DETERMINE YOUR NET WORTH

ASSETS AND LIABILITIES

Quicken can be used to track assets and liabilities that are not reflected in your bank balance or stock portfolio. In Session 7, you’ll create the following types of accounts:

*An asset account associated with a home you are buying
  (an associated liability account will also be created if you are paying a mortgage)

*An asset account associated with a vehicle you own or are buying
  (an associated liability account will also be created if you are paying off a vehicle loan)

*A liability account for other loans or debt, such as a student loan.

To determine your net worth you will need information about the purchase price and value of your assets (home, vehicle, and so on) as well as information about any loans that may be associated with them.

TRACK YOUR HOME VALUE and LOAN

If you own a home, you can use Quicken to track its value, along with the mortgage that may be associated with it. Quicken calculates the value of your equity, tracks the interest you pay each year (gulp!!!!), and the remaining loan balance.

When you create a mortgage account and Quicken will automatically create both
Task: Create a mortgage account.

1. On the Quicken Main Menu click [File>Open>Marsha>OK].

2. Click [Finance>Account List] to open the Account List window.

3. Within the Account list window, Click [New] to choose the type of account to create.

4. Under the Home and Business (far right of window) Choose [House (with or w/o Mortgage)] and click [Next].

5. Quicken will display the window: Asset Account Set-up–About this House/Property.

   Type in
   Name of account: Marsha’s house
   Description: 512 West 10th
   Click [Next]

6. The next screen to appear is Enter Starting Point Information. Use the following information:
   a. Property acquired: 3/25/90
   b. Purchase price: 150,000
   c. Estimate Current value: 163,500
   d. Click [Next]

Note: When you create the account, enter both the purchase price and the estimated current market value, if known. Quicken enters the purchase price as the Opening Balance and creates an adjustment transaction in the House Account Register to reflect the current market value. This way you can track your equity. As the home’s value changes over time, you can enter additional transactions to keep the equity value current.

e. When the question appears “Is there a mortgage on this property?”
click [Yes, Create a liability account for me]. Then click [Done].

7. When the Edit Loan window appears, provide whatever information is missing.
   b. Original Balance–120,000
   c. Original Length– 30 years
   d. Compounding Periods–Daily
   e. Payment Period–Monthly
   f. Click [Next]

8. Another Edit Loan screen will appear. Add:
   a. Current Balance-115,753.22 as of today’s date
   b. Monthly Payment-965.55 due on the 1st of the month
   c. Interest rate-9%
   d. Click [Done]

9. When the final Edit Loan Payment screen appears, list First Security Bank as the Payee and click [OK].

10. Click [Cancel] to close the online house information.

   Note: When you told Quicken that you have a mortgage on the house, two accounts were created: one for the positive value of the house (Marsha’s House account) and one for the negative value of loan (Marsha’s Loan) a liability account.

11. Close the asset account window by clicking that small [x] on the right hand side.

12. When you return to the Accounts List window you will see two accounts under Accounts on the right hand side of the screen: Marsha’s House account and Marsha’s Loan as a liability account.

13. Close by clicking the small [x] in the accounts list window.

**TRACK YOUR VEHICLE VALUE and LOAN**
The steps for tracking a car’s value and loan are almost identical to those for creating a house and mortgage account. When you create a vehicle account, Quicken will automatically create both an asset and a liability account. For your own situation use the figures from the last statement you received for your car loan.

Task: Create a vehicle account the value of a Toyota Tacoma truck, otherwise know as Marsha’s Dream Truck. But just last weekend she saw a Dakota.....decisions......decisions.


2. Within the Accounts List Window. Click [New] to choose the type of account to create.

3. Under Home and Business choose [Vehicle (with or without Loan)] and click [Next].

4. Quicken will display the window “Asset Account Setup–About This Car/Vehicle.” Enter the following information:
   a. Name of the Account: Marsha’s Truck
   b. Description: bronze-brown
   c. Make: Toyota
   d. Model: Tacoma
   e. Year: 2001
   f. Click [Next]

5. The screen “Enter the Starting Point Information” will appear. Follow the on-screen instructions. Click [Next] to move through the windows. Use the following information for the truck:
   a. Property acquired: July 31, 2001
   b. Purchase price: 26,354
   c. Estimated Current value: 24,354
   d. Click [Next]

6. When the screen appears “Is there a loan on this vehicle?” Click [Yes,
Create a liability account for me].  Click [Done].

