



# Ehlen Heldman

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## Master Your Money: The Power of a Personal Financial Statement

A personal financial statement is a detailed snapshot of your financial situation at a specific point in time. It shows your assets (what you own), liabilities (what you owe), and net worth (assets minus liabilities). It's like a report card for your finances, providing clarity on your current situation and helping you make informed decisions about your money.



### Why is a Personal Financial Statement Important

1. **Financial Clarity:** A personal financial statement gives you a clear picture of your financial health, making it easier to identify where you're overspending or accumulating debt.
2. **Goal Setting:** Whether you're planning to buy a house, start a business, or save for retirement, a financial statement helps you assess if you're on track.
3. **Loan Applications:** Lenders often require a financial statement when you apply for loans or credit, so having it ready can streamline the process.
4. **Monitoring Progress:** Regularly updating your financial statement allows you to track progress toward your financial goals and adjust as needed.

### How to Get Started

1. **List Your Assets:** Start by listing everything you own of value—cash in bank accounts, investments, property, vehicles, retirement and taxable accounts, and personal belongings of significant worth.
2. **List Your Liabilities:** Next, list your debts. Include all mortgages, loans, credit card balances, and any other outstanding debts you owe.
3. **Calculate Your Net Worth:** Subtract your total liabilities from your total assets to calculate your net worth. This number represents your overall financial standing.

### Monitor Your Progress

1. **Review and Update Regularly:** Your financial situation can change quickly, so it's essential to update your statement periodically. A good practice is to review and revise it quarterly or annually to keep it current and aligned with your financial goals.

2. Set Goals: Compare your progress against your goals, like paying off a specific debt or increasing your savings.
3. Track Trends: Are your assets growing? Is your debt shrinking? Use these trends to adjust your financial plan.

Creating a personal financial statement can be the first step towards achieving greater financial control and clarity. By building and monitoring one, you can stay focused, make informed decisions and work steadily toward your financial dreams.

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