



Conventional Wisdom About What Things Should Cost

8/31/2026

“The cost of a thing is the amount of what I will call life which is required to be exchanged for it.” — Henry David Thoreau.

Purpose and framing

People often use simple rules of thumb to decide whether a purchase is “reasonable”: rent should not be too high, a car payment should not crowd out savings, a vacation should be planned rather than financed, and a wedding or engagement ring should reflect values rather than social pressure. These rules are not laws. They are starting points for judgment, especially when comparing a purchase to monthly take-home pay, annual gross income, or total household wages.

Core rules of thumb

- **50/30/20 budget:** roughly 50% of after-tax income for needs, 30% for wants, and 20% for savings or debt reduction.
- **Housing:** many conventional guides suggest keeping rent or mortgage costs around 25%–30% of income, with mortgage lenders often using broader debt-to-income tests.
- **Transportation:** a common target is about 10%–15% of take-home pay for car payments, fuel, maintenance, insurance, transit, and parking.
- **Food:** many budgeting guides place groceries and dining out together around 10%–15% of take-home pay.
- **Savings:** 10%–20% is a common rule of thumb, with higher savings rates becoming more realistic as income rises.
- **Discretionary purchases:** vacations, gifts, hobbies, electronics, luxury goods, and celebrations should usually come from the “wants” portion of the budget, not from emergency savings or high-interest debt.

Key terms and definitions

Term	Plain-English meaning
Sinking fund	A separate savings bucket for a known future expense, such as car repairs, holidays, property taxes, insurance premiums, or appliance replacement.

Emergency fund	Cash reserved for unexpected disruptions, such as job loss, urgent medical costs, emergency travel, or major repairs.
Take-home pay	Income received after taxes, payroll deductions, and benefit contributions have been withheld.
Gross income	Total income before taxes, insurance, retirement contributions, and other deductions.
Net income	Income after required deductions; often similar to take-home pay, though definitions vary by context.
Needs	Expenses required for basic stability, including housing, utilities, food, transportation, insurance, minimum debt payments, and essential care.
Wants	Discretionary purchases that improve lifestyle but can usually be reduced, delayed, or substituted.
Debt-to-income ratio	The share of monthly gross income used for recurring debt payments, commonly considered by lenders.
Opportunity cost	What a person gives up by choosing one use of money over another, such as spending on a vacation instead of saving for a down payment.
Replacement savings	Money set aside over time to replace items that wear out, such as tires, appliances, phones, furniture, or a roof.

Conventional wisdom for major purchases

Purchase	Traditional rule of thumb	Modern interpretation
Home	Mortgage or rent near 25%–30% of income; total debt often tested against broader ratios.	Location, interest rates, insurance, taxes, and repairs matter as much as the payment.
Engagement ring	Old advertising-driven advice often said one to three months of salary.	A better rule is to buy what can be paid for without high-interest debt and without delaying shared goals.
Vacation	Often treated as a discretionary “wants” expense.	Annual travel may fit around 5%–10% of take-home pay if savings and essentials are already on track.
Car	Transportation commonly falls around 10%–15% of take-home pay.	Include insurance, fuel, registration, maintenance, repairs, interest, depreciation, and parking.
Wedding	No universal percentage is reliable.	Set a total budget first, then protect emergency savings, debt payoff, and housing goals.

Childcare	Often unavoidable and highly location-dependent.	Judge affordability against net household income and career impact, not generic averages.
Education	Borrowing is often justified by future earnings.	Compare total debt to realistic first-year earnings and repayment flexibility.

Top 100 things people spend money on

The percentages below are rough annual or monthly guardrails, while the dollar figures are broad U.S. cost ranges. Actual costs vary by region, household size, income, quality level, interest rates, insurance coverage, and lifestyle. For recurring bills, ranges are usually monthly unless labeled annual or one-time.

Housing, utilities, and household operations

1. Rent — often targeted below 25%–30% of income; common range: \$900–\$3,500+ per month.
2. Mortgage payment — commonly measured against housing and debt-to-income ratios; common range: \$1,200–\$4,500+ per month.
3. Property taxes — should be included in total housing cost; common range: 0.5%–2.5% of home value per year.
4. Homeowners insurance — part of the true cost of ownership; common range: \$1,200–\$4,000+ per year.
5. Renters insurance — small but important protection expense; common range: \$10–\$30 per month.
6. Home maintenance — often estimated at 1%–3% of home value annually; common range: \$2,000–\$12,000+ per year.
7. Repairs — best funded through a sinking fund; common range: \$500–\$10,000+ depending on the repair.
8. Utilities: electricity — varies by climate and home size; common range: \$75–\$300+ per month.
9. Utilities: gas or heating oil — seasonal and region-specific; common range: \$50–\$400+ per month in heating season.
10. Water and sewer — usually part of basic needs; common range: \$40–\$150 per month.
11. Trash and recycling — often municipal or contracted; common range: \$15–\$60 per month.
12. Internet service — increasingly treated as essential; common range: \$50–\$120 per month.
13. Mobile phone plan — essential for many households but easy to overspend on; common range: \$30–\$100 per line per month.
14. Furniture — ideally planned, not financed at high interest; common range: \$500–\$10,000+ one-time.
15. Appliances — best handled through replacement savings; common range: \$400–\$3,000+ per appliance.

