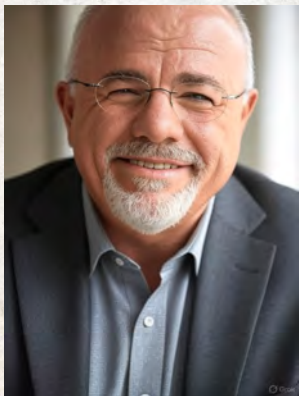


DAVE RAMSEYS' 7 BABY STEPS

HIS STEPS TO FINANCIAL FREEDOM!



"If you will live like no one else, later you can live and give like no one else" is often repeated by Dave Ramsey, the get-out-of-debt guru. He is heard on radio and his podcast advocating for responsible money management.

The premise of this saying is if you sacrifice now and do without (unlike many others), you'll accumulate wealth to a level unlike many others.

Dave has built an enormous enterprise based on giving simple advice. "Advice your grandmother would give you" he often says. His basic premise is if you get out of debt, then your other financial problems get a whole lot easier to solve all of a sudden. He stresses no debt (like...zero!), except for a mortgage. And even that he has strict rules to follow.

Let's take a look at his 7 baby steps and some of my thoughts I have on each.

1) Save \$1,000 for a starter emergency fund:
This initial, small emergency fund is intended to cover minor, unexpected expenses and prevent you from taking on new debt while you work through the other subsequent steps. Not a bad idea except that it needs to be more than \$1,000. That doesn't buy much anymore Dave, I'm sorry to say. Sound financial planning recommends 3-6 months expenses tucked away in safe investments for your use during an emergency fund before anything else. This is his step #3. But yes, you need \$1000 before you have 3-6 months expenses saved.

2) Pay off all debt (except the house) using the debt snowball:
After establishing the starter fund, he says you

list your debts from smallest balance to largest. You then focus all extra money on paying off the smallest debt first, while making minimum payments on the rest. Once the smallest debt is gone, you roll that payment amount into the next smallest debt, gaining momentum as you go. Dave doesn't recommend investing for retirement before this step is completed (his step #4), even if your employer is giving you free money with a match in your 401k. I never recommend turning away free money.

3) Save 3-6 months of expenses in a fully funded emergency fund:

With all non-mortgage debt paid off, Dave says you build a larger emergency fund to prepare for major life events like job loss or medical emergencies. He says the size of the fund depends on your household's income and stability. I would have combined this step into Step #1.

3B) Home down payment savings:

This is the phase where you focus on saving as much as you can for a down payment on a home if that is a goal you have. Dave recommends a conventional mortgage with a 15-year term (or less). This can be extremely challenging for young couples buying their first home, with real estate prices where they are in 2025. I think buying is preferable to renting if you will be in the home for a certain amount of time. And yes, a 15-year mortgage is preferable to a 30-year but it might be too much of a monthly financial burden for many with real estate prices and high interest rates.

4) Invest 15% of your household income in retirement:

Once you have a solid emergency fund, you begin investing 15% of your gross household income into retirement accounts, such as a

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August, the eighth month of the year, is known long, sun-kissed days perfect for beach outings, barbecues, and lazy afternoons by the pool. Temps soar into the 90s, encouraging outdoor activities like hiking, cycling, or attending theme parks. Burning Man and Lollapalooza are also held this month. For families, it's a time to squeeze in any last vacations, creating lasting memories without the rush of peak July crowds. Back-to-school shopping ramps up, blending excitement and nervousness with preparation for the new academic year. Burning Man August also offers a smart window for financial planning: review summer spending, capitalize on end-of-season sales for big-ticket items like outdoor gear, or even early holiday savings to avoid year-end debt. This proactive approach ensures financial stability.

PONCE INLET LIGHTHOUSE

A nice day trip from Central Florida is a visit to the Ponce Inlet Lighthouse at, you guessed it, Ponce Inlet near Daytona Beach.

