

100 - Age rule

As a thumb rule of asset allocation, 100 Minus Age can be a feasible solution to help you decide the proportion of equities and debt in your investments.

Here's how it goes -

100 - Your Current Age = Asset Allocation.

To understand this better, let's look at the example:

So, if you are 30-years-old, using the formula – you invest 70% in Equity and the rest 30% in Debt.

Similarly,

Age	Equity Percentage	Debt Percentage
40	60%	40%
50	50%	50%

The idea behind this rule is simple — the lesser the age, the higher your risk-taking capacity and your ability to handle market volatility are.

Implement your asset allocation in line with your age, risk tolerance, future goals and needs.