Transportation

1. Car payment — commonly kept within the broader 10%–15% transportation range; common range: \$300–\$900+ per month.

2. Auto insurance — varies widely by driver, vehicle, and location; common range: \$100–\$300+ per month.
3. Fuel — volatile and commute-dependent; common range: \$80–\$350+ per month.
4. Vehicle maintenance — oil, tires, brakes, inspections, and routine service; common range: \$50–\$200 per month averaged annually.
5. Vehicle repairs — unpredictable; emergency savings matter; common range: \$300–\$3,000+ per event.
6. Registration and excise taxes — recurring ownership costs; common range: \$50–\$500+ per year.
7. Parking — a major urban expense for some households; common range: \$25–\$400+ per month.
8. Tolls — small individually, meaningful over time; common range: \$10–\$200+ per month.
9. Public transit — often cheaper than car ownership; common range: \$50–\$150 per month.
10. Rideshare and taxis — convenient but often discretionary; common range: \$15–\$60 per trip.
11. Bicycle, scooter, or micromobility costs — equipment, repairs, and subscriptions; common range: \$100–\$2,000+ upfront or \$10–\$100 per month.
12. Airfare — usually part of travel or family obligations; common range: \$150–\$800+ per domestic round trip.

Food, groceries, and dining

1. Groceries — often within a combined food target of 10%–15% of take-home pay; common range: \$300–\$1,200+ per month.
2. Restaurants — discretionary unless required for work or travel; common range: \$15–\$75+ per person per meal.
3. Takeout and delivery — convenience premium can accumulate quickly; common range: \$20–\$80+ per order.
4. Coffee shops — small daily purchases can become a notable monthly line; common range: \$4–\$8 per visit.
5. Alcohol — discretionary and highly variable; common range: \$20–\$300+ per month.
6. Meal kits — convenience expense; compare against grocery savings; common range: \$50–\$150 per week.
7. School lunches — recurring family food cost; common range: \$40–\$120 per child per month.
8. Work lunches — often reduced by meal planning; common range: \$10–\$20 per workday.

Insurance, health, and personal protection

1. Health insurance premiums — often partly employer-paid but still a major budget item; common range: \$150–\$800+ per month for an individual, more for families.
2. Out-of-pocket medical costs — copays, deductibles, and coinsurance; common range: \$20–\$300+ per visit or service.
3. Prescription medications — recurring health expense; common range: \$5–\$300+ per month.
4. Dental care — routine and emergency costs; common range: \$100–\$300 for cleanings, \$1,000+ for major work.
5. Vision care — exams, glasses, contacts, and procedures; common range: \$100–\$600+ per year.
6. Life insurance — especially important for dependents; common range: \$20–\$100+ per month for term coverage.

7. Disability insurance — protects income-earning ability; common range: 1%–3% of income if purchased individually.
8. Long-term care planning — more relevant with age and family history; common range: \$100–\$500+ per month for insurance, depending on age and coverage.
9. Pet insurance — optional but useful for expensive veterinary care; common range: \$20–\$80+ per month.

Debt, savings, taxes, and financial obligations

1. Income taxes — the largest implicit claim on gross wages for many earners; common range: 10%–35%+ of income, depending on income and location.
2. Payroll taxes — Social Security, Medicare, and similar deductions; common range: about 7.65% of wages for many employees before income-tax withholding.
3. Retirement contributions — a common target is 10%–20%, depending on age and income; common range: 3%–20%+ of pay.
4. Emergency fund savings — often built toward three to six months of expenses; common range: \$1,000 starter fund to 3–6 months of essential costs.
5. Student loan payments — should be weighed against income and career payoff; common range: \$100–\$800+ per month.
6. Credit card payments — high-interest debt should usually be prioritized; common range: minimum payment around 1%–3% of balance plus interest.
7. Personal loans — consolidate only if total cost and behavior improve; common range: \$100–\$1,000+ per month.
8. Buy-now-pay-later payments — small obligations can stack up; common range: \$25–\$250+ per installment.
9. Charitable giving — often budgeted as 1%–10%, depending on values and capacity; common range: \$10–\$1,000+ per month.
10. Professional dues and licenses — necessary for some careers; common range: \$100–\$1,000+ per year.

