

BUCKET SAVINGS CONCEPT

STRUCTURALLY SOUND BUCKET APPROACH TO BUDGETING MAY BE JUST WHAT YOU NEED TO MOVE FURTHER DOWN THE ROAD TO FINANCIAL FREEDOM

Rather than adhere to the traditional budgeting chore of writing down your expenses and tracking them each month, the BUCKET concept requires you to **divide your spending into SIX categories and assign a specific percentage to each Bucket.**

Rule #1- Funds should never be commingled. That is, you can not borrow from Long-Term Savings to fund a dinner out or forgo your regular deposit in the Education bucket when Charity bucket is empty and you want to donate \$100 to church/temple.

Necessities <i>IDEAL</i>		Long-term Savings	Retirement Accounts	Fun	Education	Charity	Example of bring home \$		
50%		15%	10%	10%	10%	5%	Monthly Net Income:	\$6,000	
Mortgage Payment		Vacation	401k/403b/457	Eating Out	Repaying Student Loans	Church/Temple	Necessities	50%	\$3,000
Rent	\$								
Car Payments		Car Repair	IRAs (Roth/Traditional)	Bars/Clubs	Continue Education	Goodwill/ Salvation Army	LT Savings	15%	\$900
	\$								
Groceries		House Maintenance		Sporting Events	College Funding for Children	Etc...	Retirement	10%	\$600
	\$								
Utilities/Gas/Cell/ Internet		Major Purchases		Hobbies/Toys			Fun	10%	\$600
	\$								
Credit Cards/Debts/Loans		Emergency Funds		Movies			Education	10%	\$600
	\$								
Insurance/Taxes				Shopping/ Clothing			Charity	5%	\$300
	\$								
Health/Prescriptions/ Daycare				Entertainment					
	\$							100%	
Other									
	\$								
Total		Total		Total		Total	Total		
<i>YOURS</i>	%	%	%	%	%	%	Income=		Salary, Self-employment, Pension, Rental Income, Social Security...

Note: If you are spending far more than 50% of your income on necessities, naturally, you can adjust the percentages to reflect your own financial circumstances. For example, if you need 65% for necessities, you might drop Education, Fun, Retirement Accounts to 5%. However, you are encouraged to at least reflect the possibility of **living on 50% of your income.** Often, simply considering the idea can help you start to prioritize your expenses and to think more proactively about what you are spending your money on each month. **Are you living in a house that's too expensive for you? Does most of your income go towards eating out and entertainment? Are you saving enough?** If not now, will there ever be a good time to get started and change my attitude and behavior about my finances and my life?