



# Personal Finance Hacks: 8 Tricks

## 1. The 1 % Rule

"The 1% Rule focuses on making small, incremental improvements to your finances consistently. The idea is that by improving just 1% each day, week, or month, you can achieve significant progress over time. **Aim to save 20% to 30% of your salary.**"

- Achievable: The 1% Rule is easy to implement and doesn't require drastic changes.
- Sustainable: Small, consistent improvements are more likely to be maintained over the long term.
- Compounding Effect: Over time, the small improvements compound, leading to significant financial gains.

## 2. The Reduced Salary Method

- Increased Savings: By living below your means, you can save and invest a larger portion of your income.
- Financial Security: Having a larger savings cushion provides a sense of financial security and allows you to weather unexpected expenses.
- Early Retirement: By investing a significant portion of your income, you can accelerate your progress towards early retirement.

### 3. The Multiple Personality Accounts

- Clarity: Having separate accounts for each goal provides clarity and helps you to stay focused.
- Motivation: Seeing the balances of your accounts grow can be highly motivating.
- Organization: This method helps you to organize your finances and track your progress towards your goals.

### 4. The Debt Destroyer Method

- Faster Debt Repayment: This method can help you to pay off your debts faster and save money on interest.
- Increased Financial Freedom: Eliminating debt frees up cash flow and provides a sense of financial freedom.

### 5. The Spending Firewall

- Reduced Impulse Spending: This method can help you to reduce impulse spending and save money.
- 24-48-7 Buy Rule (Impulse-Control Framework)
- Wait **24 hours** before buying **small items** (like gadgets, clothes, accessories).
- Wait **48 hours** before buying **medium-value items** (like electronics, appliances).
- Wait **7 days** before buying **high-value items** (like phones, furniture, or big tech purchases).

## 6. The Lifestyle Inflation Shield

The Lifestyle Inflation Shield is a strategy for preventing your spending from increasing as your income grows.

- Increased Savings: This method can help you to save more money as your income grows.
- Financial Security: It provides a sense of financial security and allows you to achieve your financial goals faster.

## 7. The Emergency Fund Psychology

The Emergency Fund Psychology focuses on building and maintaining an emergency fund to provide a sense of security and peace of mind.

- Set a Savings Goal: Determine how much money you want to save in your emergency fund (typically 3-6 months of living expenses).
- Automate Savings: Set up automatic transfers from your checking account to your emergency fund each month.
- Treat Your Emergency Fund as Sacred: Avoid using your emergency fund for non-emergency expenses.
- Financial Security: An emergency fund provides a sense of financial security and allows you to weather unexpected expenses without going into debt.

## 8. The Net Worth Reality Check

The Net Worth Reality Check involves regularly calculating and tracking your net worth to assess your overall financial health.

- Calculate Your Assets: List all your assets, including cash, investments, real estate, and personal property.
- Calculate Your Liabilities: List all your liabilities, including debts, loans, and mortgages.
- Calculate Your Net Worth: Subtract your liabilities from your assets to calculate your net worth.
- Track Your Net Worth Over Time: Regularly calculate and track your net worth to monitor your progress and identify areas for improvement.
- Financial Awareness: This method provides a clear picture of your overall financial health.
- Motivation: Tracking your net worth can be highly motivating and help you to stay focused on your financial goals.
- Early Warning System: It can serve as an early warning system for potential financial problems.