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The First Paycheck Blueprint

What to do with the money before it does something to you.

A first-90-days plan for your first real income —
ordered by what actually matters.

Built for the Equippd community · equippd.io

The window that matters

There is a short window, roughly the first three months of a real paycheck, where your spending habits are still unformed. Whatever you set up in that window tends to persist for years, because lifestyle is very easy to raise and very hard to lower.

This guide is deliberately ordered. Do these in sequence. Skipping ahead to investing before you have a cash buffer is the most common and most expensive mistake.

> **The one principle underneath all of this**
> Automate the decision once, so you do not have to make it again every month. Every dollar that requires willpower each pay period will eventually lose to something more interesting. Money that moves automatically on payday does not require you to be disciplined — only to have set it up correctly one time.

Know your real number

Your salary is not your income. Before planning anything, find your actual take-home pay on a single pay stub:

Line	What it is	Rough scale
Gross pay	Salary divided by number of pay periods	The headline number
Federal income tax	Withheld based on your W-4	Varies by bracket
State income tax	Zero in some states, meaningful in others	0–13%
FICA	Social Security and Medicare	7.65%
Health premium	Your share of insurance	Varies widely
401(k) contribution	Yours, pre-tax	Whatever you set
Net pay	**What actually lands in your account**	**Plan from this**

A common shock: take-home is often 25–35% below gross. If you budgeted off your salary, everything will feel wrong in month one.

The order of operations

1. Capture the full 401(k) match

If your employer matches contributions, contribute at least enough to get all of it. A 100% match on the first 4% is an immediate, guaranteed 100% return — there is nothing else available to you that does this. Not capturing it is choosing to be paid less.

Also find out the **vesting schedule**: some employers require you to stay a certain number of years before the match is fully yours.

2. Build a starter emergency fund

Get $1,000–$2,000 into a separate high-yield savings account before doing anything else. This exists so that a car repair or a medical bill does not become credit card debt. Keep it somewhere slightly inconvenient — a different bank than your checking is ideal.

3. Kill high-interest debt

Anything above roughly 7–8% interest — credit cards especially — should be attacked before investing. Paying off a card charging 24% is a guaranteed 24% return, which no investment reliably offers.

- **Avalanche method:** highest interest rate first. Mathematically optimal.
- **Snowball method:** smallest balance first. Psychologically easier to sustain.
- The best method is the one you will actually stick to. Pick one and automate it.

4. Extend the emergency fund to 3–6 months

Three to six months of *essential* expenses — rent, food, utilities, transport, minimum debt payments. Not your current spending; the leaner version you would drop to if you lost income.

> **Why this matters more than it looks**
>
> An emergency fund is not really about emergencies. It is about leverage. Someone with six months of expenses saved can turn down a bad offer, leave a toxic manager, or wait for the right role. Someone living paycheck to paycheck has to take whatever is in front of them. That is the difference between having options and not.

5. Then invest

- Increase 401(k) contributions beyond the match, toward 15% of gross over time.
- Consider a Roth IRA — you pay tax now, and qualified growth comes out tax-free later. Particularly valuable while your income is still relatively low.

- Low-cost, broad-market index funds are the sensible default. Expense ratios matter enormously over decades.
- Increase your contribution rate every time you get a raise, before you adjust to the new income.

This is general education, not personalized investment advice. For decisions specific to your situation, talk to a fee-only fiduciary advisor — one paid by you rather than by commission on what they sell you.

A starting allocation

A common starting framework splits take-home pay three ways. Treat these as a starting point to adjust, not a rule:

Share	Category	What belongs here
~50%	**Needs**	Rent, utilities, groceries, transport, insurance, minimum debt payments
~30%	**Wants**	Eating out, travel, subscriptions, entertainment, the fun purchases
~20%	**Future**	Retirement, emergency fund, extra debt payments, investing

If your rent alone consumes half your take-home, this framework will not balance — that is information, not failure. Housing is the largest lever most people have. A roommate or a slightly longer commute frees up more money than any amount of cutting small purchases.

Automate it on day one

- [ ] Set 401(k) contribution to at least the full employer match
- [ ] Open a high-yield savings account at a different bank than your checking
- [ ] Set an automatic transfer to savings for the day after each payday
- [ ] Set automatic minimum payments on all debts so nothing is ever missed
- [ ] Set one extra automatic payment toward your highest-interest debt
- [ ] Check your W-4 withholding so you are not badly over- or under-withheld
- [ ] Review every recurring subscription and cancel what you do not use
- [ ] Put one calendar reminder six months out to review all of this

The trap

Lifestyle inflation is what happens when income rises and spending rises to meet it, leaving you no better off at $90,000 than you were at $55,000. It is the single most common reason high earners end up with no wealth.

> **The habit that beats it**
>
> When you get a raise, immediately increase your automatic savings by half of it before you have lived on the new amount for even one pay period. You still feel the raise. You just never adjust to the full version of it. Done consistently from your first job, this one habit is worth more than almost any investment decision you will make.

Where wealth actually comes from

- **Time in the market**, not timing it. Starting at 22 with small amounts beats starting at 35 with large ones.
- **Income growth**, which is usually driven by skills and negotiation more than by loyalty.
- **Keeping your fixed costs low**, which makes every other decision easier.
- **Avoiding high-interest debt**, which quietly transfers your future income to a lender.
- **Consistency** across years, which is unglamorous and beats every clever strategy.