

# Create a Debt Destruction Plan

Condensed Version



**Power Over Life**  
Life Skills That Put YOU in Control

## BECOME A MONEY MANAGER

1. Start Budgeting
2. Save for Everyday Life
- 3. BECOME DEBT FREE**
4. Plan for Retirement
5. Invest Wisely

### Introduction

**If you are feeling the crushing burden of debt, please know that you are not alone!** Pew Charitable Trust reported that 8 out of every 10 American owe money. So chances are, close to 80% of your peers are in the same boat as you.

No matter if you have student loan, credit card, home, vehicle, or other consumer debt, know that there is a way to get out from under it. You can have the financial freedom and peace of mind that comes from living debt free!

Let's create your **DEBT DESTRUCTION PLAN!**

### Your Debt Destruction Plan

#### Step #1 – Pick Your Method

1. **Snowball Method – Based on Psychology** – list debts in order of smallest to the largest amount owed. Disregard interest rate. This method will help you get quick wins so that you can work the plan to the end.
2. **Avalanche Method – Based on Mathematics** – list debts in order of largest to smallest interest rate. Disregard amount owed. This method will help you pay less interest in the long run.
3. **Hybrid Method – Based on Both Psychology & Mathematics** – list the highest interest rate debt at the top, then list out the remaining debts in order of amount owed from smallest to largest. This method will help you knock out the worst interest rate offender first, but then get quick wins.
4. **Annoyance Method – Based on irritation** – This is custom. List debts in order of annoyance. This method will help you get rid of the most annoying debts first, reducing stress.

All of these methods work, pick which method you more closely align (personality wise).

#### Step #2 –List Out Your Debts

If you want to pay off debt quickly, first get organized! List out each debt, in the order prescribed in the method you chose. Use a spreadsheet or paper. You can also use our [Debt Payoff](#) spreadsheet template.



Power Over Life is your online life coach! **BECOME A MONEY MANAGER**

### Step #3 – Create a Surplus of Cash

[Create a budget](#) and [savings plan](#). These are designed to help you find extra money by removing and reducing certain items in your budget.

### Step #4 – Throw the Surplus at Your Debt

Follow these steps to start working your debt in a systematic order (the steps are the same regardless of the method you chose):

1. Pay the minimum payment for each loan each month.
2. Take the surplus of cash and apply the entire amount to the first debt on your list.
3. Continue doing this until debt #1 is complete.

### Step #5 – Rinse and Repeat

In this stage, you will “rinse and repeat”, paying off each loan one at a time. This is where you will start to pick up more and more momentum the longer you are working your debt elimination process.

### Step #6 – Stay Positive; Commit

One day you can have no more debt! This is the best way to get out of debt. It’s organized... it’s systematic... it’s your Debt Destruction Plan! Commit now and stay with it.

## Other Debt Reducing Tips

### Tip #1 – Give up Your Credit Cards

Credit cards are too easy...to convenient. Do the harder thing and pay with cash. You’ll spend less that way.

### Tip #2 – Get on the Same Page as Your Spouse

Financial problems are a big deal in a marriage. Create this Debt Destruction Plan together. Make it a date night! Have a positive bonding experience and this will bring you together.

### Tip #3 – Recognize Your Spending Tendencies

You know yourself. Think about when you spend the most money...and try to avoid those situations.

### Tip #4 – Make Sacrifices

Getting out a debt isn’t a sprint... it’s a marathon; however, you can get out of debt faster than you would have by using this method.

## Conclusion

If you still owe money, you now have the tools to start managing debt the right way. Learning how to become debt free is a practical money skill that is needed to financially survive in our world today.

Make your Debt Destruction Plan and live true to it!

**Managing your money is one of many key skills that put YOU in control...and once you have that control, then you truly have POWER OVER LIFE.**

