



How to Grow your Net Worth

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OUTLINE

01. UNDERSTANDING OUR FINANCIAL POSITION

02. 3 KEY POINTS TO GROWING OUR NET WORTH

03. Q & A

UNDERSTANDING OUR FINANCIAL POSITION

TAKING STOCK OF OUR FINANCIAL SITUATION

What is your Net worth?

We too as individuals must take stock periodically of our financial position, our net worth.

- We keep track annually, quarterly, monthly, daily or in real time depending on our technology.

Net worth is a metric used to track the wealth of these individuals.

- It helps us to understand our current financial position.
- It is the value of assets we own versus the liabilities we owe at any point in time.



HOW TO COMPUTE OUR NET WORTH

What is your Net worth?

Net Worth is one of the easiest things to compute:

The formula is

$$\text{ASSETS} - \text{LIABILITIES} = \text{NET WORTH}$$

- Positive net worth is when our assets are higher in value than our liabilities, while
- Negative net worth shows that our debts are higher than the things we own.



Photo Credit: Google

ASSET AND LIABILITIES -1

Assets

- Assets are things we own for which there is a reasonable market value.
- Any resource that we own and control that can be used to create economic value. They have the capacity to grow our wealth.
- It can be tangible like a car or intangible like a brand name.

ASSETS PAY YOU	LIABILITIES COST YOU
<ul style="list-style-type: none">• SAVING ACCOUNT• REAL ESTATE• BUSINESS• INTELLECTUAL PROPERTY• BONDS, STOCKS	<ul style="list-style-type: none">• MORTGAGE• CONSUMER CREDITS AND LOANS• CREDIT CARD DEBT

Photo Credit: Google

2 Key attributes of an Asset

1. Ownership
2. It creates economic value
 - Working assets – investment in Mutual Funds
 - Usage assets - home you are staying

ASSET AND LIABILITIES - 2

Liabilities

- A liability are financial obligations we owe to others e.g. a personal loan, credit card debt, travel loan, student loans etc.
- They represent obligations and financial commitments that need to be paid for by us, and consequently, they reduce the value of our asset.
- When we receive money in advance for services you have not offered, it is also a liability because you haven't earned it yet.

ASSETS PAY YOU	LIABILITIES COST YOU
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Photo Credit: Google

NET WORTH STATEMENT

Net Worth Statement

10/06/2020

Assets	
Cash or Cash Equivalent	
Current account balance	₹ 250,000.00
Savings account	₹ 1,000.00
Certificates of deposit	₹ 0.00
Life insurance (cash value)	₹ 0.00
Other	₹ 0.00
Investments	
Pension account	₹ 1,600,000.00
Bonds	₹ 0.00
Money Mutual Fund	₹ 5,000,000.00
Equity Fund	₹ 2,500,000.00
Individual stock shares	₹ 1,000,000.00
Endowment Fund	₹ 13,000,000.00
Other	₹ 0.00
Other Assets	
Jewelry	₹ 21,000.00
Gold	₹ 0.00
Art works	₹ 5,000.00
Business/Partnerships	₹ 10,000.00
Real estate other than home	₹ 75,000.00
Intellectual Property	₹ 500,000.00
Social Connections	₹ 1,000,000.00
Others	₹ 1,000,000.00
Assets Total	₹ 25,962,000

Estimated Net Worth:

