

7 Baby Steps to Build Wealth

Credit: Dave Ramsey

Baby Step #1: Starter Emergency Fund

You need to have a small emergency fund of \$1000 to hold you over for the small problems that will arise as you work to be debt free.

Baby Step #2: Debt Snowball

Get consumer debt free (every loan except mortgage) by using the “Debt Snowball” method: pay off smallest debt first then roll those payments to the next largest, and so on.

Baby Step #3: Full Emergency Fund

Build 3-6 months of expenses as your fully funded emergency fund.

Baby Step #4: Invest 15% to Retirement

Now that you are consumer debt free, it is time to put your money to work for you. Invest 15% of your income into your retirement funds for the rest of your working career.

Baby Step #5: Save For Kids College

If you have kids, start saving for your kids college.

Baby Step #6: Pay Off House

Every dollar above #4 and #5 should go to paying off your house.

Baby Step #7: Build Wealth & Give

With the mortgage paid off, you have the financial freedom to invest more and give to charities.

