

## Debt Payoff Plan

First, gather your debt information to complete the table below. Then look at the two methods with your debt and adopt the strategy best suited to you and your situation. Rank your debt in the table according to the plan you choose.

### Debt Snowball Plan:

This method creates early victories and emotional wins. These, in turn, provide motivation to keep going on what could be a long debt reduction process. The steps in the Debt Snowball plan are:

1. List all debts in order from the smallest to the largest balance.
2. Pay the only the minimum on all the debt listed except the smallest balance debt.
3. Pay as much as you can on that smallest debt until it is paid off.
4. The next on the list now becomes the lowest debt.
5. Add the amount paid on the first debt to the minimum on the next debt until it is paid off.
6. Repeat these steps until all bad debt is paid off.

### Debt Avalanche Plan:

The Avalanche is the fastest and lowest cost method to pay off debt. This method pays off the most expensive (highest interest rate) debt first. The steps in the Debt Avalanche plan are:

1. List all debts in order from the highest to the lowest interest rate.
2. Pay the only the minimum on all the debt listed except the highest interest rate debt.
3. Pay as much as you can on that highest interest rate debt until it is paid off.
4. The next on the list now becomes the highest interest rate debt.
5. Add the amount paid on the first debt to the minimum on the next debt until it is paid off.
6. Repeat these steps until all bad debt is paid off.

In this plan, you need to pay attention to changing interest rates and reorder your debt payoff list to account for changes that may occur in the rates.

Loan/Credit Card	Account Number	Remaining Balance	Minimum Payment	Interest Rate	Target Payoff Date

Congratulations! You are on the way to eliminating your debt!