₹ 4,922,000

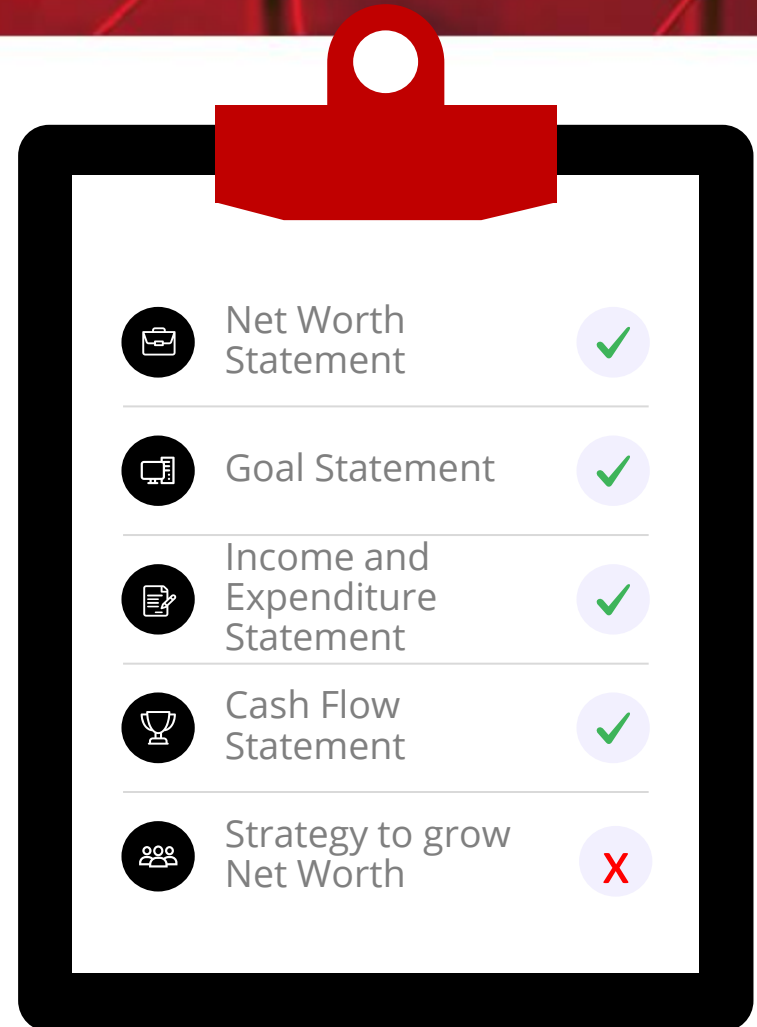
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NET WORTH STATEMENT

What other things to consider

Once next step is to create the following statements:

- Goal Statement: a statement of where we want to go (SMART goals)
- Income and Expenditure Statement: What we earn and what we are spending.
- Cash flow Statement: from our income and expenditure statement we can derive our cash statement (how much cash we receive during a particular period)



3 KEY POINTS TO GROWING OUR NET WORTH

1 : Change your Understanding of Time



1. CHANGE OUR UNDERSTANDING OF TIME

How We View Time

- Go to School,
- Graduate, get a job,
- Stay on the job until we lose it or retire.

Basically, we exchange our time for income.

- The downside of this model is that time is finite, we only have 24 hours in a day.
- Of that 24 hours most of our earning power is limited to 9 hours, 5 days in a week.
- 9 hours in a day is just about 38% of our allotted time in a day



Photo Credit: Google

1. CHANGE OUR UNDERSTANDING OF TIME

How the Super Rich View Time

- Go to school,
- Some graduate but they start focusing on growing their Capital immediately.

Capital is anything you own that can make you money like

- Knowledge,
- Assets and
- Social Connections)
- They create systems and tools to leverage on other people's time, money and resources



Photo Credit: Forbes.com

1. CHANGE OUR UNDERSTANDING OF TIME

Mark Zuckerberg – Net Worth \$86.5 Billion

- Mark Zuckerberg, the founder of the social network site Facebook.
- Facebook's Average revenue per user is US 1 **cent** per minute.
- If we convert that to Naira at the current Naira - Dollar exchange rate, that is ~~N~~3.90k they make per minute.
- Whether Zuckerberg, is sleeping, walking his dog or taking his daughter to outing, his company still makes ~~N~~3.90k per minute.
- Currently, the average number of active users on Facebook each month is about 2.5 billion.



2 : Grow your Network

2. . GROW NETWORK YOUR NETWORK

The Proximity Formulae

RIGHT PEOPLE
+
RIGHT PLACES
=
OPPORTUNITIES



Photo Credit: Google

- Who we know and where we go can influence how we can grow your NET WORTH

2. . GROW NETWORK YOUR NETWORK

Right People

Who are our Role models?

- A great Role model is proof that what we dream (our goals) about is possible
- Whether you are an Artist, a Banker, an Entrepreneur, a Photographer
- We need to find role model(s) to learn

Connections

- In digital world, the number of connections we have on social networking platforms like Facebook, Instagram can be converted to assets
- We can convert leverage on our connections as Influencers on these platforms to grow our net worth



Photo Credit: Google

2. GROW NETWORK YOUR NETWORK

Cristiano Ronaldo – Net Worth \$466 Million

- Cristiano Ronaldo, the Juventus football club Striker.



220M

Total number of Instagram followers.



4

Shared 4 sponsored post between March and May 2020



\$2.4M

Earned over \$600,000 per sponsored post



Photo Credit: Juventus.com

2. . GROW NETWORK YOUR NETWORK

Right Places

Proximity is power?

- Put yourself in an environment where people of influence in your industry gather
- If you do that over and over again,
- Someday somebody will want to do business with you



Photo Credit: Google

Bill Gates and IBM

- Bill Gates, the founder of Microsoft did not close all the deals he struck in his career with IBM because he was a brilliant computer scientist alone
- He had proximity, his mother was involved with the board of IBM

3 : Unleash the Power of Compound Interest

3. UNLEASH THE POWER OF COMPOUND INTEREST

About Compound Interest

- Compound interest is one of the ways the rich grow their wealth.
- It is a great way of cultivating a lifestyle of less work by making money with money.
- Compound interest (or compounding interest) is interest calculated on the initial principal, which also includes all of the accumulated interest from previous periods on a deposit or loan.

In simple terms, it is interest we earn on interest.

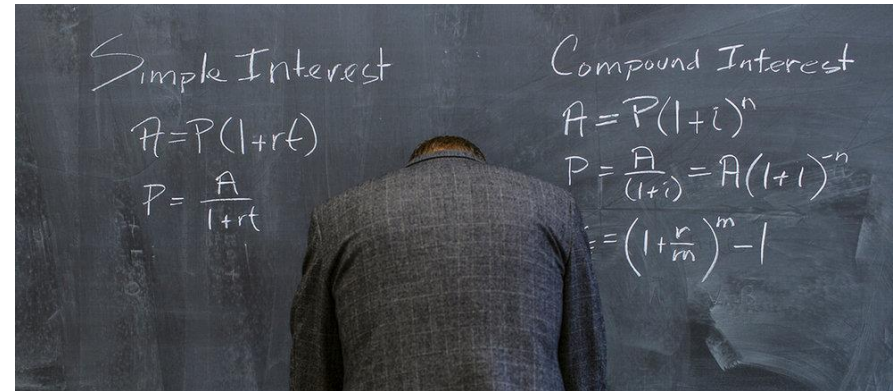
A photograph of a person from behind, wearing a grey jacket, standing in front of a chalkboard. The chalkboard is filled with handwritten mathematical formulas for Simple and Compound Interest. The person's head and shoulders are visible in the center, facing the board.
$$\begin{array}{ll}\text{Simple Interest} & \text{Compound Interest} \\ A = P(1+rt) & A = P(1+i)^n \\ P = \frac{A}{1+rt} & P = \frac{A}{(1+i)^n} = A(1+i)^{-n} \\ & = \left(1 + \frac{r}{m}\right)^m - 1\end{array}$$

Photo Credit: Smart Dollar

3. UNLEASH THE POWER OF COMPOUND INTEREST

Illustration

Suppose you started investing **N50,000** every month since you were **25 years old** at **10% per annum**.

Do you know how much you be worth when you are 60 years old?

