

Net Worth Word Search

Answer Key

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■ 10 Terms & Definitions

<p>ASSETS</p> <p>Assets are everything you own that has monetary value. Financial assets include cash, checking and savings accounts, investment and brokerage accounts, retirement accounts (401k, IRA), and stocks and bonds. Physical assets include real estate (at current market value, not purchas</p>	<p>LIABILITIES</p> <p>Liabilities are all outstanding debts and financial obligations — the amounts you owe to others. Common liabilities include mortgage balance (remaining principal), auto loans, student loans, credit card balances, medical debt, and personal loans. Liabilities are subtracted from a</p>
<p>EQUITY</p> <p>Equity is the value of an asset minus any debt secured against it. Home equity is the most common form: a \$400,000 home with a \$250,000 mortgage has \$150,000 in equity. Equity grows as you pay down debt and as the asset appreciates in value. Building equity — in real estate, busi</p>	<p>INCOME</p> <p>Income is money received from various sources: earned income (wages, salary, self-employment), passive income (dividends, rental income, business income), and portfolio income (capital gains from selling investments). Increasing income is one of the most powerful levers for build</p>
<p>SAVINGS</p> <p>The savings rate is the percentage of your income that you save and invest rather than spend. It is arguably the single most important factor in net worth building. A higher savings rate simultaneously increases the amount you invest (accelerating growth) and reduces your spendin</p>	<p>INFLATION</p> <p>Inflation erodes net worth over time by reducing the purchasing power of money. Cash and low-yield savings accounts lose real value when inflation exceeds their interest rate. To maintain and grow net worth in real terms, investments must earn returns that exceed inflation. Histo</p>
<p>DEBT</p> <p>Not all debt is equal for net worth building. "Good debt" — low-interest debt used to acquire appreciating assets (mortgages, student loans for high-ROI careers) — can build net worth. "Bad debt" — high-interest debt used for depreciating assets or consumption (credit cards, payd</p>	<p>BUDGET</p> <p>A budget is the foundation of intentional net worth building — a plan that allocates income to expenses, savings, and investments. Popular budgeting frameworks include the 50/30/20 rule (50% needs, 30% wants, 20% savings/debt paydown) and zero-based budgeting (assign every dollar</p>
<p>WEALTH</p> <p>Wealth is the accumulation of valuable assets and resources beyond what's needed for immediate consumption — it's net worth that grows faster than you spend it. Building wealth requires time, consistent saving and investing, avoiding destructive financial behaviors, and allowing</p>	<p>NETWORTH</p> <p>Net worth is the most comprehensive measure of financial health — the total of all assets minus all liabilities. It is a snapshot of your financial position at a given moment. Tracking net worth monthly or quarterly provides a clear picture of financial progress and motivates con</p>