



FINANCIAL ASSESSMENT

FOR

Joe Sample

Introduction

BENEFIT OF FINANCIAL ASSESSMENTS

The benefit of the financial assessment is to help you gather the facts so you can take an honest look at your finances. This should help you to gain more enjoyment from your income and realize your financial goals.

THE FINANCIAL ASSESSMENT REPORT

The financial assessment report is an analysis of the financial data you entered. The accuracy of the report is predicated on correct information. If you find any errors, correct the information and print an updated report.

The financial assessment report includes:

- Net Worth Statement
- Net Worth Analysis
- Cash Flow Statement
- Cash Flow Analysis
- Income Tax Analysis
- Savings Analysis
- Financial Ratio Analysis
- Credit Use Analysis
- Debt Summary
- Monthly Budget
- Budget Analysis
- Credit Card Evaluation (if applicable)

UPDATES

Because your finances constantly change, you should update your financial information often. When you pay off debt, increase your savings, decrease your expenses or have any other financial changes, update your record.

DISCLAIMER

The financial assessment report is for general and educational purposes only. It is not intended to be, and should not be construed as, legal, tax or investment advice.

Your file will remain stored in our secure database and you may continue to use it to update and change your information as often as you like.

We hope that this report is useful for your future financial planning.

Net Worth Statement

Joe Sample
Nov 20, 2007

ASSETS

Monetary Assets

1. Cash on Hand	\$189.00
2. Emergency Fund	\$0.00
3. Savings Account	\$0.00
4. Checking Account	\$0.00
5. Money Market	\$0.00
Total Monetary Assets	\$189.00

Investment Assets

1. Mutual Fund	\$0.00
2. CD's	\$0.00
3. US Government Securities	\$0.00
4. Bonds	\$0.00
5. Stock	\$0.00
6. Annuities	\$0.00
7. Rental Property	\$0.00
Total Investment Assets	\$0.00

Cash Value Life Insurance

1. Life Insurance	\$0.00
-------------------	--------

Retirement Assets

1. 401(k)/403(b)	\$0.00
2. IRA	\$0.00
3. Company Retirement	\$0.00
4. Company Pension	\$0.00
5. Other Retirement	\$0.00
Total Retirement Assets	\$0.00

Personal Use Assets

1. Personal Residence	\$0.00
2. Vacation Home	\$0.00
3. Other Real Estate	\$0.00
4. Automobile	\$18,000.00
5. Personal Property	\$0.00
Total Personal Use Assets	\$18,000.00

LIABILITIES**Short-Term Liabilities**

1. Bank Credit Cards	\$2,000.00
2. Mortgage/Rent Unpaid	\$0.00
3. Utilities Unpaid	\$0.00
4. Taxes Unpaid	\$0.00
5. Insurance Unpaid	\$0.00
6. Profess. Serv. Unpaid	\$0.00
7. Other Unpaid Bills	\$0.00
Total Short-Term Liabilities	\$2,000.00

Long-Term Liabilities

1. Mortgage	\$0.00
2. 2nd Mortgage	\$0.00
3. Home Equity Loan	\$0.00
4. Home Improvement/Rehab	\$0.00
5. Automobile	\$17,000.00
6. Insurance Loan	\$0.00
7. Student Loan	\$0.00
8. Personal Loans	\$0.00
9. Other Loans	\$0.00
Total Long-Term Liabilities	\$17,000.00

TOTAL ASSETS	\$18,189.00
LESS: TOTAL LIABILITIES	\$19,000.00
NET WORTH	\$-811.00

NET WORTH ANALYSIS

▶ OBJECTIVE

Your primary objective is to understand your current financial condition. The **Net Worth Statement** is an important financial document. It shows what you own (assets) minus what you owe (liabilities) and what remains (net worth). The Net Worth Statement is a snap shot of your wealth at this point in time. Your goal is to develop a long-term financial plan that will increase your net worth. The Net Worth Statement is sometimes called a **Balance Sheet**.

▶ YOUR CURRENT STATUS

Your assets minus your liabilities equal your net worth. At this time, your are not building wealth.

