



# DEBT AVALANCHE

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Do you have multiple debts to your name? Is having so many loans on your head getting you stressed out? Are you looking for a way to systematically pay down your debts to become EMI-free?

Previously we had a worksheet that debt snowball method to pay down debts. Today we will go over another method called the debt avalanche. The principle is simple, you start with paying down the debt with the highest interest rate first. This gives you the boost of motivation to then tackle the next largest interest rate debt. When you pay that off, you move on to the next one and so on until you have completely cleared all your dues. Simple right?

We have tweaked this method a bit to suit Indian financial conditions and have made this worksheet to help you pay down your debts. Send us your feedback and comments, we would love to hear about your strategy to pay down debt.

Let's, get started.

**Step 0:** You must ensure that you are paying EMIs of all your debts on time. Only use excess money over and above these payments to pay down or prepay debts

**Step 1:** List your debts from highest to lowest interest rate

**Step 2:** Make the EMI payments on all your debts

**Step 3:** If you have excess funds that you want to use to prepay your debt, use that additional money to pay as much as possible on your highest interest rate debt first

**Step 4:** Utilise excess funds as mentioned in step 3 until your highest interest debt is paid off in full.

**Step 5:** Repeat the above steps for the next highest interest rate debt. Repeat until all dues are cleared off

	Creditor	Balance Due	Interest Rate	Minimum Payment
Debt 1				
Debt 2				
Debt 3				
Debt 4				
Debt 5				

You can use the table above to list out and rank your debts so that you can track your progress toward becoming debt free!



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