

# Build Financial Health With Your Own Money Rules

Interested in building financial health without a traditional, strict budget? It is possible when you follow your own money rules.

Traditional budgets are for the birds. The word alone (budget) often harbors fear, laziness, and confusion. No one should have anxiety about ordering an appetizer at a special dinner or investing in a gym membership. Of course you need a spending plan, but we've come to realize it's never one-size-fits-all. The key to building financial health is yes, to give yourself rules, but make them work for *you* — money rules that *you* can live by.

Ramit did it. He put together *his* 10 money rules that help *him* create the life *he* wants to live. Take them and tailor them to your way of life, your values, and your priorities. Then create your own list that's organized but not obstructed.

## Ramit's 10 Money Rules

### 1. Always have one year of emergency funds, cash

22 million jobs were lost during the Covid-19 pandemic in 2020. Careers ending in the blink of an eye. Many people found themselves unprepared for such an event. While grim, this serves as a very valuable lesson. When times are good, work hard and fast to put away a year's worth of emergency funds. This one action will alone alleviate much of the angst you feel when thinking about money. Learn more about creating an emergency fund [here](#).

If this seems extreme to you, adjust it. Make your #1 rule: Always have six months of emergency funds available. Remember these are YOUR rules to live by, not his.

### 2. Save 10%, invest 20% of gross annual income

When beginning to save, the emergency fund is the place to start. Once that is built up, you can move on to a high-yield savings account. For Ramit, this is a personal commitment to his future. His advice is to have a portion of every paycheck automatically directed to this account, sight unseen.

Not ready to invest that amount of money? That's OK. Maybe your money rule can be: Invest 5% and save 10% of gross annual income. Or invest nothing at all right now.

### 3. Pay cash for large expenses (engagement ring, dream trip, wedding) and 20% down, minimum, on a house

Let's put it this way ... ditch the plastic. To build good financial health, it's important to Ramit not to carry large amounts of debt where interest accrues. Maybe people fall into the credit card

trap thinking they can just pay it off. But then something comes up, a trip to the emergency room perhaps, and that plan goes out the window. One of Ramit's keys to saving money is spending what you have only when you have it.

#### **4. Never question spending money on books, appetizers, health, or donating to a friend's charity fundraiser**

Because Ramit is constantly educating himself by reading books, he has made 'Ramit's book-buying rule' which allows him to buy any book he finds interesting. That's his thing. You might have something that is that important to you where you aren't depriving yourself of something you love. Perhaps choose a few things that make you happy and fill you up; then form your rule around those.

Love gardening? Your rule #4 might look like this: Never question spending money on gardening supplies, flowers, sunblock, and manicures.

#### **5. Business class on flights over 4 hours**

A luxury, sure, but for Ramit, who travels a lot, this is important to him to help him keep motivated (and comfortable). This may also be a non-negotiable for you, or it may not even be close to your money rules list. For Ramit, he indulges every now and then when it comes to comfort.

#### **6. Buy the best and keep it as long as possible**

Sometimes buying cheap ends up being expensive and spending a little (or a lot) more for quality saves money in the end. Ramit enjoys buying high-end electronics because they last longer, clothes because they don't tear or rip as easily, and cameras for their reliability. Some of these items can be passed on to generations. Might not be a bad rule to adopt as your own.

#### **7. No limit on spending on health or education**

Health and education truly are rewards that keep on giving. If you spend on an online course that helps you learn data visualization, you now have a new skill you can sell as a data consultant.

Those few extra sessions with your trainer at the gym will make you feel good about yourself — energizing you, motivating you, and perhaps even inspiring you to think more creatively on a project or with a particular client.

The 'no limit' part of this rule might scare you, so perhaps a cap of \$100/month on fitness classes and \$10,000/year on education — whatever makes sense to you.

#### **8. Earn enough to work only with people you respect and like**

Ramit refuses to wake up in the morning not looking forward to his day and future interactions. For him, kindness, respect, and trust are of the utmost importance when it comes to people he hires and works with. This might be one of those aha moments for you, too. If you find yourself miserable because you dread going to work each day because your boss is a bozo, you might implement a rule like this.

## **9. Prioritize time outside the spreadsheet**

Money rules are more than just figuring out how to put money in the bank; they are also about creating the life you want to live. Your money rules might want to ensure that once everything is running smoothly according to your plan, you're prioritizing family, loved ones, and your health.

## **10. Marry the right person**

Whether you like to believe it or not, money is a big part of a relationship. People have grown up on different money values and can see it very differently. To avoid any conflict down the road, Ramit has made a commitment to himself to be in alignment with Cassandra's own money rules.

Have you noticed that Ramit's rules are more about saying yes than saying no? It's not about depriving yourself of little luxuries. Your money rules are just as much about investing in yourself — especially when that investment can help you make even more money. There are no limits on earning potential. However, there is a limit on how much you can cut.

Remember, these are your rules catered to your unique interests, abilities, and lifestyle. And it's OK to fall off the wagon and make mistakes. But always keep in mind that the real mistake is doing nothing. Anyone can make smart financial decisions with a solid, personalized plan that works for them.