7 Rules for Saving Money (That One Day Might Save You)

written by Ben Meer

1. 50/30/20 Budget Rule

Allocate your income to these buckets:

50% Needs
- Housing
- Food
- Transportation
- Basic Utilities
- Insurance

30% Wants
- Entertainment
- Travel
- Fashion/Gear

20% Savings
- Debt payments
- Emergency fund
- Retirement
- Investments

2. 1% Rule for Impulse Buys

Use the 1% Rule to curb impulse buys.

If the item is over 1% of your annual gross income, wait 3 days.

If you still want the item after 3 days, get it.

Why this works:

You'll often realize you don't actually want/need that thing.

3. The Rule of 72

Get excited about saving.

Use the Rule of 72 to quickly calculate how many years it will take to double your money.

(Divide 72 by the interest rate)

Example:
- 8% investment return = Double your money every 9 yrs

4. 401(k) Match Rule

Many employers will match part of the money you put into retirement.

So maximize your 401(k) contribution—

Up to the highest employer match offered.

This is free money.

5. 3X Emergency Fund Rule

Keep 3-6X your monthly income in an emergency fund.

When a rainy day comes, you'll weather that storm.

(I learned this rule from my friend, Accent Investing)

6. The Rule of Automation

Defaults are powerful because people are lazy.

So make savings your default by automating it.

I highly recommend the book "I Will Teach You to Be Rich" by Ramit Sethi

Lessons:

- Save and invest money before you ever see it
- Create an automated money system

7. Item in, Item Out Rule

If you purchase one item, then donate, toss, or sell another.

Minimalism is a dual discipline:

Manage both inbound and outbound possessions to enjoy equilibrium.

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$$\frac{72}{\%} = \text{Years to double}$$

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(H/T @AccentInvesting)

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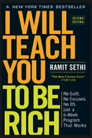

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Disclaimer: I am not a financial advisor. The content of this thread is for educational purposes only (and simply reflects my opinion). Do your own research and consult a licensed financial advisor ✌️.

Thanks for reading!

If this post hit for you, please share it so more people can know about this.

Much love,
Ben

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