



BUDGETING

RULES OF THUMB



CAR

20/4/10

Spend no more than 10% of your gross annual income on transportation.
Finance the vehicle for no more than 4 years.
Make a minimum down payment of 20%.



HOME

20% DOWN RULE

The total cost of your house should be about 4X your annual salary.
Make a minimum down payments of 20%.



RETIREMENT

10% RULE

Save a total of 10-20X your gross annual income for retirement in your 401k.
Put 10% of each check into a 401k or IRA.



COLLEGE

2K RULE

Multiply your child's age by 2,000. The amount is how much you should have in a college savings account to cover around 50% of four years of tuition at a public university.