

Compare Yourself With Recommended Benchmarks

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“Do what you can, with what you have, where you are.”
Theodore Roosevelt

Sometimes, when you want to make a health or financial change, it helps to compare yourself with universally accepted progress indicators. These benchmarks, such as body mass index (BMI) for weight and stock market indices for investment performance, help to answer the question “How am I doing?” with respect to other people and/or expert recommendations. If you currently fall short of recommended benchmark figures, this may provide an incentive to make positive changes to improve your health and increase your wealth. For example, studies show that, for every one unit increase in HDL (“good”) cholesterol, a person’s risk of heart disease drops by as much as 3%. Benchmarks also provide an automatic goal-setting mechanism because they indicate target numbers (e.g. BMI under 25) to strive for.

A good idea would be to compare your diet to the Dietary Guidelines for Americans. Go to www.mypyramid.gov and click on “My Pyramid Tracker” and “Assess Your Food Intake.” This Web site allows individuals to receive a personalized dietary analysis. Also, users will find recipes and additional practical information for planning healthy diets. Many other health benchmarks are part of routine physical exams or federal government dietary recommendations. They include the following:

Blood Pressure	120/80 is considered a normal blood pressure. Hypertension (high blood pressure) is usually defined as consistent readings of 140/90 or higher.
Blood Sugar	A fasting blood sugar test measures the amount of sugar in your blood after fasting for eight hours. Fasting blood sugar is normal if it's 70 mg/dl. If fasting blood sugar is 100 mg/dl to 125 mg/dl, someone may have pre-diabetes.
Cholesterol (Total)	Less than 200 mg/dl is desirable. 200-239 mg/dl is borderline high. 240 mg/dl or above is high.
HDL (“Good”) Cholesterol	Less than 40 mg/dl is low. 40 mg/dl or higher is desirable. The higher the HDL number, the better.

LDL (“Bad”) Cholesterol	Less than 130 mg/dl is desirable. 130-159 mg/dl is borderline high. 160 mg/dl is high and 190 or above is very high.
Fruit and Vegetable Consumption	The <i>2005 Dietary Guidelines For Americans</i> recommend eating about 4 ½ cups of fruits and vegetables a day for someone on a 2,000 calorie per day diet.
Physical Activity	The <i>2005 Dietary Guidelines For Americans</i> recommend engaging in at least 30 minutes of moderate intensity physical activity (above usual activity) on most days of the week. People who want to lose weight should exercise 60 to 90 minutes a day in moderate intensity physical activity.

Another frequently cited health benchmark, body mass index (BMI), is an indicator of both underweight and overweight/obesity in adults. It is based on both a person’s height and weight. The formula to calculate BMI is as follows: multiply your weight in pounds by 700. Divide that number by your height in inches. Divide those results by height in inches again. You can also find online BMI calculators at government agency Web sites such as www.consumer.gov/weightloss/bmi.htm and www.cdc.gov/nccdphp/dnpa/bmi/calc-bmi.htm.

A BMI under 18.5 is considered underweight; from 18.5 to 24.9, normal; from 25 to 29.9, overweight; and 30 and above, obese and morbidly obese (BMI of 40+). The chart below indicates BMIs for various height/weight combinations. Numbers shaded in green are those in the healthy range.

