



# 10 Personal Finance Numbers You Should Know

When thinking about your financial future, there are some numbers that you really need to know.

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## 1. Net Worth

Total Assets – Total Liabilities = Net Worth. This is probably the most important financial metric to track through life. You should compute it at least annually and try to always focus on increasing your net worth. We can help you calculate this number.

## 2. Post Tax Income

This is what you take home after deductions, taxes, etc. It is not only important to be extremely familiar with this number, but you should also take time to review your paycheck. Know your withholding amounts and effective tax rate.

## 3. Average Monthly Variable Expenses

What is the average amount you spend monthly on variable costs like: utilities, groceries, going out, shopping, etc.? This number will be key for creating a budget and knowing your household spending habits.

## 4. Monthly Fixed Expenses

What do you spend per month on fixed expenses like: rent, mortgage, car payments, insurance, etc.? Having a clear picture of your fixed expenses allows you to gain control of your budget. You may be able to reduce or optimize some of these.

## 5. Monthly Surplus

Post Tax Income – Fixed Expenses – Variable Expenses = Surplus. This is the amount of extra money you have per month to use for savings, investing, or paying down debt.

## 6. Balance of Each Debt

It is imperative to know the balance of every debt. Make a spreadsheet and list them from largest to smallest. This includes your mortgage, car loans, student loans, consumer loans, etc.

## 7. Interest Rate on Each Debt

Find the interest rate on each debt and put it next to the balance in the spreadsheet. To have full control over your financial future you must be familiar with what you are paying in interest.

## 8. 401(k) Match

If your employer offers a 401(k), figure out if they have a match and what that percentage is. If you are unsure, we can show you how to find this information. At a minimum, it's important to participate up to the full match. This is free money and part of your compensation.

## 9. Emergency Fund Goal and Balance

Everyone needs an emergency fund to protect themselves from unexpected events in life. A good rule of thumb is this should cover your base expenses for at least 3-6 months. We can assist with helping you determine this amount.

## 10. Savings Rate

Savings Rate = Monthly Savings / Monthly Take Home Pay. Knowing your savings rate is crucial to your financial success. We can help you determine if your savings rate is adequate.