



JOHNSON BIXBY

# Snowball Versus Avalanche

Choose a method and keep going until all your debts are paid off.



## Snowball Method

Starts with the smallest loan



Pays debts in order of principal balance size



Quickly clears small debts



Best suited for clearing several debts



**Benefit:** Helps build momentum and it's satisfying to see zero balances



## Avalanche Method

Starts with the highest interest rate



Pays debts in order of interest rate



Methodical approach to repayment



Ideal for keeping interest low on large debts



**Benefit:** May save the most on interest, especially if your loans have a wide range of rates