



THE 7 BABY STEPS

YOU CAN CONTROL YOUR MONEY



Baby Step 1: Save \$1,000 for Your Starter Emergency Fund

- In this first step, your goal is to save \$1,000 as fast as you can. Your emergency fund will cover those unexpected life events you can't plan for. And there are plenty of them. You don't want to dig a deeper hole while you're trying to work your way out of debt!



Baby Step 2: Pay Off All Debt (Except the House) Using the Debt Snowball

- Next, it's time to pay off the cars, the credit cards and the student loans. Start by listing all of your debts except for your mortgage. Put them in order by balance from smallest to largest—regardless of interest rate. Pay minimum payments on everything but the little one. Attack that one with a vengeance. Once it's gone, take that payment and put it toward the second-smallest debt, making minimum payments on the rest. That's what's called the debt snowball method, and you'll use it to knock out your debts one by one. Find out your debt-free date with the [Debt Snowball Calculator](#).



Baby Step 3: Save 3–6 Months of Expenses in a Fully Funded Emergency Fund

- You've paid off your debt! Don't slow down now. Take that money you were throwing at your debt and build a fully funded emergency fund that covers 3–6 months of your expenses. This will protect you against life's bigger surprises, like the loss of a job or your car breaking down, without slipping back into debt.





TRIVA QUESTION

- GIVE ME TWO EXAMPLES OF STEP ONE OR STEP TWO





Baby Step 4: Invest 15% of Your Household Income in Retirement

- Now you can shift your focus off debts and what-ifs and start looking up the road. This is where you begin regularly investing 15% of your gross income for retirement. Because if you're still working at 67, it should be because you *want* to, not because you *have* to. An investing pro can help you build a solid strategy.





Baby Step 5: Save for Your Children's College Fund

- By this step, you've paid off all debts (except the house) and started saving for retirement. Next, it's time to save for your children's college expenses (that is, if they pass Algebra II and Chemistry). We recommend 529 college savings plans or ESAs (Education Savings Accounts).





TRIVA QUESTION

- HOW MANY MONTHS OF EMERGENCY FUNDS SHOULD WE HAVE SAVED UP?



Baby Step 6: Pay Off Your Home Early

- Now, bring it all home. Baby Step 6 is the big dog! Your mortgage is the only thing between you and complete freedom from debt. Can you imagine your life with no house payment? Learn how extra money put towards your mortgage can save you tens (or even hundreds) of thousands of dollars in interest with our [Mortgage Payoff Calculator](#).



Baby Step 7: Build Wealth and Give

- You know what people with no debt can do? Anything they want! The last step is the most fun. You can live and give like no one else. Find out your current net worth, then keep building wealth and become outrageously generous, all while leaving an inheritance for your kids and their kids. Now that's what we call leaving a legacy!
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● Net Worth Calculator

- **Assets: \$0**

- **Real Estate**

- Estimate the current value of your house (and other real estate you own).

- **Checking Accounts**

- How much money do you currently have in your checking account(s)?

- **Savings Accounts**

- How much money do you currently have in your savings account(s)?

- **Retirement Accounts**

- How much money do you have in 401(k)s, 403(b)s, IRAs, or other retirement accounts?

- **Cars**

- Estimate the current value of your car (and other vehicles you own).

- **Other Assets**

- Estimate the value of any antiques, jewelry, stocks, bonds, business assets, etc.



Net Worth Calculator

- **Liabilities: \$0**

- **Real Estate Loans**

- What's the total amount you still owe on your mortgage (and other properties you own)?

- **Credit Card Debt**

- How much credit card debt do you owe? Enter the total amount, not monthly payments.

- **Personal Loans**

- Do you have any personal loan debt (i.e. family or friends, payday loans)?

- **Student Loans**

- Do you have student loan debt? Enter the total amount owed, not monthly payments.

- **Car Loans**

- How much do you owe on your vehicle(s)? Enter the total amount owed, not monthly payments.

- **Other Debt**

- List any other debts you owe (i.e. medical bills, business loans, HELOCs).



