

# The Three-Bucket Approach to Live Now and Retire While You Work

The three-bucket approach is a financial planning strategy that helps you divide your savings into three buckets: short-term, intermediate-term, and long-term. This approach can help you achieve your financial goals, such as retiring while you work.



## The Currency of Time: A Three Bucket Approach To Live Now And Retire While You Work

by David W. Adams CPA CFP

★★★★☆ 4.7 out of 5

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### Short-Term Bucket

The short-term bucket is for money that you need within the next five years. This money should be invested in low-risk investments, such as a high-yield savings account or a money market account. You may also want to keep some of your short-term savings in cash, in case of an emergency.

Some examples of short-term savings goals include:

- Emergency fund
- Down payment on a house
- New car
- Vacation

### **Intermediate-Term Bucket**

The intermediate-term bucket is for money that you need within the next five to ten years. This money should be invested in a mix of low-risk and medium-risk investments, such as bonds and certificates of deposit (CDs). You may also want to include some growth stocks in your intermediate-term bucket.

Some examples of intermediate-term savings goals include:

- Retirement
- Children's education
- Home renovation
- New business

### **Long-Term Bucket**

The long-term bucket is for money that you don't need for at least ten years. This money should be invested in high-risk investments, such as stocks and real estate. You may also want to include some alternative

investments, such as commodities and hedge funds, in your long-term bucket.

Some examples of long-term savings goals include:

- Retirement
- Children's inheritance
- Financial independence
- Charitable giving

## **Benefits of the Three-Bucket Approach**

The three-bucket approach offers a number of benefits, including:

- **It helps you prioritize your savings goals.** By dividing your savings into three buckets, you can see which goals are most important to you and focus your savings efforts accordingly.
- **It helps you reduce your risk.** By investing your savings in a mix of low-risk, medium-risk, and high-risk investments, you can reduce your overall investment risk.
- **It helps you reach your financial goals.** By using the three-bucket approach, you can increase your chances of reaching your financial goals, such as retiring while you work.

## **How to Get Started with the Three-Bucket Approach**

If you're interested in using the three-bucket approach, here are a few tips to get started:

- **Determine your savings goals.** The first step is to figure out what your savings goals are. Once you know what you're saving for, you can start to divide your savings into three buckets.
- **Calculate how much you need to save.** Once you know what your savings goals are, you need to figure out how much you need to save. This will help you set realistic savings goals.
- **Choose your investments.** The next step is to choose your investments. You should choose investments that are appropriate for your risk tolerance and time horizon.
- **Review your progress regularly.** Once you've started investing, you should review your progress regularly. This will help you make sure that you're on track to reach your financial goals.

The three-bucket approach is a powerful financial planning strategy that can help you achieve your financial goals. By dividing your savings into three buckets, you can reduce your risk and increase your chances of reaching your financial goals, such as retiring while you work.



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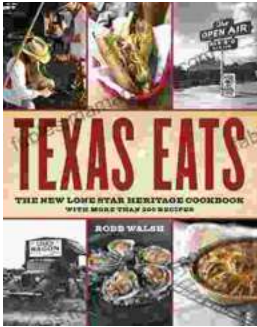
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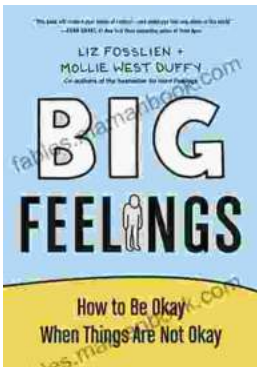
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