- Your current assets are: **\$18,189.00**
- Your current outstanding debts (liabilities) are: **\$19,000.00**
- Your net worth is: **-\$811.00**

▶ POTENTIAL SOLUTIONS

- Joe, you currently have \$19,000.00 in outstanding debt. You should focus on paying off debt. It is recommended that you update your Net Worth Statement annually to monitor your progress

Cash Flow Statement

Joe Sample
Nov 20, 2007

INCOME

Earned Income

1. Wages/Salary	\$35,000.00
2. Bonus & Commission	\$0.00
3. Business	\$0.00
4. Other Earned	\$0.00

Unearned Income

1. Retirement	\$0.00
2. Pension & Profit Sharing	\$0.00
3. Social Security Benefits	\$0.00
4. Alimony	\$0.00
5. Child Support	\$0.00
6. Interest	\$0.00
7. Dividend	\$0.00
8. Capital Gain	\$0.00
9. Annuities	\$0.00
10. Rent and Royalties	\$0.00
11. Other	\$0.00

Total Income **\$35,000.00**

Taxes

1. Federal Taxes	\$4,081.87
2. State Taxes	\$1,203.76
3. FICA Taxes	\$1,063.37
4. Medicare Taxes	\$299.51

Total Taxes: **\$6,648.51**

Retirement

1. Retirement Contributions	\$0.00
2. Other Retirement Amounts	\$0.00
Total Retirement:	\$0.00

1. Total Income	\$35,000.00
2. Less: Total Taxes	\$6,648.51
3. Less: Total Retirement	\$0.00
Disposable Income:	\$28,351.48

EXPENSES**Fixed Expenses**

1. Tithes	\$0.00
2. Savings	\$0.00
3. Emergency Fund	\$0.00
4. Rent	\$9,600.00
5. Mortgage	\$0.00
6. Home Equity	\$0.00
7. Home Improvement	\$0.00
8. Automobile Note	\$3,360.00
9. Automobile Insurance	\$1,500.00
10. Life Insurance	\$0.00
11. Health Insurance	\$0.00
12. Disability Insurance	\$0.00
13. Homeowners	\$0.00
14. Renters Insurance	\$0.00
15. Real Estate Taxes	\$0.00
16. Property Taxes	\$0.00
17. Cable/Internet	\$1,260.00
18. Other Fixed Expenses	\$0.00
Total Fixed	\$15,720.00

Variable Expenses

Housing

1. Gas	\$720.00
2. Electric	\$160.00
3. Water/Sewer	\$0.00
4. Telephone	\$1,102.85
5. Maintenance	\$0.00
6. Landscaping	\$0.00

Total Housing **\$1,982.85**

Food

1. Groceries	\$5,199.84
2. Lunch	\$0.00
3. Restaurants	\$0.00
4. Snacks/Take Out	\$0.00

Total Food **\$5,199.84**

Auto

1. Registration/License	\$20.00
2. Gas	\$480.00
3. Oil/Repair	\$150.00
4. Parking/Tolls	\$100.00

Total Auto **\$750.00**

Miscellaneous

1. Bus/Taxi/Subway	\$0.00
2. Childcare	\$0.00
3. Clothing	\$1,500.00
4. Medical/Dental	\$200.00
5. Gifts	\$2,400.00
6. Other	\$0.00

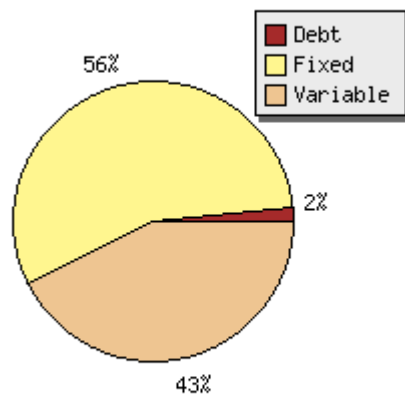
Total Misc. **\$4,100.00**

Total Expenses **\$27,752.69**

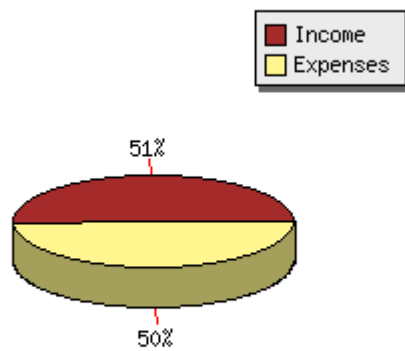
Discretionary Income Calculation:

