

Women and Investing: Knowing Your Net Worth

By Elizabeth Bartlett, CFP®, Financial Planner

For women, having a seat at the table — particularly when it comes to their finances — is paramount. As women strive to be a part of the conversation, gain an understanding of their financial picture and make wise financial decisions for themselves and their families, identifying their net worth is an ideal place to start.

While simple in concept, this can be a daunting exercise, especially for individuals whose balance sheet may be more complicated or involved. An additional layer of complexity is added for women when another individual is responsible for the financial matters of the household. For women with already overwhelming responsibilities, it may be as simple as giving this task higher priority. For others, it might mean having unfamiliar and perhaps uncomfortable discussions with a loved one.

Despite the time commitment or challenging conversations, it is crucial to your financial well-being to know your net worth. This knowledge will allow you to think through next steps with regards to your financial goals and help you make educated financial decisions going forward.

Why Should You Know Your Net Worth?

Knowing your net worth — the cash you would have left if you sold everything you owned and paid off all your debts — tells you and others a great deal about your current financial health.

The importance of both individuals in a partnership or marriage being aware of what might be available in terms of financial resources cannot be overstated. Unforeseen circumstances could occur where having an awareness of your net worth might be critical. For example:

Loss of spouse or partner. Women tend to have longer life expectancies. For this reason, there is a strong likelihood that at some point you will be responsible for your household finances. In the event your spouse or partner predeceases you; you may be left to navigate your finances alone. For some, this could cause a financial hardship if you are not aware of your assets, who manages them, how accounts are titled or who are the named beneficiaries. Not being informed could create additional challenges during an already difficult and stressful time.

Divorce. Prior to divorce, it is beneficial to know your net worth as a couple. Divorce is not always amicable; therefore, going into this situation with as much information as possible is important. Unfortunately, some individuals in a marriage or relationship may not be aware of what funds exist, much less their value. Going through the process of calculating your net worth may help you strategically think through the division of the assets and the potential tax implications.

American Women Have a Net Worth Issue to Address

A recent study found that 51% of Americans do not know how to determine their net worth — and the percentage is higher for women than men. More than 60% of women admit to not knowing how to calculate their net worth compared to 41% of men.¹



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Incapacity. In the event you become incapacitated, documentation regarding your net worth is invaluable to your loved ones. This information will help them easily identify the financial resources available for costs associated with your care.

Legacy planning. With future generations in mind, knowing your net worth will allow you to strategically plan for the distribution of your estate. With this information, you may consider making lifetime gifts, establishing and funding irrevocable or charitable trusts, or updating your estate documents to reflect your wishes.

Succession planning. For any prudent business owner, creating a succession plan is imperative. Determining your net worth may shed light on the most optimal strategy for you and your business.

Think of it this way: Knowing your net worth may help you better prepare for the next chapter in your life, whatever that might be.

How Do You Determine Your Net Worth?

The first step is to set aside a block of time to gather documents and statements pertaining to your financial information. (Refer to the checklist highlighted in this article.)

Some records may be easier to obtain or locate than others. Depending on your balance sheet, it is possible you may need to request current valuations from various sources. This part of the process may require a frank conversation with your spouse, partner, or another family member if you are unaware of assets and their status. You may need to reach out to current or former employers, financial advisors, financial institutions, tax and legal professionals, or others.

Create a system for inputting and organizing your information. To organize your net worth documentation, you may choose to create a spreadsheet, purchase a software program, or find an online application you feel comfortable using. Also check with your financial institutions — many banks and brokerage firms already have online tools that let you view all your assets and liabilities on a single dashboard once the financial information has been input.

Calculate your net worth. Once you have organized your documentation, get a picture of your total financial situation by following these three steps:

- Identify your assets (e.g., investments, real estate, personal property, business entities, cash value in life insurance policies, etc.)
- Identify your liabilities (e.g., mortgage(s), loans, credit card debt, etc.)
- Calculate your net worth by subtracting your total liabilities from your total assets.

Checklist for Calculating Your Net Worth

- Deposit accounts/CDs
- Treasuries/savings bonds
- Investment accounts
- Retirement accounts
- Pension plans/company sponsored retirement plans
- Executive compensation
- Health savings account
- Annuities
- Life insurance cash value
- Real estate
- Personal property
- Business entities
- Notes receivable
- UTMA or 529 accounts
- Loans (mortgages, lines of credit, notes payable, other)

Total Assets — Total Liabilities = Net Worth



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Once you determine your net worth, you will find it much easier to take your next step toward empowering yourself with regard to your finances:

- Set short-term and long-term financial goals
- Track your bank accounts, investments, loans, credit cards, real estate holdings, personal property, business valuation, insurance policies, etc.
- Create or adjust your household budget
- Monitor your spending/saving
- Examine your investments
- Establish or review your estate plan

While it may be a tedious exercise, it is well worth the time and effort to gather all your financial information and consolidate the records in one place – not only for your own peace of mind, but also for the benefit of those you love.

We Can Help

Having an accurate, current view of your net worth is an important step in determining whether you are headed in the right direction financially and able to meet your short-term and long-term goals. Contact Commerce Trust today to learn more about the benefits of working with a financial planner to help determine and track your net worth now and in the future.

¹ INTUIT, Credit Karma Press Room, “Americans have a net worth problem, and it’s not positive,” <https://www.creditkarma.com/about/commentary/americans-have-a-net-worth-problem-and-its-not-positive>, April 17, 2023.

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Elizabeth is a financial planner with Commerce Trust Company. She is a member of the financial advisory services team, a dedicated financial planning practice within Commerce Trust that provides objective financial advice to clients. Following a thorough assessment of a client's unique situation and thoughts regarding wealth, Elizabeth develops holistic and coordinated plans to help clients meet their short-term and long-term goals as well as take full advantage of various planning, tax, and investment strategies along the way.

Elizabeth joined Commerce Trust in 2013. She previously worked as private client associate at Commerce Trust Company. Elizabeth received her Bachelor of Science in public relations from Missouri State University and has earned her CERTIFIED FINANCIAL PLANNER™ designation.

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