Personal Finance Formulas

ANOTHER Great Tool To Help You Study!

Annual Interest

Principal x Annual Interest Rate = Interest earned for one year

Net Worth

Assets – Liabilities = Net Worth

Net Cash Flow

Income – Expenses = Net Cash Flow

Unit Pricing

$$\frac{\text{Total Price}}{\text{Unit of Measure}} = \text{Unit Price}$$

Rate of Return

$$\frac{\text{Total Interest Earned}}{\text{Original Deposit}} = \text{Rate of Return}$$

Interest Compounded Monthly

1st-> $\frac{\text{Principal x Annual Interest Rate}}{12}$ = Interest Earned for 1st Month

2nd -> $\frac{\text{(Principal + Previously Earned Interest) x APR}}{12}$ = Interest Earned for 2nd Month

Debt Payments – To – Income Ratio (DPR)

$$\frac{\text{Monthly Debt Payments}}{\text{Monthly Net Income}} = \text{DPR}$$

Simple Interest on a Loan

Principal x Interest Rate x Amount of Time = Simple Interest

Total Return

Current Return + Capital Gain = Total Return

Current Return

Dividend x Number of Shares x Years Held = Current Return

Capital Gain

(Selling Price per Share – Purchase Price per Share) x # of Shares Held = Capital Gain