Disposable Income	\$28,351.48
1. Less: Total Expenses	\$27,752.69
2. Less: Debt	\$480.00
3. Discretionary Income	\$118.79

Expense Breakdown



Annual Income vs Expenses



CASH FLOW ANALYSIS

▶ OBJECTIVE

Your primary objective is to account for all the money you earned (income) and all the money you spent (expenses). The **Cash Flow Statement** shows your cash inflows (income) and your cash outflows (expenses). It is a historical record of your income and expenses over a certain period of time, usually a year. Your goal is to make sure your income is **more** than your expenses. Your Cash Flow Statement is perhaps the most important financial statement because it allows you to measure your standard of living against your ability to maintain it. The Cash Flow Statement is sometimes called an **Income and Expense Statement**.

▶ YOUR CURRENT STATUS

Your cash flow statement contains three sections:

Income: shows the money you received over the period

Expenses: shows how you spent the money.

Net Gain: shows the amount remaining after all expenses and liabilities are paid.

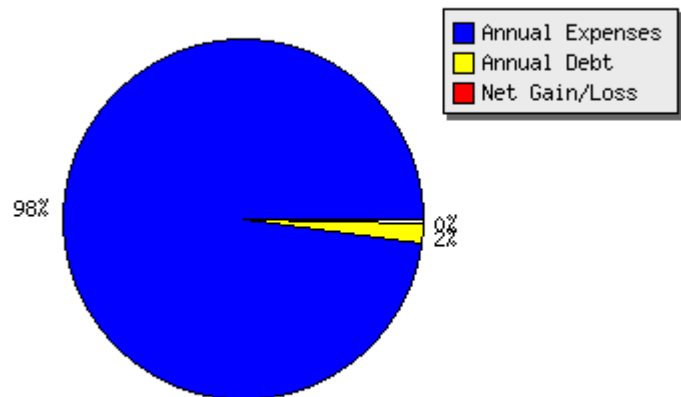
Net Loss: shows your expenses exceed your income.

- Your annual gross income is: **\$35,000.00**
- Your disposable income is: **\$28,351.48**
- Your annual expenses are: **\$27,752.69**
- Your annual debt is: **\$480.00**
- Your net gain/loss is: **\$118.79**

▶ POTENTIAL SOLUTIONS

Joe,
You are successfully managing your income and expenses.

Cash Flow



FINANCIAL RATIO ANALYSIS

▶ OBJECTIVE

Your primary objective is to monitor and measure your financial health. **Financial ratios** help you to analyze your finances in specific financial areas. Financial ratios are tools you can use to make wiser financial decisions. Your goal is to stay within the financial ratio benchmarks.

▶ YOUR CURRENT STATUS

- | | |
|----------------------------------|-------------|
| ■ Your Basic Liquidity ratio is: | 0.08 |
| ■ Your Debt ratio is: | 11% |
| ■ Your Housing ratio is: | 27% |
| ■ Your Housing + Debt Ratio is: | 38% |

Your basic liquidity ratio shows the number of months you will be able to pay your monthly obligations if you should lose your income. You should have enough money in your emergency fund to cover you for 6 months. Your basic liquidity ratio should be 6.0.

Your debt ratio is the percentage of your monthly income that you spend on your debt obligations. Your debt ratio benchmark should not exceed 10%.

Your Housing ratio is the percentage of your gross monthly income that you spend on your monthly mortgage or rent payment. (Mortgage payment includes principle, interest, taxes and insurance.) Your Housing ratio benchmark should not exceed 30%.

