



# debt snowball

It's time to knock out that debt! List your debts in order, from the smallest balance to the largest. Don't be concerned with interest rates, unless two debts have a similar payoff balance. In that case, list the one with the higher interest rate first.

The idea of the snowball is simple: pay minimum payments on all of your debts except for the smallest one. Then, attack that one with intensity! Every extra dollar you can get your hands on should be thrown at that smallest debt until it is gone. Then, you attack the second one. Every time you pay a debt off, you add its old minimum payment to your next debt payments. So, as the snowball rolls over, it picks up more snow!

The **NEW PAYMENT** is the total of the previous debt's payment PLUS the current debt's minimum. As these payments compound, you'll start making huge payments as you work down the list. To factor in interest rates and calculate the exact date you will become *DEBT FREE*, work with a FORUM Financial Accountability Partner! Visit [www.SaveItUpChallenge.com](http://www.SaveItUpChallenge.com) for Challenge details.

ITEM	TOTAL PAYOFF	MINIMUM PAYMENT	NEW PAYMENT
Example: VISA	\$350	\$50	\$75