

The Snowball Effect for Paying Down Your Debt

Debt can pile up quickly, becoming overwhelming before you know what to do with it. Fortunately, there are strategies you can employ to pare down your debts so you can pay them off without going broke or insane in the process.

The snowball effect is an easy and convenient method of paying down debts, regardless of how much debt you have.

Can you imagine what it would be like to live without debt? Your money would really be yours to do with as you please, instead of feeding the wallets of those rich finance companies. You'll look forward to enjoying guilt-free vacations - paid for with cash - and buying your next car with cash, instead of credit.

Picture the life you deserve in your mind and feel the feelings of relief and joy. Then make a plan to move toward this life and put your plan into action.

Follow these tips to use the snowball effect for paying off your debts:

1. **Pay off your smallest debts first.** When you pay the smallest debt off first, you start a small amount of momentum that'll build quickly. Write down all of your debts from smallest to largest, and then create a plan to pay off the smallest one first.
 - ***Small wins add up.*** Your personal finance strategy will be more successful if you feel motivated, which is why small wins are so important in the beginning. When you start paying off your smaller debts, you'll find yourself feeling motivated to maintain your debt-reducing strategy.
2. **Pay off the next smallest debt.** ***Once the smallest debt in your list is completely paid, add whatever you were paying on that debt to the payment for the next debt in the list,*** essentially doubling your monthly payment on that debt. Once you tackle this debt, you have another win under your belt.

3. **Eliminate all debt.** Use the debt snowball to eliminate the rest of your debts from smallest to largest. As each debt is paid, add those payments to the next debt. Don't worry about term lengths or rates unless two different debts have similar payoff amounts, at which point you should pay off the higher interest rate debt first.
4. **Keep building momentum.** Let the momentum continue, repeating the debt repayment process for each debt as you work your way closer and closer to financial freedom. *Every payment moves you closer to your goal of being financially free.*
 - As you're attacking the smaller debts first, maintain the minimum monthly payments for everything else. Do whatever is necessary to focus your attention on maintaining your plan and keeping this momentum going.
 - Keep stepping up from bill to bill, paying off the next smallest, then the next smallest and so on. *After your credit card debt is taken care of, you can focus on other debts as well - to where even your mortgage is paid off.*

The snowball effect is an effective debt repayment strategy. Utilizing this method of debt repayment will help you keep the momentum as you repay your debts so that you can get the job done and enjoy a life free from the constraints of debt.