

Reducing debt

Debt can be a useful tool to create wealth, but it can also overwhelm you if it is not kept in check. Below are some strategies to keep it under control.

- 1 Reduce spending**
Free up cash flow — every dollar saved is a dollar you can put on the debt.
- 2 Avoid new debt**
Stop digging — pause credit cards and buy-now-pay-later while you pay down.
- 3 Increase repayments**
Pay more than the minimum — even small extra amounts cut years off a loan.
- 4 Target the highest rate first**
The “avalanche” method — costs the least in interest overall (see below).
- 5 Or clear small debts first**
The “snowball” method — quick wins build momentum and motivation.
- 6 Find a lender with better rates**
Refinance — a lower rate sends more of each payment to the balance, not interest.
- 7 Consolidate loans**
Combine multiple debts into one — simpler to manage, often at a lower rate.

Two ways to attack: avalanche vs snowball

Same debts, different order. Avalanche saves the most money; snowball keeps you motivated.

Avalanche — highest rate first

Order by interest rate, highest to lowest



↓ Least interest paid

Snowball — smallest balance first

Order by balance, smallest to largest



↓ Fastest first win

Both clear the debt. Pick avalanche if the numbers matter most; pick snowball if you need the early wins to stay on track.

This is general information only and does not take into account your personal circumstances. Consult a licensed adviser before making any decision.