

Key Takeaways

Lesson 1: Baby Step 1 & Budgeting

What You'll Learn in FPU

If you're going to win with money, you need two things: a good offense and a good defense. You have to know how to build wealth *and* keep from losing it!

Lessons 1-4: The Plan

The 7 Baby Steps are the proven plan to win with money. And they work because they get to the root of your money problem: your behavior!



Lessons 5-9: Life on the Plan

These lessons help you protect your money and stay on track with the Baby Steps so you don't ruin your progress!



Zero-Based Budgeting

Income - Expenses = Zero



Remember, a budget is simply a plan for your money.

Baby Step 1: Save \$1,000

Baby Step 1 is to save \$1,000 for your starter emergency fund. Focus all your energy on getting this Baby Step done ASAP! Emergencies *will* happen—but this puts some distance between you and that next flat tire. Later, you'll build up a fully funded emergency fund.

Reasons People Don't Budget

1. They're afraid of what they'll find.

A budget gives you peace of mind and control you never knew you had.

2. They think it's too restrictive.

A budget doesn't limit your freedom—it actually gives you permission to spend.

3. Their spouse isn't on the same page.

When done together, the budget will literally be your same page and remove so much tension from your marriage.

4. They don't know how.

It takes about three months to feel like you're "getting it." Don't let a bumpy start keep you from making a budget every month before it begins.

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Rules for the Budget Committee Meeting

Nerd? Free Spirit? Neither are wrong! But whether you're single or married, knowing how you relate to money makes the budgeting process easier.



FOR THE NERD

1. Create the budget.
2. Thank the Free Spirit for being there!
3. Show the budget to the Free Spirit. Then be quiet.



FOR THE FREE SPIRIT

1. Come to the Budget Committee Meeting.
2. Be realistic and don't use the phrase "whatever you want."
3. Have an opinion and change something.

How to Set Up Your Budget

1. List your income.
2. List your expenses.
 - Start with giving. Then, saving, depending on your Baby Step.
 - Cover your 4 Walls (food, utilities, shelter and transportation).
 - Cover essentials next (debt payments, insurance, childcare, etc.).
 - Add in the extras (aka, fun stuff) last.
3. Subtract your expenses from your income. (This should equal zero!)



Income

Paycheck **\$5,500**



Expenses

Giving **\$350**

Savings **\$450**

Rent **\$1,500**

Utilities **\$350**

Groceries **\$500**

Transportation **\$300**

Insurance **\$500**

Miscellaneous **\$100**

Total **\$4,050**