



“

A budget gives you  
**PERMISSION** to spend.

— RACHEL CRUZE

”



LESSON 1

# BABY STEP 1 & BUDGETING

## KEY POINTS

- ✓ The 7 Baby Steps focus on changing your behavior toward money through a proven, step-by-step plan.
- ✓ Baby Step 1 is saving \$1,000 for your starter emergency fund.
- ✓ A zero-based budget is the tool that helps you take control of your money.

# BABY STEP



## Save \$1,000 for Your Starter Emergency Fund

Your first goal is to save \$1,000 for your starter emergency fund as fast as you possibly can. You have to make saving a priority. Focus all of your energy on getting this Baby Step done—fast! An emergency is going to happen, so you have to be ready when it hits. We're talking no credit cards, but real cash in the bank to cover it.



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## LESSON 1 //

### BABY STEP 1



GUIDE  
Dave Ramsey



GUIDE  
Rachel Cruze

### BABY STEP 1

Save \_\_\_\_\_ for your starter emergency fund.

If you will live like no one else now, later you can live  
and \_\_\_\_\_ like no one else.



**No *discipline* seems pleasant  
at the time, but painful. Later on,  
however, it produces a *harvest* of  
righteousness and peace for those  
who have been trained by it.**

— HEBREWS 12:11 (NIV)

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### BUDGETING

A budget is simply a \_\_\_\_\_ for your money.

A zero-based budget means that your income minus your  
expenses equals \_\_\_\_\_.

The \_\_\_\_\_ feels controlled by the  
budget.

The \_\_\_\_\_ enjoys doing the budget.

#### ANSWER KEY

\$1,000  
Give  
Plan  
Zero  
Free Spirit  
Nerd



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## LESSON 1 //

### BUDGETING

In the Budget Committee \_\_\_\_\_, you'll meet with your spouse to review next month's budget.

The budget gives you \_\_\_\_\_ you never knew you had.



**Suppose one of you wants to build a tower. Won't you first sit down and estimate the *cost* to see if you have enough money to *complete* it?**

— LUKE 14:28 (NIV)

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#### NOTES

#### ANSWER KEY

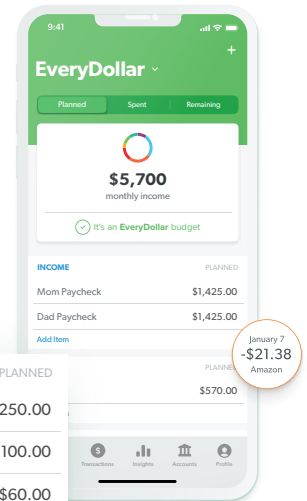
Meeting  
Control

## LESSON 1 //

### BUDGETING

### BUDGET WITH **EVERYDOLLAR**

Ready to take control of your money and start making progress toward your Baby Step goal? In the Action Steps, you'll create your own zero-based budget with the premium version of EveryDollar! Great news—you get this free as part of your Ramsey+ membership!



HOUSING		PLANNED
Mortgage/Rent		\$1,250.00
Electric		\$100.00
Water		\$60.00
Natural Gas		\$30.00
Add Item		

You'll have a one-Minute Takeaway at the end of every lesson! Wait here until the video ends.



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## WHAT TO DO:

Take this fun quiz to figure out if you're more of a Nerd or a Free Spirit! If you're married, this will help you identify your role in the Budget Committee Meeting. If you're single, this will help you determine your strengths in creating your budget, and where you'll need some accountability.

# NERD & *Free Spirit* QUIZ

## PERSON 1

A B

## PICK THE ONE THAT SOUNDS MOST LIKE YOU

## PERSON 2

A B



A: You're prepared for Tax Day months in advance.  
B: Tax Day? That's in October, right?



A: Rules are important and should always be followed.  
B: Rules are more like suggestions.



A: You are always on time. Always.  
B: You show up "on time," give or take 15 minutes.



A: You make a plan for each day of your vacation.  
B: Vacations are more fun with no schedule.



A: You read the introductions of books.  
They're in there for a reason!  
B: You skip introductions—only chapters count.



A: Your life's motto: "A place for everything  
and everything in its place."  
B: You live by the phrase, "It'll all work out!"



A: You organize your shirts by color. Doesn't everyone?  
B: You're doing good just to get your shirts off the floor.



A: You can't wait to create your EveryDollar budget!  
B: You're considering faking an illness for the  
Budget Committee Meeting.


☐ ☐  
A B

← TOTAL YOUR SCORES AND  
CIRCLE THE HIGHEST ONE →

☐ ☐  
A B



## IF YOU HAD A HIGH SCORE OF: **A**

SCORE

### **4–5: NERD-ISH**

You have a pretty good idea of how much money is in your account.

### **6–7: NERD**

Budgets are for awesome people.

### **8: ULTRA NERD**

You canceled your plans with friends so you could start drafting next month's budget.

## IF YOU HAD A HIGH SCORE OF: **B**

SCORE

### **4–5: FREE SPIRIT-ISH**

You've got a budget somewhere. You could find it if you needed to.

### **6–7: FREE SPIRIT**

Budgets are for boring people.

### **8: ULTRA FREE SPIRIT**

Budgets are like putting on a straitjacket. Why would you ever do that to yourself?

## OFFICIAL RULES OF THE **BUDGET COMMITTEE** MEETING



### **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.

**WHAT TO DO:**

Fill out your estimated monthly expenses for the following categories. Then add up the total for all categories.

# SEE WHAT YOU'RE Spending

Now that you know whether you're more of a Nerd or a Free Spirit, it's time to take the first step into budgeting. Don't panic—this first step is simple!

## THE BUDGET IS YOUR MAP FOR THE MONTH

Rachel taught you how to create a zero-based budget with EveryDollar. But to get to where you want to go, you have to know where you are.

It's just like driving: If you don't know your starting point, it's impossible to get to your destination! That's why you do a **Quick-Start Budget**.

## IT'S TIME TO FILL OUT THE QUICK-START BUDGET

This activity is a simple way to put pen to paper and get you thinking about how much you're currently spending in each category, each month. You'll notice there are a few categories missing, like income and debt. That's okay! Remember, this is just your starting point.

*Free Spirits,*

*make sure there's fun in the budget!*



### STEP 1

Write down what you're spending for the month in each item of each category. If you don't know exact numbers, just make your best guess!

*Nerds,*

*this is where you get to work with numbers!*



### STEP 2

Add up each item in each category and write the TOTAL at the bottom.



### STEP 3

Add up the numbers in all of the TOTAL boxes and write that number in the TOTAL FOR ALL CATEGORIES box.

## YOUR QUICK-START BUDGET

Follow Steps 1–3 on the previous page to list and add up your monthly expenses.

### ♥ GIVING

Planned

Church \$

Charity \$

**TOTAL** \$

### 🚗 TRANSPORTATION

Planned

Auto Insurance \$

Gas \$

Maintenance \$

**TOTAL** \$

### 🍴 FOOD

Planned

Groceries \$

Restaurants \$

**TOTAL** \$

### 🏠 HOUSING

Planned

Mortgage/Rent \$

Utilities \$

**TOTAL** \$

### 👕 PERSONAL

Planned

Clothing \$

Phone \$

Fun Money \$

Gifts \$

**TOTAL** \$

**TOTAL FOR ALL CATEGORIES** \$

Remember, this total does not include every category that will be in your monthly budget—just a few of the big ones!

*Great Start!*

You've taken the first step to creating your monthly budget. In the Action Steps, you'll **create a zero-based budget with EveryDollar**—just like Rachel showed you!



# DISCUSSION

**This is where change happens**—in a safe space where you can talk about real life. This is where you *start* connecting with other people and *stop* believing you're in this alone. Whether you're taking this class online or in person, be honest with your answers and remember to encourage one another!



Think about a time when an emergency stressed you out. How would a starter emergency fund have made that a *stress-free* emergency?



What are some categories that you think might bust your budget? What can you do to keep those categories under control?



Cashing out your budget can help you stay ahead of problem categories. Which categories could you use cash for to help you stick to your budget?



Based on your results from the Nerd & Free Spirit Quiz, what strengths can you bring to the Budget Committee Meeting?

# ACTION STEPS

**Personal finance is 80% behavior. It's only 20% head knowledge.** So, it's time to live out what you just learned! Complete each of the Action Steps before the next lesson. (If you're married, do this with your spouse.) You got this!



