



## 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	<b>\$1,080</b> (This amount is your monthly surplus amount less the total of minimum repayments)
Visa Card	21%	\$6,000	<b>\$240</b> (Once GE Loan is paid off, increase repayments here by \$1,080 to \$1,320)
Car Loan	11%	\$12,000	<b>\$480</b> (Once Visa Card is paid off, increase repayments here by \$1,320 to \$1,800)
Mortgage	4%	\$250,000	<b>\$1,200</b> (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!