

# A simple rule for saving & spending

50 / 15 / 5



Our rule of thumb is a first step in helping you achieve financial stability today and maintain your lifestyle in retirement.

[Our calculator](#) can help you see where you stand.

## Essential expenses

50%

These are things you can't get by without, including housing, food, transportation, child care and health care.

### How to get there

Turn the thermostat down a bit in the winter and up in the summer.



Save on food: Stock up on groceries when they're on sale; start using coupons; take lunch to work more often.



If available, consider a high deductible health plan with lower premiums and a tax-advantaged health savings account.

Consider a more affordable car.



While gas prices are low, put the savings toward retirement.

## Retirement savings

15%

This is a pretax target, and includes any contribution your employer makes.



Increase your savings gradually until you've reached your goal. Even 1% annually can make a big difference.

If you get a raise or bonus, save some of it for retirement.

Save at least enough to take full advantage of your company match.

## Short-term savings

5%

This is a safety net in case you have an unexpected expense that doesn't qualify as a true emergency.

**What's this money for?** Unexpected budget-busters like a flat tire or a roof repair.

**Isn't that an emergency fund?** You should have the equivalent of 3-6 months of income in an emergency fund, but that is for big emergencies like job loss or a health crisis. You should build this fund first, little by little, if necessary.

**Don't be tempted to spend:** Have this money deducted automatically and moved into a savings account.



## What you can do

As long as you stay within these guidelines, the remainder is yours to save or spend as you see fit. You could pay down high-interest debt or save for other goals, such as a vacation, college or a wedding.



It can take time to get your financial goals in order but building a budget is the first step in getting there. Want to see if you meet these guidelines? Use the [Savings & Spending Check-Up](#) to see where you stand.

Investing involves risk, including risk of loss.

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