Budget Guide: Baby Steps 4–7

This guide helps individuals create a monthly budget while following Dave Ramsey's Baby Steps 4–7. These steps focus on building wealth, saving for retirement, paying off the house, and giving generously. Use this outline each month to stay united and intentional with your finances.

1. Prepare for Your Budget Date

• Gather documents: pay stubs, bank statements, investment statements, and last month's spending.

• Set the atmosphere: make it a positive, distraction-free area.

• Pray or reflect— ask to align your focus and purpose.

• Review your "why": remind yourself of your goals (financial peace, retirement security, generosity).

2. Set Income and Giving for the Month

• List all expected income: salaries, bonuses, side jobs, dividends, etc.

• Plan giving first: tithes, charitable donations, and extra giving opportunities.

3. Assign Every Dollar a Job (Zero-Based Budget)

• Apply the EveryDollar principle — income minus expenses equals zero.

• Essential categories include:

- Housing
- Utilities
- Transportation
- Food
- Insurance
- Savings/Investing
- Personal Spending
- Fun Money

4. Prioritize the Baby Steps (4–7)

• Step 4: Invest 15% of household income in retirement accounts (401(k), Roth IRA).

• Step 5: Save for children's college (ESA or 529).

• Step 6: Pay off your home early — decide how much extra to apply to the principal.

• Step 7: Build wealth and give generously — plan long-term giving or legacy goals.

5. Plan for Upcoming Expenses

• Review your calendar for birthdays, holidays, maintenance, and travel.

• Add sinking funds as needed (vacations, gifts, home repairs).

• Prepare for annual expenses like property taxes and insurance premiums.

6. Review Investments and Net Worth

• Track investment growth and account balances.

• Celebrate progress toward financial freedom.

• Reassess goals — update retirement targets or mortgage payoff plans.

7. Dream

• Reflect on what financial freedom allows you to do: travel, give, start a business, etc.

• Set a short-term fun financial goal for motivation.

• Revisit your long-term vision — the ‘why’ behind your money habits.

8. Wrap Up the Meeting

• Finalize the monthly budget.

• Schedule automatic transfers and bill payments.

• Set a mid-month check-in to review progress.