



MODULE 5: NET WORTH

Choose from the Suggested Activities below to find activities to help your students meet the outcome for this module from the Saskatchewan Financial Literacy 20/30 curriculum.

All resources for this module's activities can be found on saskmoney.ca.

OUTCOME

Apply the concept of net worth to various scenarios.

INDICATORS

- Differentiate between assets and liabilities.
- Differentiate between appreciating and depreciating assets.
- Determine the value of an asset at a specific time.
- Provide examples of assets and liabilities that determine personal or community net worth.
- Investigate how negative equity affects investing and net worth.
- Design scenarios that demonstrate the importance of net worth to an individual's or community's financial plan.
- Calculate personal or community net worth for various scenarios.
- Calculate net worth and determine its importance within an overall financial plan for a variety of scenarios.

OVERVIEW

Students should be able to identify what things affect net worth and how to calculate it. Tracking net worth over time is important to help you achieve financial goals. The object should be to increase assets over time and decrease liabilities thus increasing one's overall net worth. Many students may find they have negative worth/equity as they move through the early years after high school but with monitoring and goal setting they can move in a positive direction.

PREREQUISITE

None

SUGGESTED TIME

3-5 hours

RESOURCES

- Assignments and Activities:**

- Calculate Your Net Worth assignment
- CPA Net Worth Worksheet.

- Online Tools:**

- Finance in the Classroom* (USA) website for calculators, worksheets, and quizzes.
- Excel Spreadsheet for Calculating Net Worth
- How to Calculate Your Net Worth (Preet Banerjee)
- Funny Money
- How to Calculate and Track Your Net Worth (*YouTube*)
- Depreciating Assets Explained in One Minute (*YouTube*)

ASSESSMENT

- Calculate Your Net Worth assignment. Could be used as an assignment or as a quiz.
- See Step 8 for a summative activity suggestion.

MODULE 5: CONTINUED

SUGGESTED ACTIVITIES

1. Introduction:
 - a. **How to Calculate your Net Worth (Preet Banerjee)**—Canadian video with important points to keep in mind about the long term benefits of tracking net worth.
 - b. **Funny Money Video**—Three-minute video about building long-term wealth.
2. Define asset and liability and give examples of each. As a class, list assets of an average adult—Ex. car, checking account, house, savings accounts and give an estimated dollar value. List liabilities such as mortgage, car loan, student loan, line of credits, credit card debt and give estimated dollar value. Add up all assets and liabilities. Subtract liabilities from assets to find out net worth. Have students create what they would have for themselves in 10 years or give them examples that they have to calculate. Students could also be given an example where the liabilities are larger than the assets thus leading to negative equity.
3. Ask students to list examples of assets. They can watch the video **Depreciating Assets Explained in One Minute** then sort depreciating and appreciating assets into two lists. This could be brief or lead to an assignment based on other resources and activities.
4. Use the **CPA Net Worth Worksheet**. In order for students to feel comfortable with this process, a class could create two versions of this sheet: one fictional person in an excellent financial situation; another for a person who is struggling but working to improve his/her situation.
5. Use an online tool to calculate net worth such as the **Excel Spreadsheet for Calculating Net Worth** (online or in *Resources*). **SunLife, Get Smarter About Money**, and **CalcXML** also have helpful calculators.
6. **How to Calculate and Track Your Net Worth:** A longer video (17 minutes) that would be good for students learning virtually as opposed to in class. It goes into a little more detail about the importance of calculating net worth and the importance of tracking. Note: He makes a very important point at the 2:00 minute mark. He made a mistake when he added in the real estate as an asset. He should have used the market value price not the equity he had in the home. Someone in *Comments* points out the mistake.
7. As a wrap up to this module, students can apply what they learned by trying to “Imagine Net Worth in Ten Years”. Ask them to: list all types of assets they would likely have by then; calculate total net worth based on the list; justify the role that each asset plays in their life; and how they acquired each one.

ADDITIONAL RESOURCES

1. **Autorite des Marchés Financiers**. A 20-page booklet on “Reviewing your Personal Finances” can be found in resources. Starts with Calculating Net Worth and then goes into budgeting. Gives a comprehensive step by step process to help people move forward, and an example plan of a couple in their 30’s makes it realistic.
2. Find out some information about millionaires. Take a quiz from “**Finance in the Classroom**” website (American site but has some usable assignments). Question sheet with answer key and some additional information in *Resources*.

For more curriculum information, please visit the Government of Saskatchewan curriculum website.