# Debt Snowball vs Avalanche

> The avalanche saves the most interest. The snowball builds the most momentum. The best method is the one you will actually stick with.

There are two popular ways to attack multiple debts, and they disagree about where to start. One is built to save the most money. The other is built to keep you motivated. Both work, and the right choice has as much to do with psychology as with math.

## How each method orders your debts

The avalanche method targets the debt with the highest interest rate first, while paying the minimum on the rest. Once it is gone, you roll its payment onto the next-highest rate. Because you always attack the most expensive debt, this costs the least interest and clears everything soonest.

The snowball method targets the smallest balance first, regardless of rate. When it is paid off, you roll its payment onto the next-smallest. You get quick, visible wins early, which many people find powerfully motivating even though it can cost a little more in interest.

## A worked example you can reproduce

Say you owe 2,000 dollars on a card at 8 percent and 8,000 dollars on a loan at 24 percent, with 400 dollars a month to put toward both. The avalanche attacks the 24 percent loan first, while the snowball clears the small 2,000 dollar balance first.

Here the avalanche wins on money, clearing the debts a few months sooner and saving roughly 1,000 dollars in interest, because it kills the expensive 24 percent balance early. The snowball would hand you a fast win by erasing the small balance first. The Debt Snowball vs Avalanche Calculator runs both on your actual debts and reports the exact interest and months saved.

## Which one should you pick

If the interest gap between your debts is large, the avalanche can save a meaningful amount, and choosing it is simply choosing to pay less. If your debts are close in rate, the two methods land in almost the same place, so the motivational edge of the snowball wins by default.

Be honest about what keeps you going. The mathematically optimal plan is worthless if you abandon it. Many people do a hybrid, knocking out one tiny balance first for the morale boost, then switching to strict avalanche order for the rest.

**Key takeaway.** Avalanche saves the most interest, snowball builds the most momentum. If the rate gap is wide, favor avalanche. If not, pick whichever you will actually finish.

## Assumptions

- Both methods use the same monthly budget and roll each freed-up payment into the next debt.
- No new debt is added during payoff. Interest accrues on the remaining balances.

## Sources


- Consumer Financial Protection Bureau, strategies to pay off debt
- Federal Trade Commission, getting out of debt