Your Housing + Debt ratio is the percentage of your gross monthly income that you spend on your monthly mortgage or rent payment and your debt obligations. Your Housing + Debt ratio benchmark should not exceed 40%

▶ POTENTIAL SOLUTIONS

Joe,

In the event of lost income, you would not be able to pay your monthly expenses.

- You should work on increasing your emergency fund (cash reserve). Refer to your **Savings Analysis** report for more suggestions.
- Your Debt Ratio is 11% of your income. Your debt ratio should be in 10% - 12% range.
- You should work on decreasing your debt. Refer to your **Debt Summary** report.
- Your Housing ratio is in a comfortable range.
- Your Housing + Debt ratio is in a comfortable range.

SAVINGS ANALYSIS

▶ OBJECTIVE

Your objective is to evaluate your current savings and develop a plan to keep a part of what you earn. Savings are critically important to your current financial well-being, future prosperity and financial independence. Financial goals need money to materialize.

▶ YOUR CURRENT STATUS

- You contribute \$0.00 per year to your 401(k).
- You currently have \$0.00 in investment assets.
- You save \$0.00 per year.
- You currently have \$189 in monetary assets. (This is your cash reserve.)

▶ POTENTIAL SOLUTIONS

Joe,

Retirement

Most Americans can no longer count on their employers or the government to provide for them during retirement. You must have a retirement account and contribute regularly. The amount you contribute will play a key role in assuring a comfortable retirement. A retirement account is a must!

Emergency Fund

You do not have a sufficient cash reserve. Remember to pay-yourself-first!

- Based on your current income and expenses, your cash reserve should be **\$14,116.34**.
- You need an additional **\$13,927.34**.

A cash reserve should have six months' living expenses and you should only tap into it when true emergencies occur. A cash reserve ensures that you will be able to pay your living expenses and debt in the event of an emergency or other unexpected expense. Unexpected expenses can set you back from reaching your financial goals.

CREDIT CARD USE ANALYSIS

▶ OBJECTIVE

Your primary objective is to review how you currently use credit cards. Overusing credit cards is the number one cause of financial problems.

▶ YOUR CURRENT STATUS

An analysis of your credit card use reveals the following:

- You have **2** open credit card(s).
- Your total debt from credit cards is: **\$2,000.00**
- Your credit card debt is at a(n) **Excellent** level.
- Average Interest Rate: **16.5%**
- Your total credit limit is: **\$7,500.00**

▶ POTENTIAL SOLUTIONS

- Joe,
You are handling your credit well, keep up the good work!

CREDIT CARD EVALUATION

Name: Joe Sample
Date: Nov 20, 2007

1. Discover

Current Balance: **\$1000.00**

Credit Limit: **\$5000.00**

Current Interest Rate: **18%**

Current Monthly Payment:
\$20.00

Current Status:

Your current repayment method will pay off this debt in **7** year(s) and **10** month(s) and you will pay a total of **\$862.24** in interest payments.

Other Possible Strategies To Consider:

Debt Reduction Strategy

Your monthly budget indicates that you have **\$9.9** per month, available after expenses. You have a sufficient amount of money to increase your monthly payment. Increasing your monthly payment to **\$22.97** will pay this account off in **6** year(s) and **0** month(s) and you will save **\$229.18** in interest payments.)

Reduce Interest Rate Strategy

Your current interest rate on this credit card is **18%**. Reducing your interest rate to **14%** will pay this account off in **6** year(s) and **4** month(s) and you will save **\$352.67** in interest payments.

Note: Creditors are more likely to negotiate an interest rate reduction if you are making your payments on time.

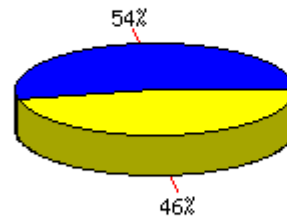
Increase Credit Score Strategy

Your current balance on this account is **20%** of your credit limit.

This level of use is at a very comfortable range and has a positive impact on your credit score. Continue to plan each purchase carefully to maintain positive credit score.

