WEALTH

## Snowballing method to eliminate debt using a monthly surplus of

 \$3,000(Calculate your monthly surplus amount from our Cash Management worksheet).
$\left.\begin{array}{|c|c|c|c|}\hline \text { Item } & \begin{array}{c}\text { Interest } \\ \text { Rate }\end{array} & \text { Balance } & \begin{array}{c}\text { Minimum } \\ \text { Repayment }\end{array} \\ \hline \text { GE Loan } & 24 \% & \$ 3,000 & \begin{array}{c}\$ 1,080 \\ \text { (This amount is your } \\ \text { monthly surplus amount } \\ \text { less the total of } \\ \text { minimum repayments) }\end{array} \\ \hline \text { Visa Card } & 21 \% & \$ 6,000 & \begin{array}{c}\$ 240 \\ \text { (Once GE Loan is paid } \\ \text { off, increase } \\ \text { repayments here by } \\ \$ 1,080 \text { to } \$, 320)\end{array} \\ \hline \text { Car Loan } & 11 \% & \$ 12,000 & \begin{array}{c}\$ 480 \\ \text { (Once Visa Card is paid } \\ \text { off, increase }\end{array} \\ \text { repayments here by } \\ \$ 1,320 \text { to } \$ 1,800 \text { ) }\end{array}\right]$

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!

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