

# Dealing with debt

1 Start by listing your outstanding balances:

Debt	Type	Balance	APR	Monthly payment	Interest payment

2 Enter your details into our debt spreadsheet.

	Balance	Debt 1 APR	Payment	Balance	Debt 2 APR	Payment	Balance	Debt 3 APR	Payment
Month									
1	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
2	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
3	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
4	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
5	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
6	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
7	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
8	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
9	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
10	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
11	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -
12	\$ -	0%	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ -

◆ For each debt, enter balance, APR, and monthly payment.

◆ The remaining cells will auto populate.

◆ When the balance goes negative, the debt is paid off.

	Balance	Debt 1 APR	Payment	Balance	Debt 2 APR	Payment	Balance	Debt 3 APR	Payment
Month	\$30,000	30%	\$ 3,000.00	\$ 10,000.00	10%	\$ 400.00	\$ 5,000.00	5%	\$ 500.00
1	\$ 27,750.00	28%	\$ 3,000.00	\$ 9,683.33	10%	\$ 400.00	\$ 4,520.83	5%	\$ 500.00
2	\$ 25,397.50	28%	\$ 3,000.00	\$ 9,364.03	10%	\$ 400.00	\$ 4,039.67	5%	\$ 500.00
3	\$ 22,990.11	28%	\$ 3,000.00	\$ 9,042.06	10%	\$ 400.00	\$ 3,556.50	5%	\$ 500.00
4	\$ 20,526.54	28%	\$ 3,000.00	\$ 8,717.41	10%	\$ 400.00	\$ 3,071.32	5%	\$ 500.00
5	\$ 18,005.50	28%	\$ 3,000.00	\$ 8,390.06	10%	\$ 400.00	\$ 2,584.12	5%	\$ 500.00
6	\$ 15,425.63	28%	\$ 3,000.00	\$ 8,059.97	10%	\$ 400.00	\$ 2,094.89	5%	\$ 500.00
7	\$ 12,785.56	28%	\$ 3,000.00	\$ 7,727.14	10%	\$ 400.00	\$ 1,603.61	5%	\$ 500.00
8	\$ 10,083.89	28%	\$ 3,000.00	\$ 7,391.53	10%	\$ 400.00	\$ 1,110.30	5%	\$ 500.00
9	\$ 7,319.18	28%	\$ 3,000.00	\$ 7,053.13	10%	\$ 400.00	\$ 614.92	5%	\$ 500.00
10	\$ 4,489.96	28%	\$ 3,000.00	\$ 6,711.91	10%	\$ 400.00	\$ 117.48	5%	\$ 500.00
11	\$ 1,594.72	28%	\$ 3,000.00	\$ 6,367.84	10%	\$ 400.00	\$ (382.03)	5%	\$ 500.00
12	\$ (1,368.07)	28%	\$ 3,000.00	\$ 6,020.90	10%	\$ 400.00			
13				\$ 5,671.08	10%	\$ 400.00			
14				\$ 5,318.34	10%	\$ 400.00			
15				\$ 4,962.66	10%	\$ 400.00			
16				\$ 4,604.01	10%	\$ 400.00			
17				\$ 4,242.38	10%	\$ 400.00			
18				\$ 3,877.73	10%	\$ 400.00			
19				\$ 3,510.05	10%	\$ 400.00			
20				\$ 3,139.30	10%	\$ 400.00			
21				\$ 2,765.46	10%	\$ 400.00			
22				\$ 2,388.50	10%	\$ 400.00			
23				\$ 2,008.41	10%	\$ 400.00			
24				\$ 1,625.14	10%	\$ 400.00			
25				\$ 1,238.69	10%	\$ 400.00			
26				\$ 849.01	10%	\$ 400.00			
27				\$ 456.08	10%	\$ 400.00			
28				\$ 59.88	10%	\$ 400.00			
29				\$ (339.62)	10%	\$ 400.00			
30									

3 Start to experiment with different repayment strategies.

## Snowball method

Payoff the smallest debt first to build momentum. When the debt is paid off, apply those payments to the next biggest debt.

## Avalanche method

Pay off the biggest and/or highest-interest debt first to reduce your total interest. Then, focus on the next biggest debt.

- ◆ Always make the minimum payments on all debts.
- ◆ You can combine these approaches based on your budget, balances, and headspace.
- ◆ Consider the following examples:

- ◆ You pay off debt 3 in 11 months.
- ◆ Apply that payment toward debt 2.
- ◆ Out of debt 10 months sooner.

