



Recognize Your Debt

The first step in eliminating debt is to acknowledge it. This is the place to start. Use the spaces below to write down all of your debt. The "Debt Snowball" sheet follows so that you can make a plan to eliminate it.

Item	Monthly Payment	Payoff Total	How Far Behind
Housing			
First Mortgage			
Second Mortgage			
Repairs / Mait.			
Utilities			
Electric			
Water			
Gas			
Phone			
Trash			
Cable			
Transportation			
Car payment			
Car payment			
Gas & Oil			
Repairs & Tires			
Medical / Health			
Doctor			
Doctor			
Dentist			



Recognize Your Debt *(continued)*

Item	Monthly Payment	Payoff Total	How Far Behind
Credit Cards			
Credit Card 1			
Credit Card 2			
Credit Card 3			
Credit Card 4			
Credit Card 5			
Lines of Credit			
Other			
Other			
Other			
Other			
DEBT TO FRIENDS OR FAMILY			
Other			
Other			
All Other Debt			
Other			
Other			



Debt Snowball Example

Debt	Total Owed	Min. Payment	New Payment
Target (18%)	\$450	\$50	50+200=250
Macy's (18%)	\$650	\$30	30+250=280
Parents (0%)	\$1600	\$200	200+280=480
Visa (21%)	\$1800	\$30	30+480=510
Car (10%)	\$7000	\$400	400+510=910
School (6%)	\$9000	\$200	200+910=1110

- Payoff paying minimum payments = ____ months.
- Debt snowball payoff = ____ months. (Difference of 99 months)
- Additional \$1110 invested at 12% for 99 months = \$ _____



Debt Snowball Form *(continued)*

List your debts in order from smallest to largest with the smallest payoff or balance first. Do not be concerned with interest rates or terms unless two debts have similar payoffs, then list the higher interest rate debt first. Paying the little debts off first shows you quick feedback, and you are more likely to stay with the plan.

Redo this sheet each time you payoff a debt so you can see how close you are getting to freedom. Keep the old sheets to wallpaper the bathroom in your new debt-free house. The “New Payment” is found by adding all the payments on the debts listed above that item to the payment you are working on, so you have compounding payments which will get you out of debt very quickly.

“Payments Remaining” is the number of payments remaining on that debt when you get down the snowball to that item. “Cumulative Payments” is the total payments needed, including the snowball, to payoff that item. In other words, this is your running total for “Payments Remaining.”

Count Down to Freedom !!

Step One: \$1000 Emergency Fund

Step Two: Pay off all debt using the debt snowball (except the house)

Item	Total Payment	Minimum Payment	New Payment	Payment Remaining	Cumulative Payment

Step Three: FINISH EMERGENCY FUND (3-6 months expenses in savings)

Step Four: Fund Retirement (15% into Roth and 401K)

Step Five: Fund College

Step Six: Then pay off house (pay off home early)

Step Seven: BUILD WEALTH!!! (Mutual Funds / Real Estate)