The Ponce de Leon Inlet Lighthouse began as the Mosquito Inlet Lighthouse with the purchase of ten acres of land on March 21, 1883. The lighthouse was completed in 1887. There was a name change in 1927 to its present day name.

The lighthouse is the tallest in Florida at 175 feet and one of the tallest in The United States. The Cape Hatteras Lighthouse at 207 feet is actually the tallest. You can climb the 203 steps if you dare, for a great view of the beach and the inlet.

The lighthouse is open everyday except for Christmas and Thanksgiving, opening at 10 a.m. and closing at 6 p.m. except during the summer when it closes at 9 p.m. The price is reasonable at \$7. There is a children's playground in the area, you can drive a couple of minutes and be at the beach or you can get a drink and something to eat close by at **Hidden Treasure Rum Bar & Grill** which is right on the inlet. You can see the boats go by and enjoy the day.



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401(k) and Roth IRAs. This step can also be associated with 3B, where you save 15% and anything left over goes to your down payment fund.

5) Save for your children's college fund:

But why do this after you start saving for retirement? Because your kids might not go to college, but you'll definitely retire! Prioritizing your future isn't selfish, it's a necessity. Once your retirement is on track, open a Florida PrePaid Account or 529 college savings fund. And by tapping into grants, scholarships and a savings plan, you and your future graduates won't have to borrow a dime.

6) Pay off your home early:

Dave's enemy is debt. He wants you to pay off all debt ASAP. That includes your mortgage. But if you have an ultra-low interest rate, does it make sense? There's a lot to be said about the peace of mind of paying off your mortgage. But the math often says to invest your money and don't pay off a 2.75% mortgage early.

7) Build wealth and give

After becoming completely debt-free, this final step focuses on building lasting wealth through investments and sharing your resources by giving generously to others. This is the goal. Your money is working for you. Your hard work has put you on track to keep building wealth and be generous to causes that matter to you—all while leaving an inheritance for those you care about. That's a legacy that will last.

Contact me to help plan your family's future and the wishes you want carried out with someone you can trust.

Flashback 50 Years Ago This Month

MOVIES: August 1975

- **The Rocky Horror Picture Show....** The story centers on a young engaged couple whose car breaks down in the rain near a castle, where they search for help. The castle is occupied by strangers in elaborate costumes holding a party. They then meet the head of the house, Dr. Frank-N-Furter, an apparently mad scientist and alien transvestite from the planet Transsexual in the galaxy of Transylvania, who creates a living muscle man named Rocky. Wow!
- **Jaws....** It was actually released in June 1975, but was still a hit in August. Directed by Steven Spielberg stars Roy Scheider as a police chief who, with the help of a marine biologist and a professional shark hunter, hunts a man-eating great white shark that attacks beachgoers at a New England summer resort town. Highest grossing film in history until *Star Wars*.

MUSIC

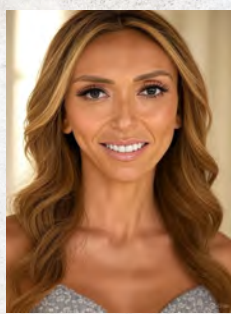
Billboard Hot 100: August 1975!!

- **Rhinestone Cowboy (Glen Campbell)**
- **Love Will Keep Us Together (The Captain & Tennille)**



NEWS/SPORTS/CELEBRITY

- South African actress Charlize Theron (*Mad Max*, *The Cider House Rules*, *Monster*), born in Benoni, Transvaal, South Africa
- Casey Affleck (*Manchester by the Sea*; *The Assassination of Jesse James by the Coward Robert Ford*), born in Falmouth, Mass. He is Ben Affleck's brother.
- Giuliana Rancic, Italian-born American television personality (*E! News*), born in Naples, Italy.
- Louisiana Superdome football stadium is dedicated in New Orleans, Louisiana
- MLB Baltimore Orioles manager Earl Weaver is ejected from both games of a home doubleheader against the Texas Rangers
- Rick and Paul Reuschel become the first brothers to pitch a combined shutout
- Communists take over Laos

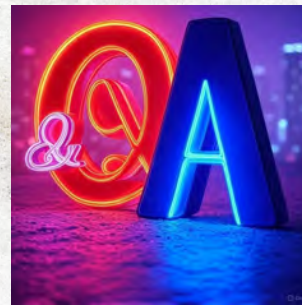


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Questions? Call Alexis' cell 407-729-8516



Q: Are Municipal Bonds a good investment?

