

The Debt Snowball (1/3)

Directions

Work with a group to evaluate the financial information listed below and create a plan to pay off the debt in the least amount of time possible using the debt snowball.

- » Use the planning form on the next page to help you come up with a plan. Do not start your debt snowball until you have discussed ideas with your group and agreed upon a course of action.
- » Use the debt snowball forms.

DEBT	INTEREST RATE	CURRENT BALANCE	MINIMUM PAYMENT
MasterCard	19.9%	\$600	\$22
Visa	23.95%	\$2,545	\$39
Car	4.8%	\$16,800	\$465
Student Loan	6.8%	\$18,400	\$220
Best Electronics	22.65%	\$1,015	\$29
House	7.5%	\$124,878	\$1,025

Additional Information: This person is single, a recent college graduate, and has no children.

Gross Income:	\$40,000
Taxes:	20% of gross
Monthly Expenses:	\$60 cell phone
	\$65 electricity
	\$45 cable TV
	\$250 automobile fuel
	\$85 insurance
	\$250 food

Hint: Consider increasing income or decreasing expenses as ways to generate income.

Ideas to lower expenses or increase income might include getting an extra part-time job, dropping cable/satellite TV, selling or no longer driving your car and using public transportation.

The Debt Snowball (2/3)

Student Planning Form

Project Name: _____

Current Monthly Income: _____ Monthly Expenses: _____

Ideas to Lower Expenses or Increase Income:

Proposed Monthly Income: _____ Monthly Expenses: _____

Plan of Action:
