
What's Your True Net Worth?

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Feb 28, 2023

Many apps today claim to instantly calculate your net worth by adding up your banking and investment accounts and then deducting what you owe on your credit cards and mortgage. But in my mind, that number reflects wealth. Worth is more complex. Because I believe that if you make life better for someone else, then you're worth something. That's true in business, and it's true in life. My parents never made a lot of money, but they were worth a lot.

So what's your true net worth?

This is a tough question with a lot of moving parts. That's why I always encourage people to talk it over with their financial advisor. And if they don't have a financial advisor, this is a great reason to find one. Because this conversation is about deepening the connection between your life and your money and making sure that they are working together to meet your goals: finding the integration between wealth and worth.

It starts with talking about what's important to you. What are your goals? Which are your most important relationships? What are your values? Everyone may answer differently. That makes sense to me, because everyone is different.

Once you identify what's really important, your advisor can help build a plan that gives you the best shot of reaching those goals. But this isn't a set-it-and-forget-it situation, because life events may require you to adjust your plan. In fact, a plan is really more of a process that helps you think through a range of possible outcomes—all the way from preparing for the worst to hoping for the best.

At Dimensional, we call this path L.I.F.E., which stands for Lifetime Integrated Financial Experience. Money management is a lot more than just buying and selling stocks. It should find ways to connect individual financial goals to life goals over the long term. It should offer personalized solutions, because no two investors are alike. It should value not just wealth, but also worth.

Dealing with uncertainty is central to this approach. Some of us are better at handling uncertainty than others, but we've all had to deal with it. Because life is full of surprises—some good, some bad. You might not get into the school of your choice, but that might lead to an unexpected opportunity. You might marry and start a family, but later divorce. Any one of these experiences may change your goals or require you to adjust your plan.

Just as life is complex and full of uncertainty, so too is investing. At Dimensional, we apply insights from financial science. Financial science emerged in the 1960s, when researchers gained access to data they could use to test their hypotheses. It was a huge change. It didn't mean that we could start to predict what was going to happen with the stock market. But it gave insights into developing strategies to give you the best chance of meeting your investing goals.

That's the long-term goal with Lifetime Integrated Financial Experience. But there's an immediate one, too. Which is to lower your anxiety and help you feel better about your life right now so you can spend more time—and better time—with the people you care about most, and focus on what you value.

People are naturally concerned about their own lifetime financial experience, but maybe even more about the financial future of the people they'll leave behind. Legacy is a big part of net worth.

What kind of memories are you going to leave with the people you care about? At the end of it all, will you feel comfortable with what you've accomplished?

You don't have to deal with these tough questions alone. Make time for that really important conversation with your financial advisor: the one where you tell them what really matters to you. It could change your life. And it could help you figure out your true net worth.

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04/27/2023

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