

WHAT IS THE 50/30/20 RULE?

The 50/30/20 rule is a simple budgeting method to manage your after-tax income. This approach ensures a balance between covering necessities, enjoying life, and securing your financial future.



Benefits of the 50/30/20 Rule

- Simple and Flexible: Easy to implement and adaptable to different income levels.
- Balanced Approach: Helps you cover essentials, enjoy life, and save for the future.
- Encourages Discipline: Keeps spending in check and ensures you're saving consistently and not exceeding your means.

How It Works in Practice

If your monthly after-tax income is £2,000:

- £1,000 (50%) for Needs
- £600 (30%) for Wants
- £400 (20%) for Savings/Debt Repayment

The 50/30/20 rule is a great starting point for budgeting, but your financial priorities can shift depending on your life stage or personal circumstances. Here are some common variations to adapt the rule to different stages of life:



Early Career (Starting Out) - 60/20/20
Family Life (Raising Kids) - 60/10/30
Mid-Career (Building Wealth) - 50/30/20
Pre-Retirement 40/20/40
Retirement - 70/20/10



If you are unsure which rule suits your needs and would like to put in place a plan for your financial wellbeing please get in touch at www.themoney-clinic.co.uk.