Debt Snowball vs. Debt Avalanche

Two approaches for deciding which debt to focus on first.

Learn. Plan. Protect. Build.

Both methods can help organize a debt payoff plan. The difference is how you decide which balance gets your extra payment first. With either method, continue making at least the required minimum payments on your other debts.

Debt Snowball

The debt snowball focuses on the smallest balance first, regardless of interest rate.

- List debts from smallest balance to largest balance.
- Direct extra money toward the smallest balance.
- After that debt is paid, roll that payment into the next balance.
- Repeat until the debts are paid.

Why someone may choose it: Paying off a smaller balance sooner can create a visible win and help build momentum.

Debt Avalanche

The debt avalanche focuses on the highest interest rate first, regardless of balance.

- List debts from highest interest rate to lowest interest rate.
- Direct extra money toward the highest-rate debt.
- After that debt is paid, move the extra payment to the next-highest rate.
- Repeat until the debts are paid.

Why someone may choose it: Prioritizing higher-rate debt can reduce interest costs compared with other payoff orders, assuming payments and timing are otherwise the same.

Compare the approaches

Approach	Focus first	May appeal if...
Snowball	Smallest balance	Quick wins help you stay motivated
Avalanche	Highest interest rate	Reducing interest cost is the priority

Debt strategy worksheet

List your debts below, then decide which payoff order fits the strategy you want to use.

Debt	Balance	Interest rate	Minimum payment
_____	$_____	_____%	$_____
_____	$_____	_____%	$_____
_____	$_____	_____%	$_____
_____	$_____	_____%	$_____
_____	$_____	_____%	$_____

Choose your approach

☐ Snowball: I will focus on the smallest balance first.

☐ Avalanche: I will focus on the highest interest rate first.

Extra amount I can realistically put toward debt each month: $_____

Before you begin

- Make sure essential expenses are covered.
- Keep required minimum payments current.
- Choose an extra payment amount your budget can sustain.
- Revisit the plan when income, expenses, balances, or interest rates change.

The best strategy is one you understand and can consistently follow.