Month	Debt 1			Debt 2			Debt 3		
	Balance \$30,000	APR 30%	Payment \$ 3,000.00	Balance \$ 10,000.00	APR 10%	Payment \$ 400.00	Balance \$ 5,000.00	APR 5%	Payment \$ 500.00
1	\$ 27,750.00	28%	\$ 3,000.00	\$ 9,683.33	10%	\$ 400.00	\$ 4,520.83	5%	\$ 500.00
2	\$ 25,397.50	28%	\$ 3,000.00	\$ 9,364.03	10%	\$ 400.00	\$ 4,039.67	5%	\$ 500.00
3	\$ 22,990.11	28%	\$ 3,000.00	\$ 9,042.06	10%	\$ 400.00	\$ 3,556.50	5%	\$ 500.00
4	\$ 20,526.54	28%	\$ 3,000.00	\$ 8,717.41	10%	\$ 400.00	\$ 3,071.32	5%	\$ 500.00
5	\$ 18,005.50	28%	\$ 3,000.00	\$ 8,390.06	10%	\$ 400.00	\$ 2,584.12	5%	\$ 500.00
6	\$ 15,425.63	28%	\$ 3,000.00	\$ 8,059.97	10%	\$ 400.00	\$ 2,094.89	5%	\$ 500.00
7	\$ 12,785.56	28%	\$ 3,000.00	\$ 7,727.14	10%	\$ 400.00	\$ 1,603.61	5%	\$ 500.00
8	\$ 10,083.89	28%	\$ 3,000.00	\$ 7,391.53	10%	\$ 400.00	\$ 1,110.30	5%	\$ 500.00
9	\$ 7,319.18	28%	\$ 3,000.00	\$ 7,053.13	10%	\$ 400.00	\$ 614.92	5%	\$ 500.00
10	\$ 4,489.96	28%	\$ 3,000.00	\$ 6,711.91	10%	\$ 400.00	\$ 117.48	5%	\$ 500.00
11	\$ 1,594.72	28%	\$ 3,000.00	\$ 6,367.84	10%	\$ 400.00	\$ (382.03)	5%	\$ 500.00
12	\$ (1,368.07)	28%	\$ 3,000.00	\$ 6,020.90	10%	\$ 900.00			
13				\$ 5,171.08	10%	\$ 900.00			
14				\$ 4,314.17	10%	\$ 900.00			
15				\$ 3,450.12	10%	\$ 900.00			
16				\$ 2,578.87	10%	\$ 900.00			
17				\$ 1,700.36	10%	\$ 900.00			
18				\$ 814.53	10%	\$ 900.00			
19				\$ (78.68)	10%	\$ 900.00			

- ◆ What happens if you adjust your monthly payments?
- ◆ You could pay \$1,000 less on debt 1 and still pay everything off in 19 months.

Month	Debt 1			Debt 2			Debt 3		
	Balance \$30,000	APR 30%	Payment \$ 2,000.00	Balance \$ 10,000.00	APR 10%	Payment \$ 400.00	Balance \$ 5,000.00	APR 5%	Payment \$ 500.00
1	\$ 28,750.00	28%	\$ 2,000.00	\$ 9,683.33	10%	\$ 400.00	\$ 4,520.83	5%	\$ 500.00
2	\$ 27,420.83	28%	\$ 2,000.00	\$ 9,364.03	10%	\$ 400.00	\$ 4,039.67	5%	\$ 500.00
3	\$ 26,060.65	28%	\$ 2,000.00	\$ 9,042.06	10%	\$ 400.00	\$ 3,556.50	5%	\$ 500.00
4	\$ 24,668.73	28%	\$ 2,000.00	\$ 8,717.41	10%	\$ 400.00	\$ 3,071.32	5%	\$ 500.00
5	\$ 23,244.34	28%	\$ 2,000.00	\$ 8,390.06	10%	\$ 400.00	\$ 2,584.12	5%	\$ 500.00
6	\$ 21,786.71	28%	\$ 2,000.00	\$ 8,059.97	10%	\$ 400.00	\$ 2,094.89	5%	\$ 500.00
7	\$ 20,295.06	28%	\$ 2,000.00	\$ 7,727.14	10%	\$ 400.00	\$ 1,603.61	5%	\$ 500.00
8	\$ 18,768.61	28%	\$ 2,000.00	\$ 7,391.53	10%	\$ 400.00	\$ 1,110.30	5%	\$ 500.00
9	\$ 17,206.55	28%	\$ 2,000.00	\$ 7,053.13	10%	\$ 400.00	\$ 614.92	5%	\$ 500.00
10	\$ 15,608.03	28%	\$ 2,000.00	\$ 6,711.91	10%	\$ 400.00	\$ 117.48	5%	\$ 500.00
11	\$ 13,972.22	28%	\$ 2,000.00	\$ 6,367.84	10%	\$ 400.00	\$ (382.03)	5%	\$ 500.00
12	\$ 12,298.24	28%	\$ 2,000.00	\$ 6,020.90	10%	\$ 900.00			
13	\$ 10,585.20	28%	\$ 2,000.00	\$ 5,171.08	10%	\$ 900.00			
14	\$ 8,832.19	28%	\$ 2,000.00	\$ 4,314.17	10%	\$ 900.00			
15	\$ 7,038.27	28%	\$ 2,000.00	\$ 3,450.12	10%	\$ 900.00			
16	\$ 5,202.50	28%	\$ 2,000.00	\$ 2,578.87	10%	\$ 900.00			
17	\$ 3,323.89	28%	\$ 2,000.00	\$ 1,700.36	10%	\$ 900.00			
18	\$ 1,401.45	28%	\$ 2,000.00	\$ 814.53	10%	\$ 900.00			
19	\$ (565.85)	28%	\$ 2,000.00	\$ (78.68)	10%	\$ 900.00			