7. When the Edit Loan window appears type in the following information:
   a. Opening date–8/1/2001
   b. Original Balance–21,300
   c. Original Length– 5 years
   d. Compounding Period-Daily
   e. Payment Period–Monthly
   f. Click [Next]

8. Another Edit Loan window appears
   a. Current Balance-19,831.09 as of 01/01/02
   b. Monthly Payment-431.89 as of 1/01/02
   c. Interest rate-8%
   d. Click [Done]

9. When the final Edit Loan appears, list J.C. Billion as the Payee. Then click [OK].

10. When Quicken asks if you want to go online to get the estimated value of your 2001 Toyota Tacoma. Click [No].

11. Close the register account by clicking the small [x] in the register window.

12. Under the accounts list window you see that two more accounts have been added to the list (Marsha’s truck and Marsha’s truck loan). Close by clicking the small [x] in the accounts list window.

CALCULATE YOUR NET WORTH

Once Quicken has information about your finances, you can use the program to calculate the value of your net worth.

Task: Calculate a Net Worth Statement for the Jones family.

1. On the Quicken Main Menu Choose [File>Open>Jones>OK].
2. On the Quicken Main Menu Choose [Reports >Reports and Graphs Center].

3. Under select a Topic choose, [“What do I own and owe?”] Under the select Report window two choices are provided:

   Account Balances (Account Balances Summary)
   Net Worth (Assets and Liabilities based on account Balances)

4. Select [Net Worth]. Enter Report Balance date as of 12/31/00.

5. Click [Create Report]. Quicken displays a Net Worth report that shows the value of all the Jones’ Assets and Liabilities as of 12/31/00.

   A. What is the Jones’ Total Cash and Bank Account balances ____________?
   B. What is the Jones’ total net worth ______________? 
   C. Close window by clicking the [x] on the Net Worth Report Window.

6. Next you will make a net worth graph. First, click [Create Graph]. Next note the date box on the left. It has 9/7/16. Enter the date from 1/1/00 to 12/31/00. Under interval click [Month]. Then click [Update]. Quicken displays a colorful bar graph that shows the value of all Assets and Liabilities by month.

7. Place the pointer on one of the vertical bars in the color code for the information requested a-d. A magnifying glass will first appear, followed by the date and a dollar amount.
   a. What was the asset value for January, 2000__________?
   b. What was the asset value for December, 2000__________?
   c. What were the liabilities for August, 2000___________?
   d. Close the window by clicking the [x] on the Net Worth Graph window.
   e. A dialog box appears, select close without memorizing.

8. Select [Account Balances] as of [6/30/00]. Then click [Create a Report]. Quicken displays a balance at the end of June for each of the accounts the
Jones have in Quicken.

a. What is the balance of the Medical Care Savings Account _____?
b. What was the total credit card balance___________?
c. What was the balance in Tina’s College Account__________?
d. What is the balance in Tony’s College Account___________?
e. Close window by clicking the [x] in the Account Balances Report.

9. Next, create a graph for the same month. Click on [Create Graph].

(Don’t forget to enter start date and month in interval)

a. What was the assets account value for 6/30/00_______________?
b. What was the value of the investment accounts for 6/30/00
   ______________________?
c. What was the value of the liability accounts as of 6/30/00
   ______________________?
d. Close the account by clicking the [x] in the account balances graph.

Congratulations: You have completed Session 3 and learned how to use Quicken’s assets and liabilities information to create a net worth statement in the different type of formats.

Tasks:

Stand up, lean against a wall and do push outs (try for 20).

References:

2 Quicken 2001- The Official Guide.