

# ***The One-Page Guide to Personal Finance***

## **The Three-Step Budget** (Andrew Tobias, *The Only Investment Guide You'll Ever Need*)

1. Destroy all your credit cards.
2. Invest 20% of all that you earn. Never touch it.
3. Live on the remaining 80%, no matter what.

## **The Balanced Money Formula** (Elizabeth Warren and Amelia Tyagi, *All Your Worth*)

50% or less to Needs (housing, transportation, medical care, insurance, basic groceries and clothing)

20% or more to Savings (including retirement, bank accounts, and credit-card debt)

about 30% to Wants (*anything* you want: fancy clothes, dining out, vacations, magazines – whatever)

## **The 60% Solution** (Richard Jenkins, MSN Money)

60% to Committed Expenses (taxes, food, shelter, insurance, utilities, clothing)

10% to Irregular Expenses (vacations, medical bills, repairs, appliances)

10% to Long-Term Savings or Debt (student loans, credit cards, saving for a car, down payment for a house)

10% to Retirement (401k or Roth IRA)

10% to Fun (whatever you want to spend it on)

## **Four Great Personal-Finance Websites**

GetRichSlowly.org (*not* .com)

TheSimpleDollar.com

TheNonConsumerAdvocate.com

IWillTeachYouToBeRich.com

## **Four Great Personal-Finance Books**

*Your Money or Your Life* by Dominguez and Robin

*The Total Money Makeover* by Dave Ramsey

*All Your Worth* by Warren and Tyagi

*Your Money: The Missing Manual* by J.D. Roth

***The Get Rich Slowly Guide to Roth IRAs*** – [getrichslowly.org/files/rothira.pdf](http://getrichslowly.org/files/rothira.pdf)

## ***12 Tips for Smart Money Management***

- **Set goals.** If you're saving for a house, your daughter's college education, or a vacation to Mexico, then it's easier to stay focused and to ignore the unimportant things.
- **Spend less than you earn.** Track every penny you spend. Avoid debt. Avoid debt. Avoid debt.
- **Pay yourself first.** Before you pay your bills, before you buy groceries, before you do anything else, set aside part of your income for savings – 20% is good.
- **Look for big wins.** It's great to clip coupons and grow a garden, but it's even *better* to save on big stuff like buying a car or a house, where you can save thousands of dollars at once.
- **You can have *anything* you want, but you can't have *everything* you want.** Spend on the things that matter to you. Cut costs on the things that don't.
- **The perfect is the enemy of the good.** Don't worry about getting things exactly right. Choose a good option and *do* something. If you can only save 3% of your paycheck, then save 3%.
- **Do what works for you.** Each person is different. What works for one person may not work for another. There's no one right way to save or to invest or to pay off debt or to buy a house.
- **Nobody cares more about your money than *you* do.** Do your own research, get advice from trusted sources, and make decisions based on *your* goals and values.
- **Take it slow.** The most successful people are those who work longest and hardest to reach their goals. They don't get there overnight. Be patient and enjoy the journey.
- **Failure is okay.** We learn from failure. It's better to have tried and failed than to never have tried. Use failure to learn how to be better next time.
- **Money is more about mind than it is about math.** We all understand the math – it's the mental stuff that's tough. Stay happy and in control of your life, and money will be easier to manage.
- **It's more important to be happy than it is to be rich** – but money gives you more options in life.