**Steps to Financial Independence**

1. Life insurance
   1. Term life
      1. This is only needed if you have dependents
      2. How much? Enough to pay off all your personal debt + plus 4 years of your family’s living expenses.
2. General Insurance
   1. Health – have at least a catastrophic plan that covers you and your family in the even there is a major medical problem. Your emergency fund should be enough to at least pay the deductible.
   2. Auto – Set your deductible as high as possible and be sure to have your liability limits higher than your net worth. That will help prevent people from suing you instead of the insurance company, in case there’s an accident.
   3. Home -
   4. Liability
3. Thrift
   1. Sell your junk
   2. Can’t sell it? Donate it for a tax receipt!
   3. Money freeze
   4. Only buy necessities
4. Emergency Fund
   1. Start with $2,000
   2. 3-12 months worth of living expenses
      1. How many family members contribute to the living expenses?
      2. How secure is your job? More specifically what field is it in?
      3. How much education do you have?
      4. What is your race?
      5. What are your deductibles? Change your insurance to high deductible?
5. Debt
   1. Credit cards (debt snowball)
      1. Start from smallest balance to highest, not highest interest rate to lowest
   2. Car
   3. Student loan
   4. Home
6. Retirement
   1. Employee sponsored plan
   2. IRA
   3. Govt sponsored plans
   4. Real estate
7. College Savings
   1. Prepaid college plans
   2. Coverdale Plan
8. Financial Independence
   1. Are your cash flow requirements covered for perpetuity?
   2. Recommended withdrawal rate of 4%.
   3. Take on a part-time job
9. Philanthropy
   1. Donate time
   2. Donate expertise
   3. Donate assets
   4. Donate money