The Secrets to Mastering the Snowball Debt Method

Keen to get started on the snowball debt method? Before you start, it’s a good idea to familiarize yourself with the basics.

Here, you’ll discover some of the best secrets to mastering the snowball debt method.

Avoid getting into further debt

When you’re saving all of your money to pay towards your debts, it can be tempting to continue using your credit cards for the things you want and need. However, by continuing to use your lines of credit, you’re only getting yourself into further debt.

In order for the snowball method to work, you need to be focused solely on getting the debts down. So, avoid getting into further debt no matter how tempting it might be to spend on your card “just this once”.

Focus on one debt at a time

OK, so this may sound obvious, but it can be really tempting to try and pay off two or three debts using the snowball method. Surely if you were to pay off half of the money you save onto one debt and half onto another, that’s going to eliminate two debts quicker than just one? Well, it will get them down, but it won’t be quicker!

It’s important to focus solely on one debt at a time. Trust me, you’ll get there much quicker that way than you would trying to focus on 2-3 debts.

Organize your debts

You’re going to find it pretty tough to use the snowball method effectively if you don’t organize your debts. You need to know exactly how many debts you have and how much they total.

From there, you can work out your smallest one and begin the snowball effect. This is one of the steps many people struggle with. It can be daunting and let’s face it, depressing, writing down everything you owe and actually seeing it there in front of you. However, by doing so, you’re actually taking control over your finances, rather than letting them control you.

Plus, you’ll soon start to feel much better when you put the snowball method into effect and you see those debts coming down.

Create a household budget

If you want to make the snowball method really work, it’s important to set a household budget. This lets you see exactly how much you can spend on things such as groceries and essentials.

While you could budget for entertainment too, the best way to tackle the snowball method is to really cut back on luxuries. It’s tough to do but cutting back on eating out and going to the movies for example, is going to free up a lot of money to put towards your debts. The more money you can throw at your debt, the faster you’ll be free of it. Then, you’ll have lots of money to spend on the luxuries you desire.

So, create a household budget and stick to it. Just remember to keep your eye on the longer goal and that this strict budget is only temporary.

Make sure other bills are automated

When you start the snowball method, it’s easy to forget about your other bills. As you’re focusing on the debts you owe, you could easily forget about that phone bill or electricity bill that’s due to come out. So, ensuring your monthly bills are automated is a great idea.

The trouble is, if you forget about a bill and it goes unpaid, you’ll have another debt to worry about and it’s also going to negatively impact your credit rating. It’s easy to automate bill payments and it can take a real weight off your mind knowing you don’t need to worry about them.

Be mindful of balance transfers

One thing you may have considered, is carrying out a balance transfer. Enabling you to move some of your debt over to a 0% interest credit card, it may seem like a great way to save on interest while you’re paying off other debts first. However, if used incorrectly, it could actually make your debts worse, not better.

You’ll need to make absolutely sure that you’ll be able to pay off the debt you’re transferring before the interest-free period ends. Otherwise, you could actually be paying more in the long-term than you would if you’d have kept the debt where it was.

These are some of the best ways to master the snowball debt method. So, if you’re looking to make it a success, be sure to follow the advice above.