Municipal Bonds, also known colloquially as "Munis" are appealing because most offer tax-exempt income. They are issued by state and local governments for a public purpose. Think roads and public utilities. They are best suited for high-income earners in heavily taxed states. The negatives is their yield is usually lower than taxable bonds. Of course like other bonds, they are sensitive to changes in interest rates.

Q: How can I reduce my exposure to Capital Gains Taxes when I sell a stock.

Great question. We all know taxes are a part of life. However, you can be strategic to a certain extent by being proactive and taking certain steps. Here are a few ideas:

- Make sure you hold your stocks for at least a year before you sell them. If you do, they are taxed at the long term capital gains rate (0%, 15% or 20% for high earners) which is more favorable for most people than the ordinary income tax rate which is what you would pay if you hold for less than a year.
- Offset your gains by selling stocks that are down for a loss. The loss will offset the gain. Plus you may not want to hold on to a stock if it has been down and you think the chances of it turning around are slim.
- Give stocks to charity. If you are charitably inclined. A gift to charity of appreciated stocks if more tax advantageous than just giving cash.

Idiom Of The Month

" P I P E D R E A M "



When someone mentions something far fetched that they hope happens, or a plan that has little chance of succeeding, it can be referred to as a pipe dream.

I was curious about the origins of the word.

It seems the origins come from the hallucinations or "dreams" that are

the results from smoking an opium pipe.

In the late 1800s, as opium dens became more common in American cities like Chicago, the term "pipe dream" emerged to describe the fanciful hallucinations experienced by those smoking the drug. The "pipe" in question was an opium pipe.

The *Chicago Daily Tribune* began using the term in the 1890s in a more general sense. It became a label for an unbelievable story, separating it from hard facts.

One of the earliest documented uses of the figurative phrase appeared in the *Tribune* in December 1890.

The newspaper dismissed the idea of flying as a "pipe-dream for a good many years," an ambition that was considered far-fetched at the time but would eventually become a reality with the Wright brothers' first flight.

Today, the phrase has largely dropped its connection to drug use and is used to describe any unrealistic hope that is regarded as nearly impossible to achieve.

FINANCIAL TRIVIA

1. How much of the world's currency is in cash, as opposed to electronic form?? 5%, 8%, 37% or 50%
2. Why is green ink used to print US bills?
3. In 2010, the first Bitcoin transaction was made to pay for what? A) Pizza B) A stock trade C) A car D) Gold
4. Why are there grooves on the edge of US quarters and dimes?
5. True or False: Money can be ironed to make it crisp.
6. True or False: A household toilet is dirtier than money.
7. How many times can a US banknote be folded before it rips? A) 50 B) 100 C) 2000 D) 4000
8. What does "HSA" stand for?
9. Why are people advised to track their monthly spending?
10. Why are people advised to save in a 401K or IRA?
11. What is it called when you have money set aside for life's unexpected expenses?
12. How much cash should you have in an emergency fund?

Answers:

1. 8% 2. It's nearly impossible to counterfeit. 3. Two pizzas 4. To prevent people from shaving them down and selling them as precious metals. 5. True 6. False: Money is dirtier than a household toilet! 7. D 8. Health Savings Account. It's a tax-advantaged savings account that you can use for qualified medical expenses. 9. Tracking your spending helps you see where your money is going. You become aware of your spending habits. 10. These investment vehicles allow you tax advantages (either you don't pay taxes on the money going in or in the case of a Roth, going out) that make them smart for your long-term investing. 11. An emergency fund. 12. 3-6 months (or more or less depending on your life situation)