**The 60% Solution**

**(A Simpler Saving Target Formula)**

**Your Income**----------------------------------------------------------------------------------------- **100%**

**Short Term Savings**-------------------------------------------------------------------------------- **-10%**

* Automatically Deposited (if possible)
* Put & Take Account for Unexpected Expenses

**Retirement Savings**-------------------------------------------------------------------------------- **-10%**

* Automatically Deposited (if possible)
* 401(k)’s, IRA’s, Roth IRA’s, SIMPLE IRA’s (Qualified Retirement Accts.)

**Long Term Savings**--------------------------------------------------------------------------------- **-10%**

* Automatically Deposited (if possible)
* CD’s, Stocks, Bonds, Mutual Funds (Non-Retirement Accounts)

**Fun Money**------------------------------------------------------------------------------------------ **-10%**

* Automatically Deposited (if possible)
* Another Short-Term Savings Account for Vacations or Anything Fun

**Committed Expenses**

* Charitable Contributions
* Food & Clothing
* Housing Expenses
* Vehicle Expenses
* Insurance Premiums
* Property Taxes
* All Other Living Expenses (including loan payments and non-essentials) **60%**

The key to reaching these targets usually comes down to managing committed expenses to keep them at 60% or less. Many people, who have trouble saving, find that their committed expenses are over 60%. Often the culprits are loan payments (including credit cards) and non-essential expenses. Managing the gap between income and lifestyle (unfortunately) usually requires that some tough choices be made regarding where you live, what you drive and what you do with your spare time. Sometimes people find it necessary to, temporarily, use the long-term savings allocation to pay down debt to help reach the 60% target. An honest review of non-essential expenses can also help find extra money.

**Notice the word “Simple” does not always mean “Easy”! In fact, the good decisions are usually “Hard”!**

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