

How Much of My Paycheck Should I Save? aa

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To have a healthy financial life, you need to start saving consistently. While this is easier said than done, it doesn't take away from the fact that it is a critical building block of financial security.

If you're like most people, saving for a rainy day is a luxury when you barely have enough to make ends meet. Many financial experts recommend setting aside 20% of your take-home income to go toward savings.

This includes things like short and long-term savings, an emergency fund, retirement benefits, and any other savings goal you might have.

The real question is – How much of my paycheck should I save? Is 20% enough? Here's everything you need to know.

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As far as this question goes, the answer to this varies depending on where you look. In reality, several factors influence the amount of money you need to save each month, such as what you earn, what your recurrent expenditure looks like, and of course, your savings goal.

Some financial experts suggest putting away 20% of your income. Others suggest saving 10%, while others recommend putting aside at least 30%.

The [50/30/20 budgeting rule](#) suggests that 50% of your net income should go toward paying for essentials and channeling 30% toward non-essentials. The remaining 20% should go toward saving for a future financial goal, including paying off debt beyond the minimum-required installments.

What would be considered the “right” amount to save from each paycheck varies, depending on your fixed expenses, income, and financial goal, both in the short and long term.

Related: [How to Live on a Budget and Save Money](#)

Suppose you live in an area where the cost of living is high. You may need to spend more than 50% of your take-home income on living expenses alone. This would make it nearly impossible to save 20% of your paycheck each month.

Another example is if you have plans to purchase a home or [put a sizable down payment](#) in the next three years. In this case, you would need to be saving a lot more than 20% of your income to make this a reality.

The same applies if you want to retire early. You would need to save significantly more than the average worker to retire X number of years before your scheduled retirement date.

The point here is this: There's no magic number that defines how much of your paycheck you should save. It varies depending on your specific circumstances at that point in your life.

