Seven steps to financial independence

You can do it

Financial independence is about not having to rely on other people (such as one's parents) or lending institutions (such as banks, savings and loans or credit unions) for financial security. Financial independence is more achievable when you follow the seven steps outlined below.

1. **Bring debt under control.** Excessive debt can be a serious roadblock to financial independence. If you're looking to pay off multiple debts that are each charging a different interest rate, you should start by paying extra each month toward the debt on which you're paying the highest rate. Once you've paid off that debt, start paying extra toward your remaining debt with the highest rate … and so on.

2. **Live within your means.** Spending less than you earn is essential to becoming financially independent. Overspending is easy to do, especially with online shopping and credit cards luring you into impulse buying. A household budget can help. You can set up a budget with the help of the Home Budget calculator on your EY Navigate™ website or app.

3. **Pay yourself first.** Make saving a habit by putting part of each paycheck into savings before you've had the chance to spend the money. You can do this by contributing to your 401(k), 403(b) or 457 workplace retirement plan through automatic payroll deductions. You can also sign up for automatic monthly transfers from your bank or credit union account to an IRA or other savings account.

4. **Save for a rainy day.** Start building an emergency fund if you don't already have enough money set aside to manage a financial emergency. If you ever run into a situation like high medical bills, a job loss or the need to make costly repairs to your home or car, an emergency fund can keep you from having to pile on debt just to stay financially afloat.

5. **Take advantage of your employer-sponsored retirement savings plan.** You can get major tax advantages while saving for retirement by contributing to your retirement savings plan. Your pre-tax contributions to the plan not only reduce your taxable income for the current year, but investment earnings on your plan account are tax-deferred until distribution.

6. **Be properly insured.** When the unexpected happens, insurance can be a financial lifeline. Make sure you have the right kinds and levels of insurance to protect your earnings, your home (or at least its contents), your vehicles and your health.

7. **Get help from a professional.** For one-on-one, personalized and confidential guidance on achieving financial independence, contact a financial planner on the EY Navigate Planner Line.

Use EY Navigate to access tools, calculators and other resources to help you manage your finances.

Pension Boards-United Church of Christ provides access to **free financial planning** through Ernst & Young LLP (EY). Set up time to speak with a planner today.

- Call **+1 877 927 1047** 9:00 a.m.–8:00 p.m. ET
- Log into **pbucc.eynavigate.com**

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