

VILLAIRE FINANCIAL

THE PATH TO
**FINANCIAL
FREEDOM**

*A straightforward guide to budgeting, debt,
and investing for young professionals*

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Introduction

Navigating personal finances can feel overwhelming when you're just starting your career. The unfortunate reality is that personal finances are not taught in the classrooms, not always modeled well at home growing up, and there are a million voices shouting conflicting pieces of "financial advice." This brief guide aims to change all of that. It is built on core financial planning concepts and backed by behavioral finance insights, all tailored to young professionals.

If you spend just 20 minutes reading this guide, you'll be equipped with the tools to understand where you stand financially, get organized, and build systems that actually work to achieve your financial goals.

This guide is designed for you if you want to:

- Enjoy freedom and flexibility with your money
- Feel confident knowing you are "on track" with your finances
- Understand where your money is going
- Build up your savings to a comfortable level
- Pay off student loans or credit cards
- Begin investing, even if it's just a little
- Save for goals like a house, travel, or starting a business

This guide is a culmination of the lessons and wisdom I have gained by working with hundreds of young professionals to help them build wealth, eliminate debt, and gain control of their finances. Let's dive in.

Your Relationship with Money

How Your Beliefs Shape Your Financial Behavior

The way we think and feel about money is deeply influenced by our upbringing, cultural background, social spheres, career, and key life experiences. From a young age, we develop attitudes and assumptions about money from parents, teachers, peers, and even the media. These beliefs become internalized and can show up in the way we make financial decisions, often without us realizing it. These deep-seated beliefs about money are what psychologists call *money scripts*. While some of these beliefs may be helpful, many of them are limiting and can prevent us from taking objective and data-driven financial action.

For example, you might unconsciously believe:

- “I need to earn at least six figures per year to be successful”
- “I’ll start saving for retirement when I make more”
- “Budgeting is restrictive”

These kinds of thoughts create psychological roadblocks. They can lead to poor financial decisions, misordering of financial priorities, suboptimal allocation of funds, and a general sense of financial confusion. The good news is that, like habits, these money scripts can be rewired through awareness, education, and intentional formation.

Try replacing those old beliefs with something more positive:

- “My salary does not define my self-worth”
- “The sooner I begin investing, the less I will have to contribute overall”
- “Budgeting helps me to spend intentionally on what matters most to me”

We all have broken beliefs surrounding money, you’re not alone in this. The sooner you can identify these beliefs and work towards correcting them, the better shape you will be in. Take some time to reflect and intentionally ask yourself some questions like:

- How do I feel about money?
- What anxieties do I have with money?
- How was money modeled to me growing up?

Clarify What You Want Financially

People will often get in the trap of having idealistic hopes for their finances, without tangibly defining outcomes. In order to be financially “successful”, you must define what that success looks like for you. You can begin exploring this by asking yourself these types of questions:

- What does “financial freedom” look like for me?
- What kind of impact do I want to leave with my money?
- What experiences do I want to have now vs. later in life?
- What financial worries do I no longer want to deal with?

These questions aren’t just about dreaming, they help you align your financial decisions with what really matters to you. By identifying your core values and how they intersect with money, you’re creating a personal framework that can guide your budgeting, saving, and investing choices. This reflection transforms your money plan from a list of tasks into a strategy for building a life you want.

An important word of caution, the pursuit of money itself will not lead to fulfillment. No amount of money will truly fill you up or make you happy. Please do not spend your entire life pursuing something you cannot take with you in eternity. With that being said, money is a powerful tool that enables us to build a life we love, one full of purpose, wonderful experiences, and a positive impact on the world.

Set Goals You Can Measure

It is critical to define what it is you want when it comes to your finances. You can do this by utilizing the SMART goals framework. SMART goals are goals that are **S**pecific, **M**easurable, **A**chievable, **R**elevant, and **T**ime-bound. Many people often use SMART goals for fitness or career, but forget they work for finances too. Here are some personal finance examples:

- Save up \$50,000 for a house down payment in 3 years
- Eliminate credit card debt by the end of the year
- Max out my Roth IRA by contributing \$600/mo starting next month

Know Where You Stand

Get Organized

Before making any financial decisions, it is necessary to take a clear and objective look at your current financial position. Let's begin by creating a personal balance sheet, which simply lists out what you own (assets) on one side and what you owe (liabilities) on the other side.

