7 MONEY RULES

1. **50/30/20 Rule**
   Budget your income based on:
   - Needs - (food, rent/mortgage, etc) - **50% of income**
   - Wants – (vacation, new car, etc.) - **30% of income**
   - Goals – (savings, extra debt payments, etc,) – **20% of income**

2. **4% Rule**
   The 4% rule says you can take out 4% of your savings each year during retirement without running out of money.
   - Example**:**
   - Total money = $1,000,000
     - $1,000,000 X .04 = $40,000
     - $40,000 + 12 months = $$3,333 (pretax)

   That means you can spend up to $3,333 per month on retirement

3. **3x – 6x Fund Rule**
   Save 3 to 6 months' worth of living expenses in a emergency fund.

   Only use this fund for emergencies (vet bills, flat tire, medical bills, etc)
   This will save you from taking on debt to cover any surprise expenses.

4. **2x Investing Rule**
   For every dollar you splurge on a luxury ("I want") item, invest the same amount.
   Example: If you buy a $200 pair of shoes, invest $200 in your investment account.

5. **3x Rent Rule**
   The 3x rent rule says rent should not exceed 1/3 of a person's gross monthly income.
   The idea is that housing shouldn't consume more than a third of a person's income, so you have money left over for expenses, savings, and investments.

6. **20/4/10 Rule**
   If you need to take a loan to buy a car then follow the 20/4/10 rule:
   - 20% - minimum down payment
   - 4 years – maximum number of years the car should be financed
   - 10% - Maximum amount of the gross income that should be going toward the car
     Remember: Most cars depreciate with time

7. **Rule of 72**
   Find out how long it will take your investment to DOUBLE
   Divide 72 by the growth rate of your investment (expressed as a %)
   Example: How long will it take to double your investment at 10% interest?

   - 72 divided by 10 = 7.2 years

Updaated 8/5/2025