PLAN. INVEST. THRIVE.

PLANNING

The *nine* numbers behind the plan.

Rules of thumb are exactly that — useful approximations, not promises. They're the back-of-the-envelope math we use to sanity-check the path. **Every one of these has edge cases.** Use them to ask better questions of your plan, not to replace it.

50
30
20

BUDGET

X INCOME, ALLOCATED

ls, a third wants, a fifth future you.

eeds (housing, food, transport, utilities, minimum debt payments). **30% to wants** g that isn't strictly necessary). **20% to future you** (saving, investing, debt above s).

> ***nth after tax** means $5K to needs, $3K to wants, $2K to saving and investing. s are over 60%, the lifestyle is borrowing from retirement.*

25×

NUMBER

IREMENT TARGET

ve times what you'll spend.

expected annual spending in retirement (today's dollars) and multiply by your "Number" — the portfolio size that supports a 4% withdrawal indefinitely.

> *g **$120K/year** in retirement (after Social Security covers some) → portfolio ≈ $3M. Add 10–15% if retiring before 65; subtract some if you have a ful pension.*

4%

WITHDRAWAL

BLE SPEND RATE

ent of starting portfolio, adjusted for inflation.

Study's headline result: a **4% initial withdrawal, increased with h each year**, has historically lasted 30+ years across nearly every starting ent. Use 3.5% if retiring at 55, 5% if retiring at 75.

> *tfolio at 65 supports roughly **$80K/year before tax**, growing with inflation, gh probability of lasting 30 years.*

72

DOUBLING

MONEY DOUBLES

two divided by your return.

e of return = years to double. At 7% real return, money doubles every ~10 10%, every ~7 years. The arithmetic of compound interest, in a single line.

> ***age 30** at 7% real → $100K by 40, $200K by 50, $400K by 60, $800K by 70. The uble is bigger than the first three combined.*

110
−age
STOCKS

XPOSURE

your age from 110.

efault for the **stock allocation in retirement-stage portfolios.** Age 40 →
cks. Age 65 → ~45% stocks. We adjust up for long horizons and down for capacity-
ss reasons; the rule is a starting point, not an ending one.

ients in their 50s land 50–70% stocks. Beyond a certain point, more stocks
help — but less can cost real spending power.

3–
6×

EMERGENCY

Y FUND

six months of expenses, in cash.

nths if you're a two-income household with stable jobs. **Six months** if you're ome, self-employed, or in a volatile industry. Keep it in a high-yield savings r money market — not in stocks, not in I-bonds, not in your checking account.

6K/month → $18K–$36K in the emergency fund. We hold this before we get ive with anything else.

15%

SAVINGS RATE

INCOME, SAVED

ercent of gross — every year, no excuses.

ross income into retirement savings across all accounts and any employer hat's the rate that has historically gotten people to a comfortable retirement their late 20s. Started later? Push to 20–25%. Started earlier? You can probably .

alary → $30K/year into 401(k), IRA, HSA, taxable brokerage. Employer match

28
36

HOUSING

RULE

ight on housing, thirty-six on all debt.

than 28% of gross income on housing (PITI — principal, interest, taxes,). **No more than 36% on all debt combined.** Lenders will let you go higher; we

ross income → housing payment cap ~$4,700/month. That's the boundary between ned but fine" and "house-poor."

1%

HOME COSTS

PKEEP

ent of home value — every year, on average.

end roughly **1% of your home's value per year on maintenance and** Some years it's zero. Then a year shows up with a roof, an HVAC, and a foundation rage it.

ome → $6K/year, $500/month set aside. This is what makes "the house is an ent" a complicated claim.

A NOTE FROM MPM

Rules of thumb are training wheels. They get you most of the way there fast. *The plan we build with you is the bike.* When the two disagree, the plan wins — but the rules will tell you which questions are worth asking.

Sources: Cooley, Hubbard & Walz, "Retirement Savings: Choosing a Withdrawal Rate That Is Sustainable" (Trinity Study, 1998) and subsequent updates; Vanguard Research, "Fuel for the F.I.R.E." on safe withdrawal rates; Wade Pfau, Retirement Researcher; Fannie Mae for 28/36 housing-debt guidelines. Rule of 72 attributed to Luca Pacioli (1494). Rules of thumb are starting points and assume long-term historical averages that may not repeat.