Start by organizing all your assets. Your assets are what you own. Take a moment to list out all your assets and the values of each. Common examples include:

- Checking account
- Savings accounts
- Retirement accounts
- Investment accounts
- Real estate
- Other personal property

Then, you will move on to organizing your liabilities. Your liabilities are what you owe. Take a moment to list out all your liabilities. Common examples include:

- Credit card debt
- Student loans
- Auto loans
- Mortgage

Now that you have listed out all your assets and liabilities you are able to calculate your net worth.

$$Net\ Worth = Total\ Assets - Total\ Liabilities$$

This net worth number is your starting point. It doesn't matter if it's negative or smaller than you hoped, it's just data. Your net worth is not your self-worth! The goal is to track this number over time and build positive momentum. As you reduce debt and grow savings, you'll see your net worth increase. Review this number every few months to stay motivated and make sure you're headed in the right direction.

Know What You Make

You'd be surprised how many people don't know their actual take-home pay. Understanding your income is the foundation of every good financial plan, and it starts with knowing what you really earn after taxes and deductions.

Begin with your gross income (for example, a \$60,000 annual salary), then subtract the following:

- Pre-tax deductions (e.g., retirement contributions like a 401(k), health insurance premiums)
- Post-tax deductions (e.g., Roth 401(k) contributions, union dues, etc.)
- Taxes (federal, state, and local income taxes, plus Social Security and Medicare)

Here is a simplified breakdown:

$$\text{Net Income} = \text{Gross Income} - \text{Pre-tax deductions} - \text{Federal, State, and Local taxes} - \text{Post-tax deductions}$$

Your net income is what hits your bank account, the amount you have to work with each month for spending, saving, and paying off debt. You'll use this figure when you build your budget, so take a moment to figure out how much you're truly bringing home each month. Check your pay stubs or payroll portal for the most accurate number.

Budgeting Without Hating Your Life

Mindset Shift

Budgeting gets a bad reputation as a restrictive thing that doesn't allow you to have fun. This could not be further from the truth. You need to shift your mindset from thinking of budgeting as something restrictive to viewing it as being intentional with your money, making sure your spending works toward your goals, not against them.

Get Organized

You will follow a similar strategy to building your personal balance sheet. Now, you will be building a personal income statement. This begins with your monthly take-home pay you calculated earlier. This serves as the starting point of your budget. Then, you will move on to your expenses.

Go ahead and download the past three months of bank and credit card transactions. Then, combine all this data into one spreadsheet. You will come back to this in a moment.

When building your budget, it's helpful to separate your spending into fixed and variable expenses. This makes it easier to identify what costs stay the same each month and what you have more control over adjusting.

Fixed Expenses

Fixed expenses typically remain the same month over month and are not things that can be changed overnight, but with intentional planning can be decreased over time.

Common spending categories of fixed expenses include:

- Mortgage or rent payments
- Bills and utilities
- Insurance payments
- Car payments
- Loan payments
- Fitness and self-care
- Subscriptions
- Giving and donations

Go ahead and take the time to list out all your fixed expenses and categorize them into the above categories. Total those amounts up for each of the past three months.

Variable Expenses

These fluctuate and are more influenced by habits and lifestyle choices. Variable expenses are most likely where you are overspending and can make the most significant change.

By taking the time to analyze your variable expenses, you will learn two things. First, those little expenses, such as a \$3 coffee, add up over time to bigger numbers than you thought. Second, your spending reveals a lot about you, sometimes in ways that aren't always flattering. Take eating out, for example. Are you mostly grabbing fast food or eating out alone for convenience? Or is it primarily shared meals with friends and loved ones?

The point of this exercise is to go one step deeper. Ask yourself, why am I spending money on these things? Do these expenses align with my personal and financial goals? What needs to change? These expenses can be eliminated by intentionally changing your habits, regularly checking your progress, and having a healthy system of accountability.

Common spending categories of variable expenses include:

- Groceries
- Dining and drinks
- Entertainment
- Shopping
- Gifts
- Travel
- Medical
- Pets
- Miscellaneous

Again, categorize all of your expenses into these categories month by month for the past three months.

Budgeting as a Discipline

Identifying the problem is the first step towards a solution. By becoming aware of the problems with your spending habits, you are now on the journey of optimizing your spending habits.

However, this is not something you can read about, and all your spending problems are solved. Budgeting is a personal discipline, and it takes intentional effort. Begin tracking your expenses, set spending goals, and update your budget every single month.

Crush Debt with a Plan

Good Debt vs. Bad Debt

Good debt is borrowing that helps build long-term value or income. It usually has a clear return on investment. For example, you take out a business loan to grow a business or improve your profitability, this is good debt since it has a clear return.

Bad debt is borrowing for things that quickly lose value or don't generate income, especially if the interest is high or the payments are unaffordable. The best example is credit card debt to buy things you simply don't have the money for (e.g. luxury clothing, vacations, experiences, etc.). Credit card debt is fueled by consumerism and financial illiteracy, designed to keep you on the hamster wheel of high interest debt.

Credit cards can be a beautiful tool when they are used responsibly. Credit cards help you build credit, earn cash back that adds up over time, and can protect you against fraudulent charges. The key is using them responsibly. Don't use a credit card to spend money you don't have.

