimate what we can do in the short term and underestimate what we can accomplish in the long term. Track it and see the positive change.

Liabilities

	Months					
	1	2	3	4	5	6
Liabilities						
Auto Loans	12,000	10,000	6,000	3,000	-	-
Credit Card Debt	1,500	1,000	500	-	-	-
Consumer/Personal Loans & Installments	-	-	-	-	-	-
Real Estate Mortgages	250,000	249,000	240,000	230,000	220,000	200,000
Student Loans	5,000	4,000	3,000	-	-	-
Unpaid Taxes	-	-	-	-	-	-
Loan on Life Insurance	-	-	-	-	-	-
Money Owed to Others	100	100	100	-	-	-
Other Liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	\$ 268,600	\$ 264,100	\$ 249,600	\$ 233,000	\$ 220,000	\$ 200,000

Net Worth	\$ 82,900	\$ 91,500	\$ 113,100	\$ 135,300	\$ 153,900	\$ 178,500
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Download exclusive Win Make Give tools at winmakegive.com

Net Worth - Reflection

What did you learn from the required vs. optional expenses exercise?

What did you learn from the net worth tracker exercise?

Write down a net worth goal for 1 year, 3 years, and 5 years.

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Net Worth - Taking Action

With any excess left over, we must pay off liabilities and reinvest the rest.

We can stop when those investments create the annual income needed for our desired lifestyle.

GOAL: Work *when* I want, on *what* I want, for *who* I want, or not work at all.

ACTION ITEMS:

1. What can I do to reduce my expenses right away?

2. How much more income do I need in order to start saving more?

3. What debts or liabilities should I focus on paying off first?

NET WORTH



In order to increase our net worth,
we must _____ less than
we _____.

Part Two Giveaway Question

For those of you participating in the giveaway, make sure to answer this question and save it somewhere you can access later as you will receive a form at the end of the series with a question from each part. This is a requirement for entering to win up to \$5,000 to fund your retirement and help you build wealth.

In order to increase our net worth, we must _____ less than we _____.

Preparation for Part Three

- Start thinking about how much you would need to live on annually when you retire. \$50k? \$100k? \$250k?
- Complete your net worth tracker spreadsheet.
- Complete your required and optional expenses worksheet.
- Congratulate yourself for making it through step one and two of the Wealth Series.
- Please join the discussion on the Win Make Give Facebook group. Post your thoughts, comments, and takeaways from the first two lessons.