BMI TABLE		WEIGHT (lb)																				
	120	130	140	150	160	170	180	190	200	210	220	230	240	250	260	270	280	290	300	310	320	330
4'5"	30	33	35	38	40	43	45	48	50	53	55	58	60	63	65	68	70	73	75	78	80	83
4'6"	29	31	34	36	39	41	43	46	48	51	53	56	58	60	63	65	68	70	72	75	77	80
4'7"	28	30	33	35	37	40	42	44	47	49	51	54	56	58	61	63	65	68	70	72	75	77
4'8"	27	29	31	34	36	38	40	43	45	47	49	52	54	56	58	61	63	65	67	70	72	74
4'9"	26	28	30	33	35	37	39	41	43	46	48	50	52	54	56	59	61	63	65	67	69	72
4'10"	25	27	29	31	34	36	38	40	42	44	46	48	50	52	54	57	59	61	63	65	67	69
4'11"	24	26	28	30	32	34	36	38	40	43	45	47	49	51	53	55	57	59	61	63	65	67
5'0"	23	25	27	29	31	33	35	37	39	41	43	45	47	49	51	53	55	57	59	61	63	65
5'1"	23	25	27	28	30	32	34	36	38	40	42	44	45	47	49	51	53	55	57	59	61	62
5'2"	22	24	26	27	29	31	33	35	37	38	40	42	44	46	48	49	51	53	55	57	59	60
5'3"	21	23	25	27	28	30	32	34	36	37	39	41	43	44	46	48	50	51	53	55	57	59
5'4"	21	22	24	26	28	29	31	33	34	36	38	40	41	43	45	46	48	50	52	53	55	57
5'5"	20	22	23	25	27	28	30	32	33	35	37	38	40	42	43	45	47	48	50	52	53	55
5'6"	19	21	23	24	26	27	29	31	32	34	36	37	39	40	42	44	45	47	49	50	52	53
5'7"	19	20	22	24	25	27	28	30	31	33	35	36	38	39	41	42	44	46	47	49	50	52
5'8"	18	20	21	23	24	26	27	29	30	32	34	35	37	38	40	41	43	44	46	47	49	50
5'9"	18	19	21	22	24	25	27	28	30	31	33	34	36	37	38	40	41	43	44	46	47	49
5'10"	17	19	20	22	23	24	26	27	29	30	32	33	35	36	37	39	40	42	43	45	46	47
5'11"	17	18	20	21	22	24	25	27	28	29	31	32	34	35	36	38	39	41	42	43	45	46
6'0"	16	18	19	20	22	23	24	26	27	29	30	31	33	34	35	37	38	39	41	42	43	45
6'1"	16	17	19	20	21	22	24	25	26	28	29	30	32	33	34	36	37	38	40	41	42	44
6'2"	15	17	18	19	21	22	23	24	26	27	28	30	31	32	33	35	36	37	39	40	41	42
6'3"	15	16	18	19	20	21	23	24	25	26	28	29	30	31	33	34	35	36	38	39	40	41
6'4"	15	16	17	18	20	21	22	23	24	26	27	28	29	30	32	33	34	35	37	38	39	40
6'5"	14	15	17	18	19	20	21	23	24	25	26	27	29	30	31	32	33	34	36	37	38	39
6'6"	14	15	16	17	19	20	21	22	23	24	25	27	28	29	30	31	32	34	35	36	37	38
6'7"	14	15	16	17	18	19	20	21	23	24	25	26	27	28	29	30	32	33	34	35	36	37
6'8"	13	14	15	17	18	19	20	21	22	23	24	25	26	28	29	30	31	32	33	34	35	36
6'9"	13	14	15	16	17	18	19	20	21	23	24	25	26	27	28	29	30	31	32	33	34	35
6'10"	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	34	35

Less risk

More risk

Note that the BMI does not differentiate between fat and muscle, so a person with lots of muscle, such as an athlete, may have a BMI in the unhealthy range but still be healthy. Also, the BMI may not be accurate for people who are less than 5 feet tall.

With respect to personal finances and wealth-building, there are also a variety of benchmark indicators to measure progress and weaknesses, including the following:

Consumer Debt-To-Income Ratio	Monthly consumer debt expenses (excluding a mortgage) should not exceed 15% of take-home pay. This includes payments for credit cards, car loans, and student loans. A debt-to-income ratio of 20% or more is considered a “danger zone.”
Credit Score	The higher the number, the better. Credit scores range from the 300s to the 800s with those in the 720+ range considered the best evidence of creditworthiness. People with high credit scores generally pay lower interest rates to borrow money than others.
Emergency Fund (Liquidity Ratio)	Financial experts generally recommend having access to enough cash to cover household expenses for three to six months. This money can be a combination of liquid assets (e.g., money market fund) and lines of credit (e.g., home equity line).
Expense Ratios (Mutual Funds)	Expense ratio is the percentage of fund assets deducted for management and operating expenses. The lower the number, the better; for example .20 (1/5 of 1%) versus 1.5%. High expense ratios are a drag on investment returns and should generally be avoided.
Inflation Rate	Some people use the annual inflation rate (i.e., Consumer Price Index) as a benchmark and try to have their investments outpace it by a certain percentage.
Investment Returns on Specific Securities	Investment performance is generally tracked against market indices. Indices are portfolios of stocks or bonds that are tracked to monitor investment performance over time. Some common indices that are used to measure personal investment performance against include the Standard and Poor’s 500 (U.S. large company stocks), the Russell 2000 (U.S. small company stocks), the Wilshire 5000 (all U.S. company stocks), and the Morgan Stanley Capital International EAFE Index (international company stocks). Many investors buy index funds that hold the stocks or bonds that comprise an index. By doing so, they match the market’s performance, minus fund expenses.
Net Worth	Net worth is calculated by subtracting household debts from household assets. A benchmark for net worth, described in the book <i>The Millionaire Next Door</i> , is calculated by multiplying age by pretax (gross) income, excluding inheritances, and dividing by ten. This number, or higher, is what your net worth should be. For example, if you are age 35 with a \$40,000 gross income, $35 \times 40 = \$1.4$ million, divided by 10 = \$140,000 for an individual.
Personalized Benchmarks	Individuals can set benchmarks for their own progress based on their current financial status. Examples include saving 10% of gross annual income or increasing net worth annually by 5% (e.g., from \$50,000 to \$52,500).

