



## Measuring your Financial Progress

### Financial Ratios

Ratio	Calculation	Interpretation	Results
<b>Debt ratio</b>	Liabilities divided by net worth	Shows relationship between debt and net worth; a low debt ratio is best.	
<b>Current ratio</b>	Liquid assets divided by current liabilities	Indicates the ability to pay current liabilities with liquid assets; a high current ratio is desirable to have meaning you have cash available to pay bills.	
<b>Liquidity ratio</b>	Liquid assets divided by monthly expenses	Indicates the number of months in which living expenses can be paid if an emergency arises; a high liquidity ratio is desirable.	
<b>Debt to income ratio</b>	Monthly debt payments divided by net income	Indicates how much of a person's earnings goes for debt payments (excluding a home mortgage); most financial planners recommend a ratio of less than 20 %.	
<b>Savings ratio</b>	Amount saved each month divided by gross income	Financial planners recommend monthly savings of at least 10 percent.	

### Yearly Progress

Assets & Liabilities	2009	2010	2011	2012	2013
Cash					
Brokerage Accounts					
Insurance					
Real Estate					
Personal Assets					
Other Assets					
Liabilities					