Discover

Principal	\$1000.00
Interest	\$862.24



2. JCPennys

Current Balance: **\$1000.00**

Current Interest Rate: **15%**

Credit Limit: **\$2500.00**

Current Monthly Payment:
\$20.00

Current Status:

Your current repayment method will pay off this debt in **6** year(s) and **7** month(s) and you will pay a total of **\$579.12** in interest payments.

Other Possible Strategies To Consider:

Debt Reduction Strategy

Your monthly budget indicates that you have **\$9.9** per month, available after expenses. You have a sufficient amount of money to increase your monthly payment. Increasing your monthly payment to **\$21.48** will pay this account off in **5** year(s) and **11** month(s) and you will save **\$71.10** in interest payments.)

Reduce Interest Rate Strategy

Your current interest rate on this credit card is **15%**. Reducing your interest rate to **14%** will pay this account off in **6** year(s) and **4** month(s) and you will save **\$69.55** in interest payments.

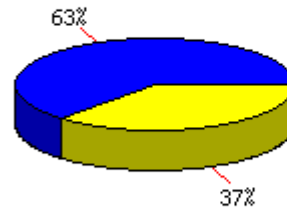
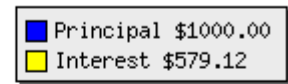
Note: Creditors are more likely to negotiate an interest rate reduction if you are making your payments on time.

Increase Credit Score Strategy

Your current balance on this account is **40%** of your credit limit.

This level of use is at a comfortable range and has a positive impact on your credit score. You should limit your use of this card and plan future purchases carefully.

JCPennys



Totals

Total Balance: **\$2,000.00**
Avg. Interest Rate: **16.5%**

Credit Limit: **\$7,500.00**
Monthly Payments: **\$40.00**



Debt REDUCTION RESULTS

Your Current Status

Months until debt free:

94

Your Status with Debt Reduction Strategy

Months until debt free:

72

Total Interest Payments: **\$1,441.36**

Possible Interest Payments: **\$1,141.08**

It is possible to pay off your credit card debt **1.8** years sooner!

Note: Pay off time assumes you make no additional charges on your credit cards.

DEBT SUMMARY

▶ OBJECTIVE

Your primary objective is to monitor and measure your debt. The Debt Summary allows you to take a look at ALL debt so that you can see how much you owe. Most people have never seen their entire debt picture. This review should help you to determine your debt capacity. Debt capacity is the amount you can reasonably repay given your current income, expenses and liabilities. With this information you can develop a strategic plan to reduce debt.

▶ YOUR CURRENT STATUS

Credit Card Debt	Balance Owed
1. JCPennys	\$1,000.00
2. Discover	\$1,000.00
Long-term Debt	Balance Owed
1. Automobile Loan	\$17,000.00
Total Debt:	\$19,000.00

▶ POTENTIAL SOLUTIONS

Joe,

Debt is the primary reason most people don't meet their financial goals. Therefore, the most advantageous "investment" you can make is to pay off debt. Your net worth will increase as debt is paid down and you can then use the money from debt payments to save.

The first step to relieve debt and reach your financial goals is to take a look at how much money is coming into the household and how much money is going out. Your **Cash Flow Statement**, used in conjunction with your **Budget Analysis** report can help you identify areas you can cut spending, even if temporarily. A realistic budget is your best weapon against overspending and paying down your debt.

Additionally, you can use your **Credit Card Evaluation** report for more suggestions on paying down your credit card debt.

INCOME TAX ANALYSIS

▶ OBJECTIVE

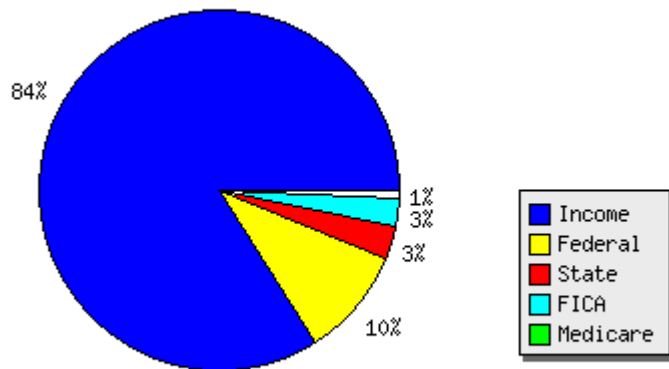
Your primary objective is to have a year-round tax plan that will reduce the amount of federal and state income taxes you pay. Taxes make up to 10 to 35 percent or more of your income.

