

---

WEALTH STRUCTURES / POLICY ARCHITECTURE

# Three-Bucket Strategy: *Policy* Over Piles

One undifferentiated pile invites one undifferentiated panic. Buckets are how adults keep runway, growth, and legacy from negotiating in the dark.

SYSTEM ARCHETYPE 028

## Three Buckets / *Modules* /

The three-bucket strategy assigns explicit mandates to pools of capital—typically cash-flow stability, long-horizon growth, and legacy intent—then writes rules for refills and draws. It aligns with stock vs. flow,

robustness vs. resilience, trusts, and asset location so behavior matches architecture.

## 1. Three Buckets, One *Household*

The **three-bucket strategy** partitions wealth by job description: *Cash Flow* (runway and stability), *Growth* (compounding), and *Legacy* (intergenerational intent). It is modular thinking applied to a single balance sheet—each bucket gets different risk, liquidity, and governance rules.

Connect to stock vs. flow: buckets are policy layers on top of stocks; flows refill or drain them according to rules you write when calm.

*"One undifferentiated pile invites one undifferentiated panic."*

## 2. Cash Flow — *Stability* First

The first bucket is not sexy; it is adult. It funds months of runway, insurance deductibles, and the boring repairs that robustness requires. If this bucket borrows from growth every time life twitches, you do not have buckets—you have a single bucket with denial inside.

### 3. Growth — *Convexity* With Guardrails

Growth holds volatility you can survive: equities, businesses, skill acquisition. The guardrail is time horizon and position sizing relative to bucket one. Pareto logic applies: a few positions will dominate outcomes—name them intentionally.

### 4. Legacy — *Intent* Beyond You

Legacy is not only charity; it is anything meant to outlive your calendar: education, heirs, structures like trusts or the FLP in family partnerships. If legacy has no written purpose, it becomes a fight about symbols.

01

## Define target months in bucket one

Pick a number; defend it against your optimism.

---

02

## Cap concentration in bucket two

Single-name ceilings, sector ceilings, employer stock rules.

---

03

## Name legacy beneficiaries and review dates

People change; documents should not fossilize silently.

---

04

## Pair buckets with asset location

Same three-bucket story, different tax wrappers—asset location is how buckets meet the IRS.

# 5. Iceberg Beneath the *Spreadsheet*

If buckets fight every December, the issue is not math—it is structure and story. Use the Iceberg Model to ask which mental model stabilizes overspending from bucket two "just this once."

# Build the *lattice*, not the legend.

Return to the Reading hub for essays, tools, and the rest of the 100-topic map.

OPEN READING HUB