

# How to calculate net worth



This article is about *how to calculate net worth*. As I written a few articles now about entrepreneurs with a high net worth, it made sense to include this article.

## How to calculate net worth...

The net worth calculation for individuals is fairly straight forward on the face of it, but with high net worth entrepreneurs it can become a challenge.

The net worth of any person is the sum of all the value of all their assets, less the total of all their liabilities. Straightforward you'd think.

However, arriving at the value of certain assets can be subjective. For example the value of a small business can be arrived at in a number of ways.

Business valuation is usually a profit multiple; but what multiple and what profit?

I don't want to get in to the complexities of business valuations in this article, but want to highlight this as a problem for arriving at a fair net worth figure.

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## Net worth definition...



Looking at the net worth definition and how is net worth calculated: Described as the value of both *non-financial assets* and *financial assets* owned minus the value of all *outstanding liabilities*. Where non-financial assets are physical assets. These would include property (or real estate), equipment and vehicles.

Financial assets are paper assets. Non-financial assets have a value based upon a *contractual claim*, for example stocks, shares, bonds etc. Included in this last category would be *shares in a business* owned by the individual.

## Top searches on Google 'Trump net worth'...



People are fascinated by net worth and my research shows that *Trump net worth* is one of the top searches for this keyword term.

This along with 'Donald Trump net worth' are high on the search list.

So what is Trump worth? The latest figure banded around in 2017 is \$3.5 billion.

This net worth is the Forbes estimate in February 2017, which includes \$2.33 for real estate and brand businesses \$230 million. His cash and personal assets total \$270 million and golf clubs and resorts a further \$620 million.

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