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FREE GUIDE · 18 PAGES

The 50/30/20 Framework

The complete guide to taking control of your money · 18 pages · Bilingual

50% NEEDS	30% WANTS	20% SAVE

Step-by-step plan · Examples at $3K, $5K, $7K, $10K · High-cost city adjustments · 30-day action plan

Chapter 1 — Why traditional budgets fail

64% of American families live with money stress. Most have tried a budget before — and failed. Not because they're lazy. Because the method was wrong.

Traditional budgets try to control EVERY dollar. You categorize 30+ subcategories, log every coffee, gas station, Amazon order. After 2-3 weeks, fatigue wins. You get frustrated. You quit. Worse: you feel like a failure, which makes it LESS likely you'll try again.

> *« The budget that works isn't the most detailed. It's the simplest one you can stick with for 12 months. » — Coach Futuro*

The 50/30/20 framework solves this by reducing the system to THREE numbers. Three percentages. Three categories. That's it. Simple enough to maintain. Complete enough to work.

Chapter 2 — The history of 50/30/20

Created by Senator Elizabeth Warren (Massachusetts) and her daughter Amelia Warren Tyagi in the book *All Your Worth: The Ultimate Lifetime Money Plan* (2005). Warren had been a personal bankruptcy law professor at Harvard for 30+ years. She saw thousands of families in bankruptcy — and discovered they ALL shared a pattern:

- Their 'needs' had grown to 60-70% of income (especially housing).
- Their 'wants' seemed justifiable ($5 here, $20 there) but added up to 35-40%.
- Their 'savings' was 0-5%, not 10-20% as experts recommended.

Warren proposed a simple split: 50% for what you CAN'T avoid (needs), 30% for what you WANT (wants), 20% for your FUTURE (savings and investing). If your 'needs' exceeded 50%, your life is structurally wrong — you need to change something big (move, sell the car, change jobs).

Chapter 3 — The three buckets in detail

Before applying 50/30/20, you need to know WHAT goes in each bucket. Categorization decisions are 80% of the work. Here's the official guide:

50% — Needs (what you can't avoid)

A need is any expense where, if you don't pay it, serious real consequences follow: eviction, hunger, job loss, legal trouble, physical harm. Simple rule: **would something bad happen if I cancel it TODAY?** If yes, it's a need.

30% — Wants (improve your life but don't sustain it)

A want is any expense that improves your quality of life but isn't essential. Without it, you still live well — just less fun, less comfort, less status. Watch out: this is where 'zombie expenses' hide (forgotten subs, automatic habits).

20% — Savings & investing (your future)

Any money you move from 'spend today' to 'have tomorrow': 401(k)/IRA contributions, emergency fund, EXTRA debt payments (above minimum), 529 for kids. Important: the 401(k) match from your employer is a BONUS, doesn't count toward your 20%.

Chapter 4 — Real-number examples

What 50/30/20 looks like at different monthly net income levels:

Example A · $3,000 monthly net

Category	$	Real example
50% Needs	**$1,500**	Rent + utilities: $1,200, Groceries: $300, Transport: $0 (transit)
30% Wants	**$900**	Dining/coffee: $200, Streaming + gym: $60, Clothing/ent.: $640
20% Save	**$600**	Roth IRA: $300, Emergency fund: $200, Extra CC: $100

Example B · $5,000 monthly net

Category	$	Real example
50% Needs	**$2,500**	Rent + utilities: $1,800, Groceries: $500, Transport (car): $200
30% Wants	**$1,500**	Dining/coffee: $400, Subs + hobbies: $200, Clothes/travel fund: $900
20% Save	**$1,000**	401(k) 6%: $300, Roth IRA: $400, Emergency HYSA: $300

Example C · $7,000 monthly net

Category	$	Real example
50% Needs	**$3,500**	Mortgage + utilities: $2,200, Food + childcare: $800, Transport + insurance: $500
30% Wants	**$2,100**	Dining + travel: $700, Subs + entertainment: $400, Shopping + extras: $1,000
20% Save	**$1,400**	401(k) 10%: $650, Roth IRA: $500, 529 + savings: $250

Example D · $10,000 monthly net

Category	$	Real example
50% Needs	**$5,000**	Mortgage + utilities: $3,000, Food + childcare: $1,200, Trans/insurance/health: $800
30% Wants	**$3,000**	Dining + travel: $1,200, Hobbies + ent.: $700, Shopping + extras: $1,100
20% Save	**$2,000**	401(k) max: $1,000, Roth IRA + brokerage: $700, 529 + extra debt: $300

Chapter 5 — Adjustments for high-cost cities

In NYC, San Francisco, Boston, Los Angeles, and other high-cost cities, the 50% for needs can be literally IMPOSSIBLE. Housing alone may be 40-50%. The fix isn't to force the framework — it's to adjust it.

