

Debt Pay Down Methods

If you're looking to reduce your credit card debt, there are a few strategies you can use to restructure them. The **Snowball** and **Avalanche** techniques can help you pay your debts down manageable, one at a time. It's important to note that if you don't change the credit habits that led to having high debt, then these may only be temporary fixes.

Keep in Mind: You can always change the pay down method if one does not work for you. Keep your budget flexible!



Snowball

- Structures your debts to pay off the smallest balances first.
- Great if you have multiple debts with various amounts.
- Pay as much as you can afford on the smallest debt first while paying the minimum payments on all other debts.
- Repeat this process until you have paid off all your debts.



Avalanche

- Structures your debts to pay off the highest interest rate debts first.
- Great to help save money on high interest debts.
- Consider how much of your monthly payment will apply toward the principal balance. If you notice your balance is not going down by much, it may be a good option to switch to the snowball method until you can apply more funds toward this debt.

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Try out the Snowball and/or Avalanche techniques using the worksheets below if you are having a hard time managing your debts and are looking to pay them down or off completely.

Snowball

Debt/Lender	Total Amount Due	Minimum Payment	Interest Rate	Snowball Monthly Payment (Start with smallest debt first)

Avalanche

Debt/Lender	Total Amount Due	Minimum Payment	Interest Rate	Avalanche Monthly Payment (Start with highest interest rate first)

If you try these methods and still face high debts, consolidation may be the next option. For questions on how you can consolidate your debts, please reach out to a SAFE Credit Union representative or schedule an appointment: <https://www.safecu.org/schedule>