**[The Baby Steps: Seven Ways to Win With Money](http://blog.smartdollar.com/blog/2015/5/20/the-baby-steps-seven-ways-to-win-with-money)**

You make decent money. So why does it feel like your paycheck slips through your fingers month after month, year after year?

At best, you have a vague sense that you’re “doing okay.” At worst, you’re drowning in debts and fighting off bill collectors. Either way, the Baby Steps can help.

These seven money markers provide a clear path to follow as you pay off credit cards, fund your retirement, and **build the kind of wealth you only dreamed possible**.

As you complete each step, you’ll become increasingly confident and motivated to move forward. Wouldn’t it be nice to finally take control over your income instead of wondering where it all went?

Here’s a quick introduction to the seven Baby Steps.

**Baby Step 1: $1,000 Starter Emergency Fund**

An emergency fund is for all those life events you can’t plan for, like the loss of a job, a medical issue or a faulty car transmission. It’s not a question of *if* these events will happen—it’s a matter of *when*! This foundational step is vital for staying on track with getting out of debt and building wealth.

*Related:* [*3 Questions to Ask Before Using Your Emergency Fund*](http://blog.smartdollar.com/blog/2015/4/23/3-questions-to-ask-before-using-your-emergency-fund)

**Baby Step 2: The Debt Snowball**

List your debts (excluding your mortgage) in order from smallest to largest. You’re not concerned with interest rates or terms right now—you’re concerned with paying off debts quickly. Getting rid of smaller amounts first will give you some quick, momentum-boosting wins as you move on to larger loans.

**Baby Step 3: Fully Funded Emergency Fund**

This stash of money is not an investment—it’s a buffer between you and life. The fully funded emergency fund should be the amount of money you need to live for three to six months if you lost your income.

**Baby Step 4: Invest 15% of Household Income Into Roth IRAs and Tax-Advantaged Retirement**

Now is the time to watch your money grow. Once you've worked hard to pay off debt and save like crazy, you get to start investing for retirement. Review your 401(k) and Roth IRA options and choose the one that is right for you.

*Related:* [*4 Ways You May Be Sabotaging Your Retirement*](http://blog.smartdollar.com/blog/2015/5/18/4-ways-you-may-be-sabotaging-your-retirement)

**Baby Step 5: College Funding for Children**

College isn’t getting any cheaper. So if you’re able to, start saving for your children now. (You can also encourage your kids to get good grades, a part-time job and scholarships.) **Remember to start saving 15% for retirement *before* you start saving for your child's college.**

*Related:* [*5 Ways Parents Like You Cash-Flow College*](http://blog.smartdollar.com/blog/2015/4/23/5-ways-parents-like-you-cash-flow-college-without-sacrificing-retirement)

**Baby Step 6: Pay Off Your House Early**

Yes, it is possible to own your own home outright! Imagine walking through your home knowing that everything you touch is yours, not the bank’s! How cool will it be when you can use your hard-earned money for investing, spending and giving. . . instead of mortgage payments?

**Baby Step 7: Build Wealth and Give**

It’s time to build wealth, leave an inheritance for future generations, and give to others with your excess. This final Baby Step is the most fun! Your goal here is not to become a money hoarder; it’s to live and give like never before. You’ve earned it!

This isn’t some pie-in-the-sky dream. The Baby Steps have worked for millions of families across America, and they’ll work for you too. The key is to start small and stick with them over time.

It’s amazing what a proven plan can do for your paycheck!

*In order to get started on the Baby Steps, you need to make a budget. It’s easier than you think!* [*Learn How*](http://blog.smartdollar.com/blog/2015/5/14/the-simple-way-to-make-a-budget).