

**FN 221: Personal Finance**  
**Assignment 7**

Question 1: Determine the value of Katherine's liquid assets

Ans: Her liquid assets include her checking account (\$850) and saving account (\$1,200). Therefore,

$$\text{The value of Katherine's Liquid Assets} = \$850 + \$1,200 = \$2,050$$

Question 2: Determine the value of her real estate assets

Ans: Katherine's real estate assets include her own home whose market value is \$98,000. Therefore, the value of her real estate assets is \$98,000.

Question 3: Determine the value of Katherine's personal assets

Ans: Katherine's personal assets include her furniture and appliances, her home computer and laptop, and her car.

Furniture and appliances	\$ 12,000
Home computer and laptop	3,300
Car	<u>12,500</u>
Total value of Personal assets	<u>27,800</u>

The value of Katherine's personal assets is \$27,800.

Question 4: Determine the value of Katherine's investment assets

Ans: Katherine's investment assets include her certificate of deposit and her retirement account.

2-year certificate of deposit	\$ 5,500
Retirement account	<u>38,550</u>
Total value of investment assets	<u>44,050</u>

The value of Katherine's investment assets is \$44,050.

Question 5: Determine the value of Katherine's assets

Ans: Katherine's assets include all of the assets she owns, namely her liquid asset, her personal assets, her real estate assets and her investment assets. From question 1, 2, 3 and 4 above,

Liquid Assets	\$ 2,050
Real estate Assets	98,000
Personal Assets	27,800
Investment Assets	<u>44,050</u>
Total Assets	<u>171,900</u>

The value of Katherine's assets is \$171,900.

Question 6: Determine the value of Jamie's assets

Ans: Jamie's assets include all of the assets she owns, namely her liquid asset, her personal possessions, her real estate assets and her investment assets.

Liquid Assets	\$ 4,500
Real estate Assets	128,000
Personal Possessions	62,000
Investment Assets	<u>73,000</u>
Total Assets	<u>267,500</u>

The value of Katherine's assets is \$267,500.

Current Liabilities	\$ 7,500
Long-term Liabilities	<u>98,000</u>
Total Liabilities	<u>105,500</u>

Thus, Jamie's Net Worth = Assets-Liabilities = \$267,500 – \$105,500 = \$162,000