

Net/Max Plan for Federal Employees v.2024

***Building Wealth while Maximizing Federal Benefits.** [TheNeighborhoodFinanceGuy.Com](https://www.TheNeighborhoodFinanceGuy.Com)

1. **Know your [Net Worth](#).** Assess your issues and understand your numbers.
Free Financial Apps like [PERSONAL CAPITAL](#).
Review your annual FERS Benefits Statement and Social Security Statement from [SSA.gov](#)
2. Develop a **Personal Budget**. Engage in a Discipline and Balanced Lifestyle. Connect to what makes you happy. Key points: Automation, Stress reduction, and [Planning](#).
3. Save \$5k in a **Starter Emergency Savings Fund** (Bank Savings at 0.01% are not Bueno ☹️) **Inflation warning +4% annually, quickly erodes cash in a savings account.**
4. **Find and Cultivate Healthy Hobbies** that improves 1. Mental, 2. Spiritual, 3. Physical, and/or 4. Social Health. *2-3 in combination can develop into an effective side hustle.
5. Focus on paying down **Consumer Debts** using the [Debt Blizzard](#) approach.
 - a. Credit Card (CC) debt is the 1st to go. CCs tend to range avg. 22.90%+ interest rate.
Understand the interest fee drain. Pay down credit consistently for 3+ months. Avoid hard inquiries. Call to request credit limit increases and/or Lower variable rates. (**2nd Personal Loans**)
 - b. Student loans can be paid off normally (avg. interest rates are 6% or less). Desperate refinancing adds time and fees. Research repayment programs like the [PSLF](#). Earn up to \$2.5k in student loan interest tax credit annually. Credit phases out if modified AGI is greater than \$73k.
6. **[Match your TSP \(~Federal 401k\) investments at least.](#)** Start with 5% and increase your saving rate over time. Contribution limit for 2024 is \$23k per year (plus 5% matching). Your persistent contributions grow over time and lower your taxable income. **Subject to IRS's annual 401k limit Changes.**
7. Add up to \$4.15k into a **Health Savings Account (HSA)** in 2024. HSA contributions Lower your FICA taxes, provide a Premium Kick Back, and are great for Medical/Dental expenses in the short/long run. Some HSAs offer internal brokerage investing opportunities. "[Triple Tax Advantage](#)"
8. Add up to \$7k (\$8k over 50) in **Traditional/ROTH IRA** *Phase out starting at AGI of \$73k but less than \$83k. When the ROTH IRA phases out, use the "[Backdoor Conversion](#)".
 - a. Utilize ***Kick/Flip Tax Accelerated Avoidance Method**. Maximize your estimated tax return and reinvest it into the prior year's contributions for the IRA and/or HSA.
9. Buy a **Condo**. **No more than 28% of your take home should go to your housing expenses.** Buy 2/2 and rent the second room (***House Hack**). Housing Cost is the *Make or Break* point.
10. Place 3x monthly expenses in **High Interest Savings Account (adjust annually)**.
11. Invest in **Stocks, Index ETFs**. *Diversify your Portfolio. Buy in bulk. Avoid excess fees.
12. **Save for your Children's** college education using tax-favored plans.
Consider an investment property near a college town. Short/Long term income.
13. Pay off **investment property**. Use excess to [pay off original home's mortgage](#).
Consider equity loan on investment property, buy 2nd investment property (All Cash). Make double debt payments. Repeat. Make triple debt payments. Etc...
14. **Pay down Student loans (*Augmented Debt Pay down)**.
15. **Build Wealth** through multiple streams – write a blog, do vlog, or try public speaking.
16. **Enjoy the process.** You will be able travel, relax, see concerts, spend time with family, and etc...