5 personal finance ratios every young adult should know

These ratios, when tracked regularly, give a well-rounded view of your financial stability and highlight areas for improvement, such as reducing debt, increasing savings, or building investments.

	Savings	Debt	Emergency	Investing	Wealth
	1. Savings-to-Income	2. Debt-to-Income (DTI)	3. Emergency Fund	4. Investment-to-Income	5. Net Worth
How to calculate	*Monthly Savings / Monthly Income*	*Total Monthly Debt Payments / Gross Monthly Income*	*Emergency Fund Balance / Monthly Living Expenses*	*Total Investment Value / Annual Income*	*Total Assets – Total Liabilities*
Why it matters	This tells you how much of your income you're saving. A good target is **at least 20%**, following the 50/30/20 rule (50% needs, 30% wants, 20% savings).	This shows how much of your income is going toward debt. Lenders look at this ratio when you apply for credit. A DTI **under 36%** is generally considered healthy.	This ratio tells you how many months you could cover basic expenses if your income stopped. Aim for **3–9 months** of expenses.	This ratio helps you understand how well you're building long-term wealth. Aiming for an investment value at least equal to your annual income by your early 30s is a solid goal.	The ultimate scorecard of your financial journey. A growing net worth means you're accumulating more assets than debt, indicating financial progress and increasing your long-term security.
How to improve (tip)	Start small if needed—automate transfers to a high-yield savings account and increase the percentage as your income grows.	If your DTI is high, focus on paying off high-interest debt first or consider consolidating loans to lower your payments.	Build your fund in a separate, easy-to-access savings account. Replenish when used.	Contribute to your 401(k), Roth IRA, or brokerage account regularly—even if it’s just a little. Time in the market is more powerful than timing the market.	The goal is to consistently increase your net worth over time. Pay down debt, save and invest regularly, and focus on increasing your income.

DIYMONEYTRACK.com

Sources- multiple (generated with ChatGPT, Google Gemini)