Family, children, education, and care

1. Childcare — can rival housing in some regions; common range: \$800–\$2,500+ per child per month.
2. Babysitting — flexible but recurring for many families; common range: \$15–\$30+ per hour.
3. School supplies — seasonal but predictable; common range: \$50–\$300+ per child per year.
4. Tuition — preschool, private school, trade school, or college; common range: \$3,000–\$60,000+ per year.
5. Textbooks and educational materials — often underestimated; common range: \$100–\$1,200+ per year.
6. College savings — goal-based rather than fixed for every household; common range: \$50–\$500+ per month.
7. Extracurricular activities — sports, music, clubs, and lessons; common range: \$25–\$300+ per month.
8. Summer camp — planned annual expense; common range: \$200–\$1,000+ per week.

9. Elder care — caregiving, support, and medical coordination; common range: \$500–\$6,000+ per month.
10. Family support — helping relatives with bills, housing, or emergencies; common range: highly variable, from occasional \$100 gifts to major monthly support.

Personal care, clothing, and lifestyle

1. Clothing — often discretionary after basics are covered; common range: \$50–\$300+ per month.
2. Shoes — replacement and fashion spending vary widely; common range: \$50–\$200+ per pair.
3. Haircuts and grooming — recurring personal care; common range: \$20–\$150+ per visit.
4. Skincare and cosmetics — discretionary unless medically necessary; common range: \$20–\$200+ per month.
5. Fitness membership — worthwhile if used consistently; common range: \$10–\$200+ per month.
6. Sports equipment — often seasonal and hobby-driven; common range: \$50–\$1,000+ per season.
7. Hobbies and crafts — best funded from the wants category; common range: \$20–\$300+ per month.
8. Books and media — small purchases can add up; common range: \$10–\$100+ per month.
9. Subscriptions — streaming, apps, software, publications, and memberships; common range: \$5–\$80+ per subscription per month.
10. Gifts — birthdays, holidays, weddings, and milestones; common range: \$25–\$500+ per event.

Travel, recreation, and entertainment

1. Vacations — often reasonable around 5%–10% of take-home pay if core goals are funded; common range: \$1,000–\$8,000+ per trip.
2. Hotels and lodging — compare against total trip budget; common range: \$100–\$400+ per night.
3. Rental cars — can materially increase travel cost; common range: \$40–\$150+ per day before fees.
4. Cruises and tours — package pricing may hide extras; common range: \$800–\$5,000+ per person.
5. Theme parks and attractions — plan tickets, food, parking, and souvenirs together; common range: \$75–\$250+ per person per day.
6. Concerts and events — discretionary entertainment spending; common range: \$40–\$300+ per ticket.
7. Movies and theater — recurring entertainment category; common range: \$12–\$150+ per ticket depending on venue.
8. Sporting events — tickets, parking, food, and merchandise; common range: \$30–\$300+ per person.
9. Gaming — hardware, software, in-game purchases, and subscriptions; common range: \$10–\$70 per game, \$300–\$700+ for consoles or PCs.
10. Outdoor recreation — gear, permits, travel, and maintenance; common range: \$50–\$2,000+ per activity or season.

Major milestones, luxury items, and irregular purchases

1. Engagement ring — should fit cash flow and shared goals more than a salary myth; common range: \$500–\$7,000+, with many buyers clustering below \$6,000.

2. Wedding — budget backward from savings, family contributions, and priorities; common range: \$5,000–\$40,000+.
3. Honeymoon — separate from the wedding budget when possible; common range: \$2,000–\$10,000+.
4. Baby gear — essentials, safety items, and optional upgrades; common range: \$500–\$5,000+ before birth.
5. Moving costs — deposits, movers, supplies, storage, and overlap rent; common range: \$500–\$8,000+.
6. Home down payment — often the largest savings goal for first-time buyers; common range: 3%–20%+ of purchase price.
7. Home renovation — protect contingency funds because projects run over budget; common range: \$5,000–\$100,000+ depending on scope.
8. Electronics — phones, computers, tablets, and accessories; common range: \$100–\$3,000+ per item.
9. Jewelry and watches — luxury spending should not displace savings or debt payoff; common range: \$100–\$10,000+.
10. Pets — adoption, food, grooming, veterinary care, boarding, and emergencies; common range: \$500–\$3,000+ per year, excluding major emergencies.
11. Legal services — estate planning, disputes, closings, and family matters; common range: \$300–\$5,000+.
12. Accounting and tax preparation — useful for complex situations; common range: \$150–\$1,000+ per year.
13. Banking fees and interest — avoidable leakage where possible; common range: \$0–\$50+ per month, more with debt interest.
14. Storage units — recurring cost that can quietly become permanent; common range: \$50–\$300+ per month.
15. Security systems — equipment, monitoring, and installation; common range: \$20–\$80+ per month plus \$100–\$1,000+ equipment.
16. Funeral and end-of-life costs — emotionally difficult but financially significant; common range: \$3,000–\$15,000+.

How to use this list

For any item, ask four questions: Is it essential or discretionary? Is it recurring or one-time? Will it create debt or reduce flexibility? Does it advance the household's values and long-term stability? A purchase that looks affordable in isolation may be too expensive if it forces cuts to emergency savings, retirement contributions, health care, or housing security.

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