

Wealth Calculator Example:

Case 1: Nick Riviera

Dr. Nick Riviera is a 42-year-old doctor and currently earns 125,000 per year. He has a house worth 750,000. He has a mortgage on the house of 575,000. He has a cottage worth 500,000 with a mortgage of 375,000. He also leases two cars worth 90,000 each and has a credit card balance owing of 15,000.00. He has investments worth 125,000. Is he wealthy?

Dr. Nick Riviera			
<u>Assets</u>		<u>Liabilities</u>	
House	750,000.00	Mortgage	575,000.00
Cottage	500,000.00	Mortgage	375,000.00
Investments	<u>125,000</u>	Credit Card	<u>15,000</u>
	1,375,000		965,000.00
Net Worth	410,000.00	(assets-liabilities)	
Wealth Calculator	$(42 \times 125\,000)/10 =$	525,000.00	
Wealthy	NO	Because actual net worth is less than wealth calculator result	