

Dave Ramsey — Core Principles Cheat Sheet

Get control, kill debt, build stability

Core Belief

Personal finance is 80% behavior, 20% math.

If you win your habits, the numbers follow.

The Baby Steps (The Backbone)

Baby Step 1: \$1,000 Emergency Fund

- Starter buffer
 - Stops panic decisions
 - Not for comfort—just protection
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Baby Step 2: Debt Snowball

- Pay off all non-mortgage debt
- Smallest balance → largest
- Ignore interest rates

Momentum > math.

Baby Step 3: 3–6 Months Emergency Fund

- Full protection
- True peace of mind
- No debt = faster savings

Baby Step 4: Invest 15% for Retirement

- Consistently
- Long-term
- No shortcuts

Baby Step 5: College Funding

- If applicable
- Cash-flow when possible

Baby Step 6: Pay Off the Home Early

- Eliminates biggest monthly stress
- Increases cash flow

Baby Step 7: Build Wealth & Give

- Wealth with purpose
- Generosity completes the plan

Zero-Based Budget

Every dollar has a job.

Income – expenses = 0

(You decide where money goes before it disappears.)

Debt Is the Enemy

Ramsey's stance:

- Debt steals freedom
- Debt increases stress
- Debt reduces options

Especially dangerous for:

- Commission earners
 - Entrepreneurs
 - Volatile income
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Cash Is King

- Cash reduces risk
- Cash buys flexibility
- Cash prevents regret

If you can't buy it in cash—you can't afford it.

Live Like No One Else

- Sacrifice early
- Ignore appearances
- Delay lifestyle upgrades

So later you can live—and give—like no one else.

Criticisms (Worth Knowing)

- Overly conservative
- Ignores leverage benefits
- Not optimized for high-growth entrepreneurs

But: unbeatable for stability and behavior change.

Sales Leader / Entrepreneur Angle

- Use commissions to kill debt first
 - Build large cash buffers
 - Avoid lifestyle creep during big months
 - Stability first → scale second
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Decision Filters

Ask:

1. Does this add debt?
 2. Does this increase stress?
 3. Does this move me closer to stability?
 4. Would I do this with cash?
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The Real Goal

**Peace, margin, and control—
before growth, leverage, or speed.**