▶ YOUR CURRENT STATUS

Highlights of your 2006 YEAR income taxes.

Gross Income	\$35,000.00
Qualified Retirement Contribution	\$0.00
Adjusted Gross Income	\$35,000.00
Taxes Due	
Federal	\$4,081.87
State	\$1,203.76
FICA	\$1,063.37
Medicare	\$299.51
Total Taxes Due	\$6,648.51

2006 Income Taxes



▶ POTENTIAL SOLUTIONS

Joe,

Thinking about ways to save money at tax time is too late! You need year-round tax planning. You should estimate what your annual income and tax payment will be then you can explore tax savings strategies such as:

- Putting money in a qualified retirement plan could be a good tax reduction strategy.
- Take all your legal deductions.
- As your income increases, the importance of a tax planning strategy increases.
- Reduce your tax liability when possible.

Monthly Budget

Joe Sample
Nov 20, 2007

INCOME

Earned Income

1. Wages/Salary	\$2,916.67
2. Bonus & Commission	\$0.00
3. Business	\$0.00
4. Other Earned	\$0.00

Unearned Income

1. Retirement	\$0.00
2. Pension & Profit Sharing	\$0.00
3. Social Security Benefits	\$0.00
4. Alimony	\$0.00
5. Child Support	\$0.00
6. Interest	\$0.00
7. Dividend	\$0.00
8. Capital Gain	\$0.00
9. Annuities	\$0.00
10. Rent and Royalties	\$0.00
11. Other	\$0.00

Total Income **\$2,916.67**

Taxes

1. Federal Taxes	\$340.16
2. State Taxes	\$100.31
3. FICA Taxes	\$88.61
4. Medicare Taxes	\$24.96

Total Taxes: **\$554.04**

Retirement

1. Retirement Contributions	\$0.00
2. Other Retirement Amounts	\$0.00
Total Retirement:	\$0.00

1. Total Monthly Income	\$2,916.67
2. Less: Total Taxes	\$554.04
3. Less: Total Retirement	\$0.00
Monthly Disposable Income:	\$2,362.62

EXPENSES**Fixed Expenses**

1. Tithes	\$0.00
2. Savings	\$0.00
3. Emergency Fund	\$0.00
4. Rent	\$800.00
5. Mortgage	\$0.00
6. Home Equity	\$0.00
7. Home Improvement	\$0.00
8. Automobile Note	\$280.00
9. Automobile Insurance	\$125.00
10. Life Insurance	\$0.00
11. Health Insurance	\$0.00
12. Disability Insurance	\$0.00
13. Homeowners	\$0.00
14. Renters Insurance	\$0.00
15. Real Estate Taxes	\$0.00
16. Property Taxes	\$0.00
17. Cable/Internet	\$105.00
18. Other Fixed Expenses	\$0.00
Total Fixed	\$1,310.00

Variable Expenses

Housing

1. Gas	\$60.00
2. Electric	\$13.33
3. Water/Sewer	\$0.00
4. Telephone	\$91.90
5. Maintenance	\$0.00
6. Landscaping	\$0.00

Total Housing **\$165.24**

Food

1. Groceries	\$433.32
2. Lunch	\$0.00
3. Restaurants	\$0.00
4. Snacks/Take Out	\$0.00

Total Food **\$433.32**

Auto

1. Registration/License	\$1.67
2. Gas	\$40.00
3. Oil/Repair	\$12.50
4. Parking/Tolls	\$8.33

Total Auto **\$62.50**

Miscellaneous

1. Bus/Taxi/Subway	\$0.00
2. Childcare	\$0.00
3. Clothing	\$125.00
4. Medical/Dental	\$16.67
5. Gifts	\$200.00
6. Other	\$0.00

