



Snowballing method to eliminate debt using a monthly surplus of **\$3,000**

(Calculate your monthly surplus amount from our [Cash Management worksheet](#))

Item	Interest Rate	Balance	Minimum Repayment
GE Loan	24%	\$3,000	\$1,080 (This amount is your monthly surplus amount less the total of minimum repayments)
Visa Card	21%	\$6,000	\$240 (Once GE Loan is paid off, increase repayments here by \$1,080 to \$1,320)
Car Loan	11%	\$12,000	\$480 (Once Visa Card is paid off, increase repayments here by \$1,320 to \$1,800)
Mortgage	4%	\$250,000	\$1,200 (Once Car Loan is paid off, increase repayments here by \$1,800 to \$3,000)

Remember - chop up your credit cards before starting this process!

The snowballing method;

- Eliminating one debt at a time, start repaying the lowest balance and the highest interest paying debt first
- Each time you fully repay off a balance, increase the repayments of your next item of debt. In the above example, add $\$1,080 + \$240 = \$1,320$ so the Visa Card repayments will now be $\$1,320$ and so on until you're debt free!