

Overview: Smart Money 101

Smart Money

Welcome to Smart Money 101

In this course, you learned about the 7 Building Blocks of Smart Money. Consider these building blocks as a financial toolkit. Each one helps you solve common money problems, avoid costly mistakes, and make choices that support your goals. When used together, they help reduce stress and build a more secure financial future, one step at a time.

Why Budgeting Matters

Budgeting isn't about restriction, it's about choice. A budget helps you see where your money is going so you can determine (and decide) where you want it to go.

When you understand your budget, you can avoid overspending, prepare for emergencies, make room for savings, and reduce financial stress. One key lesson from the course is this: it's not how much you earn - it's how much you keep.

The Real Cost of Spending

Some spending choices cost more overtime than others. For example, paying only the minimum on credit cards can turn small purchases into large debts.

You also learned that cutting monthly costs, like switching from cable to lower-cost streaming services - can free up money for savings, debt repayment, or goals.



Building Blocks

The 7 Building Blocks of Smart Money

The course introduced seven building blocks to guide smart money decisions:

#1 The 50/30/20 Budget = A simple spending plan that targets 50% of take-home pay for needs, 30% for wants, and 20% for savings and debt payoff.

#2 The 4% Retirement Guideline = A rule of thumb that suggests withdrawing about 4% of your retirement savings in year one, then adjusting for inflation, to help your money last around 30 years.

#3 The Emergency Fund (3–6 months) = A dedicated cash cushion that covers 3–6 months of essential expenses so a job loss or surprise bill doesn't turn into debt.

#4 The 2x Investing Habit = A practice of increasing your investing rate whenever your income rises, aiming to invest at least twice as much of each raise as you add to lifestyle spending.

#5 The 3x Rent Guideline = An affordability benchmark that says your monthly gross income should be about three times your rent to keep housing costs manageable.

#6 The 20/4/10 Car Guideline = A car-buying rule that recommends 20% down, a loan term no longer than 4 years, and keeping total monthly car costs at or below 10% of gross income.

#7 The Rule of 72 = A quick mental math trick for estimating how long it takes an investment to double by dividing 72 by the annual return rate (or inflation rate).

Each building block works together to help you manage money with confidence.



Next Steps

When a Building Block Doesn't Fit

Not every building block fits every situation. High housing costs or changes in income may require adjustments.

The goal is progress, not perfection. Small steps like sharing housing, buying secondhand, or cutting back on subscriptions can still have a big impact.

Next Steps

Choose one building block to focus on this week. Small actions add up over time.

If you want support, Credit.org offers free, confidential one-on-one counseling, a soft-pull credit review, and personalized action plans to help you move forward with confidence.

Final Takeaway

Smart money is about learning, adjusting, and moving forward. The 7 Building Blocks provide a strong foundation for a healthier financial future.



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Credit.org

1825 Chicago Avenue
Suite 240
Riverside, CA 92507

PO Box 5438
Riverside, CA 92517-5438

1-800-WISE-PLAN (800.947.3752)

www.credit.org