60/20/20 (recommended for HCOL)

Raise needs to 60% to acknowledge expensive housing reality. Cut wants to 20% (more discipline). Keep savings at 20% — because you CAN'T sacrifice your future for your present.

70/10/20 (extreme, only if temporary crisis)

Raise needs to 70%. Nearly eliminate wants (10%). Keep savings at 20%. This is 'temporary survival' mode — max 6-12 months while renegotiating rent or earning more.

When you've tried everything and the numbers don't work

If needs > 60% and you can't cut further, the problem ISN'T your budget. It's your housing or income. Real options: 1) move to cheaper neighborhood/city; 2) get a roommate; 3) change careers or get a 2nd job; 4) aggressively renegotiate rent; 5) consider moving to a no-income-tax state (TX, FL, NV, TN).

Chapter 6 — Common mistakes (the 7 most expensive)

After 12,000+ families coached, these are the errors we see repeated:

1. Confusing 'wants' with 'needs'

Fast internet is NOT a need (basic is). New car is NOT a need (functional car is). Dining out is NOT a need.

2. Forgetting the full employer match

If your employer matches 100% up to 4%, contributing less is literally turning down a 4% raise. ALWAYS capture it first.

3. Ignoring annual expenses (insurance, property tax, registration)

Divide by 12 and set aside each month. Otherwise they hit as 'surprises' and break the system.

4. No emergency fund BEFORE aggressive investing

If you lose your job with no emergency, you withdraw from 401(k) with 10% penalty + tax. You reverse 5 years of growth for 1 bad week.

5. Paying minimums on 5 debts instead of attacking 1

Without strategy (avalanche or snowball), you never advance. You're on an interest treadmill. Use our Debt Payoff Calculator.

6. Not including 401(k) match in 20% calculation

Your contribution counts. The match is BONUS on top. If you contribute 4% + match 4%, that's 8% combined but only 4% counts toward 'your' 20%.

7. Quitting the system the first 'bad' month

Month 4 or 5 will be unbalanced (wedding, medical, repair). The system DIDN'T fail — it's an exception. Return month 6 without guilt.

Chapter 7 — Your 30-day plan step by step

Four weeks. One action per week. By day 30, you have a live budget, debt plan, and money moving automatically.

Week 1 (Day 1-7) — AUDIT

Download the 30-Day Audit worksheet. Every night (5 min), log EVERYTHING you spent today. Cash, debit, credit, Venmo, subscriptions. No judgment. Just data. Goal: know where your money REALLY goes, not where you THINK it goes.

Week 2 (Day 8-14) — MAP

Fill the 50/30/20 Budget worksheet with audit data. Categorize each expense as N (need), W (want), or S (save). Calculate your variance from target. Identify the 'TOP 3' to cut.

Week 3 (Day 15-21) — CUT

Aggressive action: cancel 1-3 zombie subscriptions (you discovered them in the audit). Call and negotiate 1 fee (bank, gym, cable). Fill the Debt Tracker and pick avalanche or snowball. Set up the first auto-transfer to your HYSA.

Week 4 (Day 22-30) — AUTOMATE

The most important step. Configure: auto-transfer to emergency fund on payday. Auto-boost 401(k) (1% more) if possible. Auto-pay cards for minimums. Sinking funds in HYSA for goals. Money moves on its own. Your work is done.

Chapter 8 — After the 30 days

Congrats. If you got here, you already have what 80% of Americans DON'T: a system. But this is the beginning, not the end. What's next:

- Month 2-3: adjust. Some numbers will be wrong. Normal. Refine.
- Month 4-6: focus on full 401(k) match. Increase your contribution 1% with every raise.
- Month 7-12: complete emergency fund to 3 months. Start Roth IRA if you don't have one.
- Year 2: attack high-APR debt aggressively. After paying it, redirect that payment to investing.
- Year 3+: your net worth should grow $5K-$30K/year depending on income. Annual check-in with Coach Futuro.

Closing — This is the beginning

The 50/30/20 framework isn't magic. It's discipline. But it's REPEATABLE discipline — doesn't require perfection, doesn't require infinite willpower. Just monthly honesty and constant adjustment. If you fail a month, you don't fail the system. You return the next. And the next. And the next. In 12 months, your financial life will be completely different. In 5 years, you won't recognize it. Financial freedom starts with a single better-managed paycheck.

NEXT STEPS

Download the 6 free worksheets at tufuturofinanzas.com/presupuesto-deuda. Book a free session with Coach Futuro at tufuturofinanzas.com/coach. And if this guide helped you, share it. Another family needs it.