## SET UP YOUR RAMSEY+ MEMBERSHIP

Your **Ramsey+** membership is the one-stop shop for everything you need to win with money—tools, education, custom recommendations, financial coaching and more! Be sure to answer every question that pops up in your membership—your answers help us personalize your plan and give you a great picture of where you stand today.



## CREATE A BUDGET WITH EVERYDOLLAR

Your Quick-Start Budget was a great way to get the hang of budgeting. Now you'll create a zero-based budget with **EveryDollar**. Married couples, don't forget the Budget Committee Meeting. And singles, show your budget to your accountability partner. If you need extra guidance, watch the budgeting videos in your membership!



## SAVE MONEY IN BABY STEP 1

It's time to draw a line in the sand! If you're on Baby Step 1, see how much money you can save in just one week and then track your savings progress in **Ramsey+**. If you've already got your \$1,000, well done! Move on to the next Action Step.



## COMPLETE YOUR FINANCIAL SNAPSHOT

If you're in a class, fill out the Financial Snapshot card found in this lesson and turn it in to your coordinator at the start of Lesson 2.



## READ "THE POWERFUL ZERO-BASED BUDGET" ON THE NEXT PAGE

Want a quick refresher on how to easily make a zero-based budget with **EveryDollar**? Read on!

# THE *Powerful* ZERO-BASED BUDGET

Whether you're on Baby Step 1 or 7, you need a budget. It's your map for every month. And it puts you in control of your money.

Want to pay off debt? *You need a budget.* Want to build your emergency fund? *You need a budget.* Already investing? You're not off the hook—you *still need a budget.* And not just any budget—that's right, a zero-based budget.

**A zero-based budget simply means your income minus your expenses equals zero.** One more time: Your income minus *everything else* equals zero. That means you give every dollar a job to do—every month. *Hint: That's why we named our tool EveryDollar.* Make a plan on purpose for every dollar, every month!

- 1 START WITH YOUR INCOME**
- 2 LIST ALL YOUR EXPENSES**
- 3 SUBTRACT EXPENSES FROM INCOME**
- 4 TRACK YOUR EXPENSES**
- 5 BE FLEXIBLE!**



# HOW TO DO A MONTHLY BUDGET

## 1 START WITH YOUR INCOME

Write down all the income you expect for the month.

### INCOME

Paycheck \$3,500

## 2 LIST ALL YOUR EXPENSES



This is *everything* going out this month, from giving to groceries to miscellaneous!

### EXPENSES

Giving	<span>\$350</span>
Saving	<span>\$450</span>
Rent	<span>\$875</span>
Utilities	<span>\$350</span>
Groceries/Restaurants	<span>\$525</span>
Transportation	<span>\$350</span>
Insurance	<span>\$500</span>
Miscellaneous	<span>\$100</span>

## 3 SUBTRACT EXPENSES FROM INCOME

If your income minus your expenses equals zero, you did it! You've just made a zero-based budget. If it doesn't, you've got some work to do! Adjust some categories and get to zero.

	INCOME	
–		EXPENSES
<hr/>		
=	<span>\$0</span>	

## 4 TRACK YOUR EXPENSES

Track your expenses every day during the month to make sure you're sticking to your budget. If you're overspending, make adjustments in your categories and then learn to say no!

## 5 BE FLEXIBLE!

Planning for payments shows you just how much debt steals your income! Let's say you have a car payment of \$325 and a student loan payment of \$150. You need to include those debts in your budget and adjust other categories to account for those expenses. Remember, your income minus *everything else* has to equal zero.

### DEBTS

Car Payment	<span>\$325</span>
Student Loan	<span>\$150</span>

### EXPENSES

Saving	<span>\$200</span>
Groceries/Restaurants	<span>\$300</span>

Updated Totals

# BABY STEP

As soon as you get \$1,000 in the bank, come back to this page and mark the date you officially knocked out Baby Step 1!

 **GOAL**

**\$1,000**

 **DATE COMPLETED**

\_\_\_\_\_  
MONTH


\_\_\_\_\_  
DAY

\_\_\_\_\_  
YEAR



*This is the*  
**EASIEST**  
*and the*  
**HARDEST**  
**STEP**





“  
Your income is your  
most **POWERFUL**  
wealth-building **TOOL.**

— DAVE RAMSEY

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