Self-Evaluation

Now that you understand the different types of debt, it is time to organize your debt. List out all the debts you have with the total balance, interest rate, and minimum payment for each.

Why Eliminate Debt?

As mentioned, there are types of good debt and there are types of bad debt. You want to begin eliminating bad debt first, and then eliminate good debt.

While you are in debt, you lose flexibility. You lose monthly cash flow due to monthly debt obligations. This is money you forego being able to save towards your goals, invest for the future, or spend on personal experiences. By getting out of debt, you increase the amount of free cash flow you have each month which helps fast track your financial goals and life experiences.

Methods for Reducing Debt

There are two primary methods for eliminating debt, the snowball method and the avalanche method.

Snowball Method: Pay off the smallest balance first, regardless of interest rate. This builds momentum and provides mental wins that can keep you motivated.

Avalanche Method: Pay off the debt with the highest interest rate first while making minimum payments on the rest. This method saves the most money in interest in the long run.

Each method has its respective pros and cons. You need to choose the method that works best for your personal situation and attitudes towards money. The best plan is the one that you will actually stick to.

Lifestyle Factors

Cut out unnecessary spending! There are so many novelty goods and services you are spending money on every month that are unnecessary. Cut out these expenses, live below your means, and free up funds each month that you can use to get out of debt. No one ever said getting out of debt would be easy, it will require sacrifice. The question is what are you willing to sacrifice?

Ask yourself, what can you cut out or what changes can you make in your budget? Here are some ideas:

- Get a car with a lower payment or no payment at all
- Eliminate solo out to eat and drive thru runs
- Shop at discount grocery stores
- Cancel unnecessary subscriptions
- Plan “no spend” days

It all comes back to budgeting! If you can identify what areas you are overspending in and that do not contribute to your overall financial goals, you can cut costs and reallocate those funds to eliminate debt. For example, by cutting out a few subscriptions, eating out less, and saying no to shopping, you could save \$200/mo that you could put towards getting out of debt.

This takes discipline! But again, it all comes down to priorities. I am not saying you are not allowed to go out to eat if you are in debt. But I am challenging you to ask yourself how your spending habits impact your debt payments. What does spending more on fast food than you are paying off your credit card say about your true financial priorities?

Investing for the Long Haul

The Mechanics of Investing

Before you dive into investing, let's take some time to go over the components that will determine the future value of your investments.

- **Starting Amount:** You may not have the largest sum of money saved up to begin. This is totally okay! You do not need a large sum to begin investing, assuming you have a healthy emergency fund and other obligations satisfied.
- **Time Period:** At a young age, you have time on your side. The more time you give your money to grow, the less you have to contribute overall. This will be the biggest builder of wealth!
- **Rate of Return:** With a long time horizon, you can afford to take on more investment risk, often resulting in higher returns.
- **Additional Contributions:** This is what you can control and must take ownership of. No one controls where they necessarily begin financially, but you can control how much or how little you are willing to work towards your financial goals. Increasing monthly contributions is the best way to do this. Automate these and increase over time!

As a young professional, the two factors you have the most control over going forward are *time invested* and *additional contributions*. Focus on starting where you can now and increasing your contributions over time.

Time is Your Greatest Asset

The best way to demonstrate the power of time is a simple illustration. The table below shows how much you would need to invest each month to save up \$1.5M by age 65. Everything else is constant, except the time period invested.

Starting Age	Monthly Contributions	Total Contributions
20	\$310	\$167,670
25	\$463	\$222,099
30	\$696	\$292,160
35	\$1,058	\$380,922
40	\$1,640	\$491,890

Assumes a starting balance of \$0, 8% annual rate of return, ending balance of \$1,500,000 and retirement age of 65.

When it comes to retirement planning, time will either make it or break it for you. Not only does saving for retirement become more expensive, but it also places a greater strain on your monthly cash flow. Time is on your side, use it.

Types of Investment Accounts

Before choosing where to invest, it's important to understand the types of investment accounts available. The account type you choose impacts how your money is taxed, when you can access it, and how it grows over time. Here are the basics of the most common accounts you will encounter starting your financial journey:

- **Employer-Sponsored Plans:** Accounts like 401(k)s, 403(b)s, and 457(b)s allow you to contribute pre-tax dollars directly from your paycheck, or post-tax if a Roth option is available. Many employers also offer matching contributions, which is essentially free money, make sure you're not leaving it on the table. Withdrawals of earnings are generally restricted until age 59½ and may incur penalties if taken earlier.
- **Individual Retirement Accounts (IRAs):** IRAs come in two main types: Traditional and Roth. Traditional IRAs offer an upfront tax deduction, with investments growing tax-deferred. Roth IRAs are funded with after-tax dollars, but qualified withdrawals are entirely tax-free. For both types of IRAs, you can contribute up to \$7,000 total (2025) per year and withdrawals of earnings before age 59½ typically result in penalties.
- **Taxable Brokerage Accounts:** Brokerage accounts are non-retirement investment accounts that offer maximum flexibility. There are no contribution limits, and you can withdraw funds at any time without penalty. However, investment earnings are taxable in the year they are received. Brokerage accounts are ideal for goals that fall outside of retirement planning, such as buying a home, building general wealth, or funding major life experiences.

