DAVE RAMSEY'S

7 BABY STEPS

BURGDORF
WEALTH MANAGERS

What are the Dave Ramsey **7 BABY STEPS?**

As SmartVestor Pros, we encourage our clients to follow a proven system for eliminating debt and building wealth: Dave Ramsey's 7 Baby Steps. As we guide you through these seven steps, we'll help you effectively focus your efforts in key areas to make real progress toward your goals for the short, intermediate, and long-term.

1 Save $1,000 to Start an Emergency Fund

The objective of this first step is to swiftly accumulate $1,000 which will serve as an emergency fund. This fund can help safeguard your finances against unforeseeable life events, which can occur more frequently than we'd like. Having these funds on-hand can help you avoid adding to your debt—while trying to eliminate it—in order to cover unplanned expenses.

2 Eliminate Debt Using the Snowball Technique

The goal of his step is to pay off all debt, except your mortgage. This includes car loans, credit cards, student loans, and personal loans, for instance. To begin, you simply make a list of all your debts and order them by their balance. Beginning with the smallest balance, you focus on paying off each debt. As one debt is eliminated, you apply that payment to the next debt. Use the Debt Snowball Calculator to determine your debt-free target date.

3 Build Your Emergency Fund

Congratulations on eliminating your debt! Step 3 is an exciting one. At this stage, you'll redirect the money you were using to pay off your debt to build up your emergency fund. Your goal is to set aside enough in your emergency fund to cover 3-6 months of expenses. This fund can help further protect you from unexpected events and expenses and can help you avoid debt in the future.

4 Allocate a Portion of Your Household Income to Retirement

With debt out of the way and a good safety net in your emergency fund, it's time to start looking and planning ahead by investing 15% of your gross income toward retirement. If you plan to work until age 67, it should because you choose to, not because you need to. A professional investor can assist you in developing a robust investment strategy.

5 Build Your Children's College Education Fund

At this point, you have cleared all your debts except for your mortgage, and you have started investing in your retirement. Now, it's time to start saving for your children's college education expenses. We suggest utilizing 529 college savings plans or ESAs (Education Savings Accounts), but we can help you find the best-fit vehicles and strategies for your goals.

6 Pay off Your Mortgage Ahead of Schedule

Step 6 is where you'll focus on paying off your mortgage to help you become completely debt-free. Making extra payments toward your mortgage in order to pay it off ahead of schedule can save you a substantial amount of money in interest, possibly even in the tens or hundreds of thousands of dollars, depending on your situation. Use this Mortgage Pay-off Calculator to calculate your potential savings.

7 Grow Your Wealth and Begin Giving Back

This final step is the most enjoyable one. You can live comfortably and give generously like never before, even as you continue to build your wealth. Begin by determining your present net worth and then continue to accumulate wealth and give to causes you care about. In this way, you can leave behind, not just an inheritance, but a lasting legacy.

MEET WITH PAT, OUR SMARTVESTOR PRO

Pat Buchana's financial philosophy has always been informed by the teachings of his faith. He believes that biblical principles encompass the essentials of what people need to know to be smart with money. These principles, and the standards and practices of SmartVestor Pros, guide Pat's advisory services today. Leveraging his extensive experience, education and deep care for his clients, he works to guide them toward true financial independence for the life they want.

Working with an advisor that is part of the Smart-Vestor network cannot guarantee investment success or that financial goals will be achieved. There can be no assurance that working with a Dave Ramsey SmartVestor Pro (SVP) will produce or achieve better results than working with an advisor not affiliated with the SmartVestor program. Advisors that participate in this program pay a fee to belong to the program for client leads that are provided. Dave Ramsey and the Dave Ramsey SmartVestor program is not affiliated with Cetera Advisors LLC and is not sponsored or endorsed by Cetera Advisors LLC.

**Investors should consider the investment objectives, risks, charges and expenses associated with municipal fund securities before investing. This information is found in the issuer's official statement and should be read carefully before investing. Investors should also consider whether the investor's or beneficiary's home state offers any state tax or other benefits available only from that state's 529 Plan. Any state-based benefit should be one of many appropriately weighted factors in making an investment decision. The investor should consult their financial or tax advisor before investment in any state's 529 Plan.*