

Quicken SIG Notes – March 23, 2004

Net Worth, Property Assets and Debts

Net Worth:

Quicken can easily calculate your net worth. The biggest difficulty is entering all the data that it takes to make the calculation accurate. To have Quicken calculate your **Net Worth**, select **Reports > Net Worth & Balances > Net Worth**. You will see a report that begins with a list of your Assets, followed by your Liabilities. The report starts like this.

Net Worth - As of 3/18/2004	
(Includes unrealized gains)	
As of 3/18/2004	
Account	3/18/2004 Balance
ASSETS	
Cash and Bank Accounts	
B of A Mny Mkt	18,458.67
Bank of America Checking	35,779.48
Mission Checking	0.00
Money Market - Linda Loma	23,840.00

Net Worth Report

Most people, and myself specifically, started their Quicken files by entering checking and savings account information into Quicken. Then they enter their investment data, such as values of stock, mutual funds, bonds, and CDs. That is tough enough. But it does not give you a complete view of your assets, much less your liabilities. And not having a complete list of assets and debts throws off your Net Worth. Here is a list of assets and liabilities most people have, but may not have entered into Quicken.

- Assets
 - Cars
 - Homes
 - Cash Value of Life Insurance Policies
 - Collections (stamps, coins, ...)
- Liabilities
 - Mortgages
 - Loans on cars

If you have a car, it is worth something. Find out its value and enter it into Quicken. If you have a loan against the car, the loan should also be entered. And the process continues for all your major assets and debts. I have found that as you have time, you can enter more assets and liabilities to your Quicken data base and make your Net Worth reports more accurate.

Assets:

Let's take a look at how to add Property to your Quicken data base. This is done by adding accounts in the Property area of Quicken. To do this, bring up your account list first by selecting **Tools > Account List**

from the menu. Then select **Add Account**. Quicken will ask for the financial institution, but because you just want to enter a house or a car, click on the dot for **“This account is not held at a financial institution.”** After clicking **Next**, you can select the type of account you want from the Property and Debt area of the screen.

Choose the type of account to add.

Cash Flow	Investments	Property & Debt
<input type="radio"/> Checking	<input type="radio"/> Brokerage	<input type="radio"/> House (with or w/o Mortgage)
<input type="radio"/> Savings	<input type="radio"/> IRA, SEP, Keogh	<input checked="" type="radio"/> Vehicle (with or w/o Loan)
<input type="radio"/> Credit Card	<input type="radio"/> 401(k), 403(b)	<input type="radio"/> Asset
<input type="radio"/> Cash	<input type="radio"/> Single Mutual Fund	<input type="radio"/> Liability

Add Property Account

For this write-up, we will assume that we are adding a car that you bought in the past. Select the Vehicle account, name the account and identify the make and model of the car.




Tell us about this vehicle account

Name this account:	<input type="text" value="Toyota Camry"/>
Make:	<input type="text" value="Toyota"/>
Model:	<input type="text" value="Camry"/>
Year:	<input type="text" value="2000"/>

Vehicle Account Identification

Then enter the original purchase price and current value for the car. If you don't know the current value, you can go to web sites like Kelly Blue Book, www.kbb.com, and find the Private Party Value or Trade-In Value of your car. Enter one of those for the current value.

Enter the starting point information.

When did you acquire this vehicle?	<input type="text" value="3/15/2000"/>	
Purchase price:	<input type="text" value="18,500.00"/>	
Estimate its current value:	<input type="text" value="9770"/>	

Purchase Price and Current Value

Debts:

You will next be asked if there is a loan against this vehicle. Assuming that there is, we then establish the loan initial loan information, including the original amount of the loan and length of the loan.

The screenshot shows a dialog box titled "Loan Information" with two sections. The first section, "Loan Information", contains four fields: "Opening Date" with the value "3/15/2000", "Original Balance" with "13,500.00", "Original Length" with "5" and a "Years" dropdown, and "Compounding Period" with a "Monthly" dropdown. The second section, "Payment Period", has two radio buttons: "Standard Period" (selected) with a "Monthly" dropdown, and "Other Period" (unselected) with a "Payments per Year" field.

Original Loan Balance

Quicken will then ask you to enter the loan payment information and the interest. You enter it.

The screenshot shows a dialog box titled "Detailed Loan Information" with three sections. The "Balloon Information" section has three radio buttons: "No Balloon Payment" (selected), "Amortized Length" (unselected) with a "Years" dropdown, and "Calculate" (unselected). The "Current Balance" section has "Current Balance" with "3,248.08" and "as of" with "3/18/2004". The "Payment" section has two radio buttons: "Payment Amount (P+I)" (selected) with "285.18" and "due on" with "4/15/2004", and "Calculate" (unselected) with "Interest Rate" of "9.75". At the bottom are buttons for "Cancel", "Help", "Back", and "Done".

Detailed Loan Information

If you can't figure out the current balance of your loan, you can use Quicken's Loan Calculator, which is found by choosing **Planning > Financial Calculators > Loan Calculators**. Enter the required data, calculate the Payment per Period, and then click on the Schedule icon. You will see a list of all payments, by month. Figure out where you are in the payment cycle and find the balance of the loan in the last column. That is entered into the above form as the **Current Balance** information. After that data, the account for the loan is completed when you identify the Payee for the loan.

Payment			
Current Interest Rate:	<input type="text" value="9.750%"/>		
Principal and Interest:	<input type="text" value="285.18"/>	<input type="button" value="Calendar"/>	
Other amounts in payment:	<input type="text" value="0.00"/>	<input type="button" value="Edit..."/>	
Full Payment:	<input type="text" value="285.18"/>		
Transaction			
Type:	<input type="text" value="Payment"/>	<input type="button" value="Payment Method..."/>	
Payee:	<input type="text" value="Toyota America"/>		
Memo:	<input type="text"/>		
Next Payment Date:	<input type="text" value="4/15/2004"/>	<input type="button" value="Calendar"/>	
Category for Interest:	<input type="text" value="Interest Exp"/>		
<input type="checkbox"/>	Show as a bill		

Loan Payee

Now we have established accounts for both the value of the vehicle and the debt (or loan) against the car. If we create a new Net Worth Report, we will have a more accurate picture of what the contribution of the car's equity is to your total value. You can continue adding accounts for your home and other assets and loans until you have a satisfactory accounting of your Net Worth.

Article by John Durrett
jcdurrett@robsoncom.net