Investment Allocation

Once you start contributing to your investment accounts, it's crucial to actively invest your funds. A common misconception is that money inside a Roth IRA, 401(k), or similar account grows automatically. In reality, contributions sit in cash until you select specific investments. You have a variety of options to choose from, including stocks, bonds, index funds, ETFs, mutual funds, and target date funds. Selecting the right mix, your asset allocation, is critical to reaching your goals.

Your allocation should reflect your financial objectives, time horizon, and risk tolerance. As a young professional with a long time horizon, a stock-heavy portfolio, both U.S. and international, is often appropriate to maximize growth. It is key to remember, there is no one-size-fits-all investment strategy. Consult with a financial advisor or investment professional before constructing a portfolio.

Systems That Actually Work

Separate Accounts

The big killer of financial progress for today's generation is a combination of lack of education and lack of organization. One of the easiest things one can do to begin their financial journey is to get organized. A simple way to do this is to open the necessary types of accounts to optimize your hard-earned dollars. Here is a simple, but not exhaustive, list of all accounts young professionals should have:

- **Checking account:** 1–2 months of living expenses
- **Savings account:** general savings
- **Emergency Fund:** 3–6 months of living expenses in a High-Yield Savings Account
- **Dedicated savings accounts:** open a dedicated savings account for big purchases or goals (e.g. a travel fund or home fund)
- **Employer-sponsored retirement account:** workplace retirement investments
- **Individual retirement account:** personal retirement investments
- **Individual brokerage account:** other personal investments

Automate Everything

You want to make your financial plan as difficult to mess up as possible! The best way to do this is through automation. Automate everything! Set your bills up to autopay. Set your credit card to auto pay. Set up recurring contributions to your savings accounts and investment accounts. Treat these things as non-negotiables. Make it automatic.

Think of automation as your financial safety net, it keeps you on track no matter what is going on in your day-to-day life. Let's face it, life gets busy and motivation to achieve goals starts high and diminishes over time. Automation takes the human error element out of the equation.

Monitor and Update

Make it a habit to schedule a dedicated time, start with once a month, to sit down and review your finances. Treat this like a standing meeting with your future self: it's important, it's non-negotiable, and it should never be skipped. Put it on your calendar every single month. Consistency is key.

During this time, you should:

- Track your actual expenses and compare them to your budget
- Check that your savings and investment automations are still aligned with your goals
- Reallocate any extra money toward your priorities, don't let it disappear into random spending
- Reflect on what's working and what needs adjusting based on any recent life changes

This regular check-in keeps you in control. Progress doesn't happen by accident, it happens by consistently paying attention and making small, intentional updates.

Accountability is Everything

Accountability turns good intentions into real progress. When you know someone else is aware of your goals, or when you regularly review them yourself, you're much more likely to follow through. Combine this with automation and regular check-ins, and you've got a financial system that works even when life gets hectic.

Financial growth is easier when you're not doing it alone. Build accountability into your systems:

- Share your goals with a friend, mentor, or accountability partner who will check in with you periodically
- Use apps, journals, or habit trackers to stay consistent and motivated (e.g. your monthly check-in)
- Consider hiring a financial planner who can guide you, offer personalized advice, and help you navigate bigger financial decisions

Final Thoughts

A Starting Point

If you enjoyed this guide, welcome to the journey of optimizing your personal finances and building financial freedom. This guide is not exhaustive and is not a one-size-fits-all piece of financial advice. Financial plans are as unique as the people they are for.

Take Ownership

In order to truly benefit from this guide, don't just read it, implement it. Take ownership of completing the exercises outlined in each section. Open your laptop or grab a journal, it's time to get to work.

How My Firm Helps People Like You

This guide serves as a high level "what to do" overview. If you are looking for help from a professional with the "how to do" side of things, get in touch by visiting villairefinancial.com.

At my firm Villaire Financial, we specialize in helping young professionals stay on track to achieve their financial goals where:

- We build you a personalized financial plan to help you get out of debt, build up savings, and manage your investments so you can build long-term financial security.
- You receive a custom client portal where you can track all your finances in one place and automate your budgeting.
- Regular financial check-ins to keep you accountable and adapt your plan as life inevitably changes.

Disclosure

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