







# Net Worth Calculator: How To Calculate The Net Worth Of An Individual

In this guide, I will provide a simple net worth calculator so that you can easily calculate your net worth.

To simplify, net worth is the amount of the items you own (assets) minus what you owe (liabilities).

Knowing the net worth of an individual is useful in seeing whether you're on the right track to building wealth.

But there is a bit more to it than that. Read on to better understand how to calculate your net worth.

## What Is Net Worth?

If you have a large negative net worth, it may be time to reassess some of your loans and other spending.

Simply add all of your income and assets and then minus all of your expenses and liabilities. The net total will be your net worth.

## How To Calculate The Net Worth Of An Individual

Calculating the net worth of a person involves writing down everything you own into two columns: assets and liabilities. Assets minus liabilities equals your individual net worth. (assets – liabilities = net worth)

## What Are Assets?

Assets are items that you own that are valuable. These can include your house, cars, stocks, savings accounts, and retirement accounts to name a few. Assets are items you could sell for cash or are cash.

When calculating the value of an asset, it should be the amount of money you can get in the current market for the item, not what you think you should get. Markets change and sometimes what you paid for an item is not what you can reasonably expect to get when selling. This is especially true for cars.

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## What Are Liabilities?

Liabilities are items that you're financially responsible for. These include your mortgage, car loan, student loans, and other financial debts.

Liabilities are debts that you have in the form of loans. Liabilities lower your net worth so it's best to get rid of them as soon as you can.