Retirement Savings	Save \$300,000 for every \$1,000 of monthly income (to supplement a pension and/or Social Security) needed in retirement. For example, \$3,000 of supplemental monthly living expenses would require a \$900,000 nest egg. This calculation is based upon the maximum 4% withdrawal rate recommended by many researchers. Four percent of \$300,000 is \$12,000 per year or \$1,000 per month. Studies have found that a portfolio comprised of 50% stock and 50% fixed-income and cash assets will last 35 to 40 years with a 4% withdrawal rate.
U.S. Household Financial Data	Statistics from federal government databases, such as the Survey of Consumer Finances and Bureau of the Census data, provide useful financial benchmarks. Average household asset holdings and net worth can all be used for comparison purposes. For example, the median net worth of all U.S. households in 2004 was \$93,100. Many media sources regularly report household economic data.

Now it's time for you to compare yourself to some widely accepted benchmarks. Complete the *Benchmark Comparison Worksheet-Health* and the *Benchmark Comparison Worksheet-Wealth*, below:

Benchmark Comparison Worksheet-Health

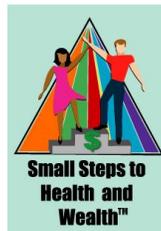
List up to three benchmarks to measure your health status against. Then describe your current health status indicator, your desired health status indicator, and the action necessary to bring yourself in line with the recommended benchmark. Two samples are provided.

Benchmark	Current Health Status	Recommended Health Status	Change Required
Body Mass Index (BMI)	5'5", 170 pounds BMI of 28 (overweight)	5'5", 140 pounds BMI of 23 (normal weight)	Lose 30 pounds (1-2 pounds/week)
Fruit and Vegetable Consumption	Eat one cup or less per day	Eat 2 cups of fruit and 2 ½ cups of vegetables per day (2000 calorie diet)	Eat about 3 ½ cups more of fruits and vegetables per day

Benchmark Comparison Worksheet-Wealth

List up to three benchmarks to measure your financial status against. Then describe your current financial status indicator, your desired financial status indicator, and the action necessary to bring yourself in line with the recommended benchmark. Two samples are provided.

Benchmark	Current Financial Status	Recommended Financial Status	Change Required
Emergency Fund	One month's expenses (\$2,500)	Three month's expenses (\$7,500)	Save \$5,000 (\$50/week for 2 years)
Debt-to-Income Ratio	Consumer debt equal to 22% of net income	Consumer debt no greater than 15% of net income	Pay off existing debt to lower debt-to-income ratio



Action Steps

Health

- Have a comprehensive physical by your doctor and discuss the results of your blood tests.
- Calculate your body mass index (BMI) to see if you are in a healthy or overweight range. If you are considered overweight, change your eating and activity behavior to work toward a healthy BMI.
- Buy a pedometer and work up to walking the recommended 10,000 steps per day.

Wealth

- Take the Rutgers Cooperative Extension *Financial Fitness Quiz* to assess your overall financial situation at www.rce.rutgers.edu/money/ffquiz.asp.
- Request your credit score from lenders if you are applying for a car loan, mortgage, or other credit.
- Calculate your net worth using the form available at www.rce.rutgers.edu/money2000 (“Resources”).

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