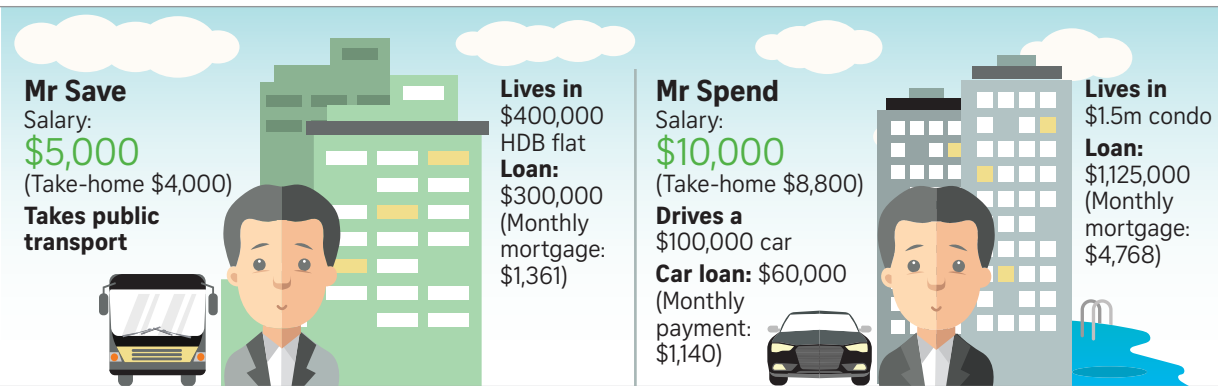


# The Invest financial health test

Take the test to see whether you save or spend more



Total monthly expense:  
**\$3,561**

Cash savings:  
**\$50,000**

Total monthly expense:  
**\$9,500**

Cash savings:  
**\$50,000**

## Total debt servicing ratio (monthly loan/salary)

$1,361/\$5,000 = 27.2$  per cent  
**Pass**

$5,908/\$10,000 = 59$  per cent.  
**Borderline pass**

Recommended: Below 60 per cent. Should aim for below 35 per cent.

## Household liquidity ratio (total cash savings/total monthly commitment)

$50,000/\$3,561 = 14$  months  
**Pass**

$50,000/\$9,500 = 5.3$  months  
**Fail**

Recommended: More than six months. Mr Spend should increase his cash savings while Mr Save can consider investing and growing some of his savings.

## Cash to net worth ratio (cash/asset - debt)

$50,000/\$150,000 = 33$  per cent  
**Pass**

$50,000/\$465,000 = 11$  per cent  
**Fail**

Recommended: More than 15 per cent.

## Savings ratio (monthly savings/salary)

$1,439/\$5,000 = 28$  per cent  
**Pass**

$500/\$10,000 = 5$  per cent  
**Fail**

Recommended: It is prudent to save at least 10 per cent of monthly pay.

## Debt to asset ratio (total debt/total assets)

$300,000/\$450,000 = 67$  per cent  
**Fail**

$1,185,000/\$1,650,000 = 72$  per cent  
**Fail**

Recommended: Below 50 per cent. Should reduce loan exposure where possible.