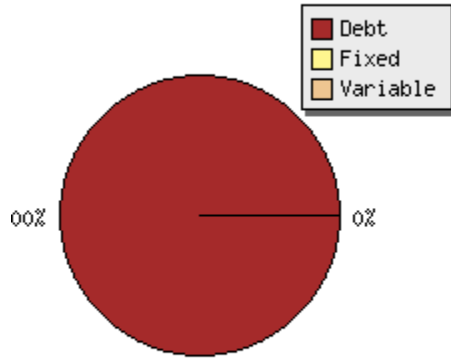
Total Misc. **\$341.67**

Total Expenses **\$2,312.72**

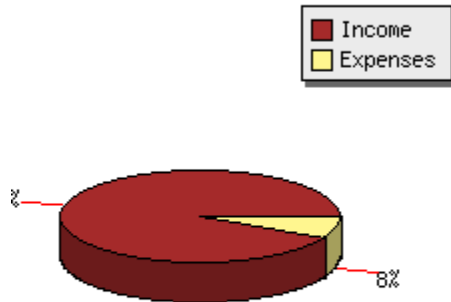
Monthly Discretionary Income

Disposable Income	\$2,362.62
1. Less: Total Expenses	\$2,312.72
2. Less: Debt	\$40.00
3. Monthly Discretionary Income	\$9.90

Expense Breakdown



Annual Income vs Expenses



BUDGET ANALYSIS

▶ OBJECTIVE

Your primary objective is to plan your spending. A budget, unlike a cash flow statement, is a benchmark. It is a changeable, relatively fluid document that helps you plan. A budget also called a **Spending Plan** summarizes the total income you plan to receive and spend each month. A successful budget will give you greater control of your money and help you to track whether or not you are living within your income limit.

▶ YOUR CURRENT STATUS

Your monthly income:	\$2,916.67
Your disposable income is:	\$2,362.62
Your monthly expenses are:	\$2,312.72
Your monthly debt is:	\$40.00
Your net gain is:	\$9.90 (<i>Your net gain is the amount of money you have left after ALL expenses and debts are paid. This is the money you have to accomplish your goals.</i>)

▶ POTENTIAL SOLUTIONS

- You have **\$9.90** left each month to reduce your debt.



Housing

Your monthly rent is:	\$800.00
Your <i>other</i> monthly housing expenses are:	\$165.24
Your <i>total</i> monthly housing expenses are:	\$965.24

Your total monthly housing cost are **41%** of your disposable monthly income.

NOTE: Your housing cost are **\$203.19 above the national average.**



Food

Your total monthly food expenses are: **\$433.32**

Your total monthly food cost are **18%** of your disposable monthly income.

NOTE: Your food cost are **\$103.96 above the national average**



Auto-Transportation

Your total monthly auto expenses are: **\$467.50**

Your total monthly auto cost are **20%** of your disposable monthly income.

NOTE: Your auto-transportation cost are **\$11.81 above the national average.**



Clothing

Your total monthly clothing expenses are: **\$125.00**

Your total monthly clothing cost are **5%** of your disposable monthly income.

NOTE: Your clothing cost are **\$2.36 above the national average**



Medical/Dental

Your total monthly medical/dental expenses are: **\$16.67**

Your total monthly medical and dental cost are **1%** of your disposable monthly income.

Your medical and dental expenses are in a good range.

Miscellaneous Expenses



Gifts

Your monthly gift cost are: **\$200.00**

Your monthly gift expense is **8%** of your disposable monthly income.



Cable/Internet

Your monthly cable/internet cost are: **\$105.00**

Your monthly cable/internet expense is **4%** of your disposable monthly income.

NOTE--The U.S. Department of Labor's Bureau of Statistics Consumer Expenditure Survey expenditure averages are based on surveyed households. They are NOT the amounts families should spend.