

Debt Snowball Method

[Dori Zinn](#)

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Since you've already taken the first step and decided you're ready to tackle your debt, all that's left is to decide how you're going to do it.

Here's everything you need to know about using the debt snowball method to help you become debt free.

What is the debt snowball method?

The debt snowball method works exactly like creating a snowball. You start by paying off your smallest debt first, then the next-smallest, and so on.



Debt Snowball Method

1. List out all your debts
2. Make minimum payments on everything
3. Pay extra on your smallest debt
4. Move on to the next-smallest debt
5. Repeat until all debt is paid off

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Once you've paid off your smallest debt, you roll the amount you were

putting toward that one into the next-smallest debt until you pay all of your loans off.

How to use the debt snowball method

This method is made to focus on the smallest debt first, giving you a victory once you've managed to pay off one debt quickly. Then you can use that money toward your other debts, which can help you [pay off all your debt sooner](#).

Here's how to get started:

1. List out all your debts
2. Make minimum payments on everything
3. Pay extra on your smallest debt
4. Move on to the next-smallest debt
5. Repeat until all your debt is paid off

1. List out all your debts

Before you can concentrate on paying off debt, you first need to write out every debt you owe — whether it's in a notebook or a spreadsheet.

This list should include every loan you have, credit cards, and even medical debt. Then, sort them from the smallest amount owed to the largest amount, that way you know exactly which to tackle first.

2. Make minimum payments on everything

For every debt you owe, make sure to continue making minimum payments on each. That way you'll stay current on your obligations and your credit score won't plummet due to missing payments. The only one you won't make a minimum payment on is your smallest debt.

3. Pay extra on your smallest debt

To start your snowball, use every extra dollar you can and put it toward paying off your smallest debt. Whether you get a raise at work or restructure your budget to squeeze in extra payments, you'll want to put any additional funds toward the smallest debt, even if it's just an extra \$25 a month. You'll do this until that debt is completely paid off.

4. Move on to the next-smallest debt

Once you've paid off your smallest debt, move on to your next-smallest debt. You'll use all the money you put toward the previous debt, plus your current minimum payment, toward the next-smallest debt. And that's how your snowball will grow and start gaining momentum.

5. Repeat steps until all your debt is paid off

You'll follow these steps until all of your loans are paid in full. After each debt is paid off, you'll have more money to devote to the next one. By the time you have your final debt to pay off, you have all the money from your previous payments to put toward it and it will be paid off in no time.

This method is meant to help you take charge of your debt by focusing on one debt at a time without sacrificing any of them. Even a little extra can go a long way, as long as you stay focused.

Are you ready to try the debt snowball method?

If you're unsure if the debt snowball method is right for you, take a step back and look at how you view your finances.

The debt snowball method is a good option if:

- You're motivated by small wins

- You want to see immediate success

However, if you would rather focus on the highest interest debt first instead of the lowest amount, the [debt avalanche method](#) might work better for you. Although this might save you some money in interest, it could take you longer to feel like you're making a difference.

You can also try other debt repayment methods like a [debt consolidation loan](#) or a [0% APR balance transfer credit card](#).

Just be sure to explore all your debt repayment options before settling on which works for you. And don't be afraid to explore a few different options to see what works best for you. Debt repayment isn't one-size-fits-all. The most important thing is that you start paying off what you can.

See: [More Ways to Pay Off Debt Fast](#)

About the author

Dori Zinn

Dori Zinn is a student loan authority and a contributor to Credible. Her work has appeared in Huffington Post, Bankrate, Inc, Quartz, and more.

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