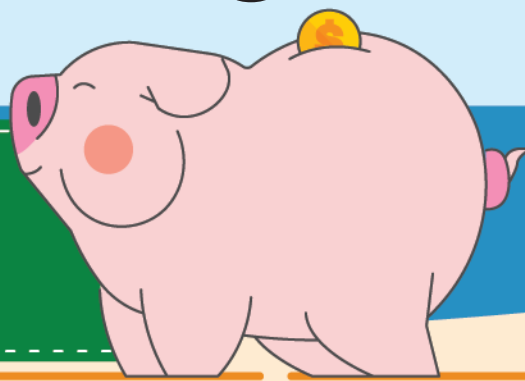


A simple rule for saving & spending



50/15/5



The COVID-19 pandemic caused financial uncertainty for many families. If you got off track, it's okay; our simple rules for saving and spending can be your first step toward gaining financial stability today and maintaining your lifestyle in retirement.



Essential expenses

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

How to get there

Just because some expenses are essential doesn't mean they're not flexible. Small changes can add up.

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

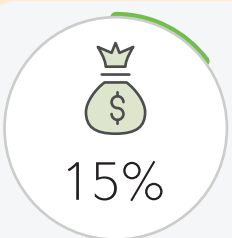


If available, consider a high deductible health plan with lower premiums and a tax-advantaged health savings account.



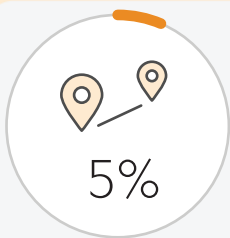
Save on food: Stock up on groceries when they're on sale; start using coupons; take lunch to work more often.

Consider a more affordable and efficient car.



Retirement savings

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



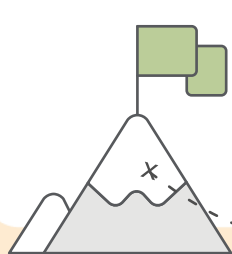
Short-term savings

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

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.**



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.