- a little over **N191 million**

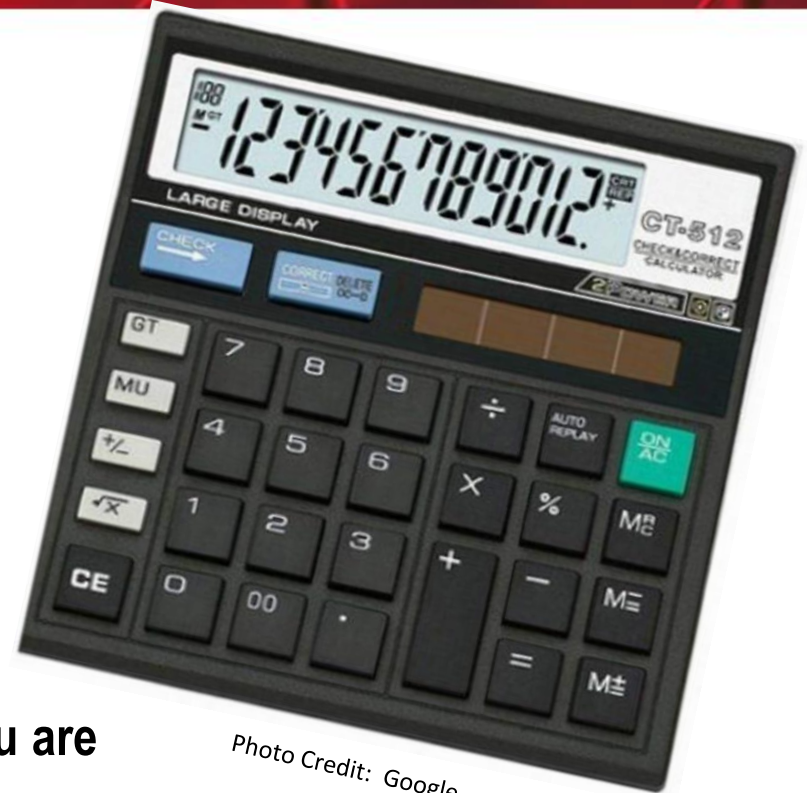


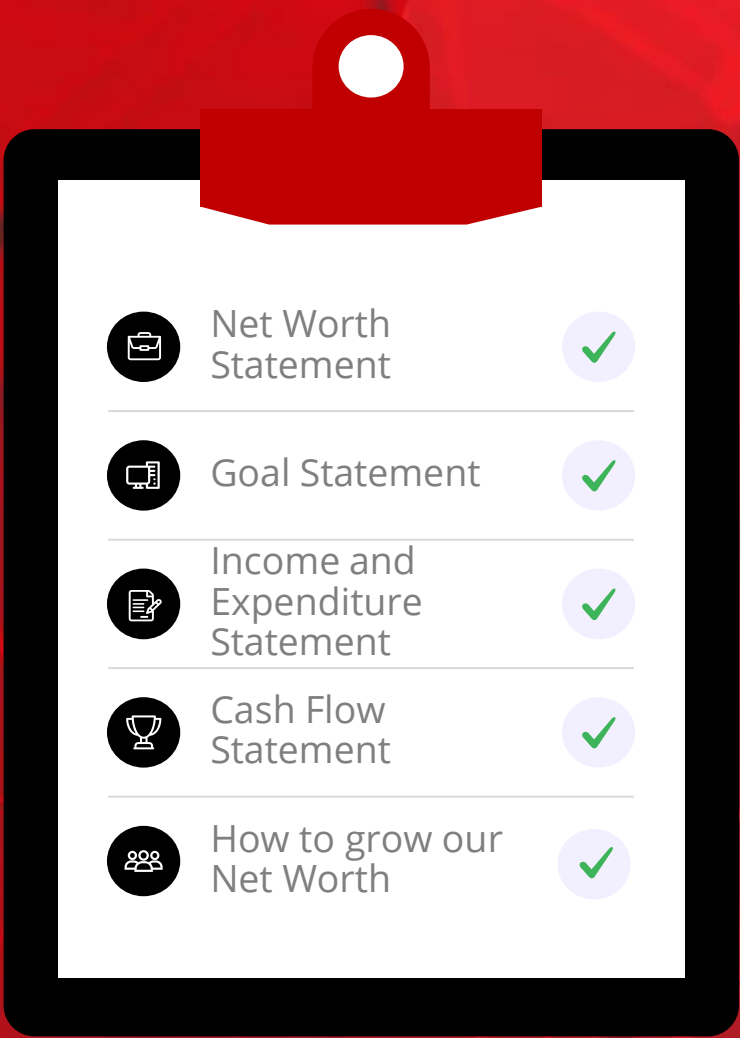










Photo Credit: Google

3. UNLEASH THE POWER OF COMPOUND INTEREST

Starting Age	Retirement Age	Investment Period	Nominal Value at Age 60 (₦)
25	60	35	191,413,835.11
55		5	3,904,119.06

The sooner you start, the faster you will reach your goal

WRAP UP :

- 
-  Net Worth Statement 
 -  Goal Statement 
 -  Income and Expenditure Statement 
 -  Cash Flow Statement 
 -  How to grow our Net Worth 

QUESTIONS & ANSWERS

Thank You

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