



## The Lesson Plan for Your Money Flow

Have you received an unexpected cash boost—like a tax refund, a raise, a salary step increase, extra duty pay, an inheritance, or a one-time bonus—and aren't sure how to handle the funds beyond your regular monthly expenses?

Are you feeling "Pension Tension"--- that nagging worry that your state retirement plan might not be quite enough. It's time to apply a little logic to your loot.

We've given the **Financial Order of Operations** (FOO) an educator-friendly makeover so that you can assign every "extra" dollar a job, rather than wonder where it went.

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"If it can be solved with money it is not a problem, it's an expense."

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### What to do with your next dollar?

#### The Educators FOO: **Clear Plan. Smart Flow. Financial Fitness.**

- 1. Mini Emergency Fund: Fund \$2,000** in a high-yield savings account ([HYSA](#)) to prepare for life's inevitable financial hiccups, e.g. visit to the ER, refrigerator goes out, or unexpected car repair.
- 2. Take the Free Lunch: The Employer Match.** If you receive an employer match, typically in a 401(k), take the free money! Contribute just enough to get the match (e.g. 3% of salary). Most educators do not have this option, but their spouse may.
- 3. Eliminate High Interest Debt (>6%).** Pay off credit card balances, personal loans, and other high interest debt aggressively. Consult an advisor on [Public Student Loan Forgiveness](#) before paying off this debt.
- 4. Educator Emergency Fund Fully fund your Emergency Fund** to cover your highest deductible plus 3 months of living expenses. It's your safety net if you ever need to find a new career, move, or experience a major health challenge.
- 5. Invest for Your Future Increase/Start contributions to your retirement accounts** (e.g. 403b, 457b, 401k, IRA). **Roth** versions of the above are the "Extra Credit" of investing— your future self pays no taxes on the withdrawals! **Compound interest:** put your money to work while you sleep. Enjoy your rich life today!
- 6. Level up Your Compounding Save/Invest 10-20%** of your income. Raise savings rate 1% of salary each year. Begin/build up your taxable investment accounts. Diversify asset "location" (pre-tax, after-tax, taxable).
- 7. Sinking Funds/College Savings:** Fund 529 Plans for the kids; create "sinking funds" for future purchases in a HYSA. Note: you can borrow for college, you cannot borrow for your retirement.
- 8. 100% Debt Free!** Mortgage Mastery. Pay down that low-interest mortgage in your final stages of creating the calming peace of a debt-free future.



### Aggregation of Marginal Gains

Improve your financial fitness by just 1% weekly using *Power Moves* to compound intentional, often automated behaviors. This can help to reduce financial stress and create space for better teaching and better living! Need help? Support is available through the [Take10™ for Financial Fitness](#).