Short Form

Baby Steps: Don't start investing prior to completing baby step #3.
1. $1,000 to start an emergency fund
2. Pay off all debt using the debt snowball
3. Three to six months of expenses in savings
4. Invest 15 percent of household income into Roth IRAs and pre-tax retirement
5. College funding for children
6. Pay off home early
7. Build wealth and give! Continue to invest in mutual funds and real estate.

Investing For Those Just Getting Started:
1. Be sure you have completed the first three baby steps.
2. Begin by doing pre-tax investing in (401k, 403b, TSP, Traditional IRA) and tax free savings (Roth IRA, Roth 401K)

NOTE: If you receive a match in your (401k, 403b, TSP), invest here first up to the match. Then, fully fund a Roth IRA for you and your spouse if married. Then, come back to the (401k, 403b, TSP).

Mutual Funds:
25% into each of these four types of funds:
- Growth
- Growth & Income
- Aggressive Growth
- International

A shares (front end load); funds that are at least 5 years old or older; solid track record of acceptable returns within fund category.
*If risk tolerance is low, put less than 25% in aggressive growth or consider adding a "Balanced" fund to the four types of funds Dave suggests.

Single Stocks:
Dave owns no single stocks and does not suggest single stocks as part of your investment plan.

Certificates of Deposit: (CDs)
Dave suggests using CDs only for savings (for a purchase, taxes if you own a business, etc.); not for long term investing. When using CDs, be aware of fine print for early withdrawals.

Bonds:
Dave owns no bonds and does not suggest them as part of your investment plan.

Fixed Annuities:
Dave owns no fixed annuities and does not suggest them as part of your investment plan.

Variable Annuities:
Dave suggests variable annuities *as an option* for investing only when on baby step 7. Never use a variable annuity for an IRA, 401k or 403b rollover. Be aware of all fees, time commitments when using variable annuities.

Investing For College:
Dave suggests investing the first $2,000 per year in an Education Savings Account, aka ESA, aka Coverdell Savings Account. For investing more than this amount or if your income exceeds $200,000 annually, choose a 529 plan. NOTE: 529 plans vary greatly; some are good, some are bad.