

The Debt Payoff Guide

Strategies, statistics, and psychology
to eliminate your debt faster

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01 THE DEBT LANDSCAPE

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If you're reading this, you're not alone. Consumer debt has reached historic levels – but the good news is that people who follow a structured plan pay off their debt significantly.

\$18.8T

US Household Debt

22.25%

Avg Credit Card APR

12.7%

Cards 90+ Days Late

As of late 2025, total US household debt reached \$18.8 trillion. Credit card balances hit \$1.28 trillion, with the average account charging 22.25% APR. More than one in eight credit card accounts is seriously delinquent.

In the UK, personal debt stands at £1,899.7 billion. The average household pays £2,961 per year in interest alone – over £230 million leaving British households every single day.

WHY A STRUCTURED PLAN CHANGES EVERYTHING

Research consistently shows that people who follow a written payoff plan eliminate their debt two to three times faster. An extra \$100/month on a \$20,000 balance at 20% APR saves over \$5,750 in interest and cuts the timeline by two full years.

THE EMERGENCY FUND FIRST RULE

Before attacking debt aggressively, build a starter fund of \$1,000–\$2,000. The average surprise expense is now \$1,700. Without a buffer, one emergency forces you back onto credit cards, wiping out months of progress. This 'reset cycle' is the #1 reason people abandon their plans.

02 SNOWBALL VS AVALANCHE

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THE DEBT SNOWBALL — Smallest Balance First

List debts from smallest to largest, regardless of interest rates. Pay minimums on everything, then direct every spare pound or dollar at the smallest. When it hits zero, roll that payment into the next.

The evidence is surprisingly strong. A Harvard Business Review study of nearly 6,000 consumers found that the single strongest predictor of whether someone eliminated all their debt was not how much they paid — it was how many accounts they closed.

Researchers at Kellogg identified why: people gauge progress by the percentage of a specific account paid off, not the total. Paying off 100% of an \$800 card feels dramatically more motivating than paying off 2% of a \$40,000 loan.

BEST FOR

People who need momentum and quick wins. If you've tried paying off debt before and lost steam, the snowball's quick wins may be exactly what you need.

THE DEBT AVALANCHE — Highest Interest First

List debts by APR highest to lowest. Direct all extra payments at the most expensive debt. Every dollar toward a 24% card saves more than a dollar toward a 5% car loan.

The savings can be substantial — \$1,000–\$3,000 more than snowball on a typical debt load. The risk: if your highest-rate debt is also your largest, you may go months without closing an account, leading to 'repayment fatigue.'

BEST FOR

Disciplined, numbers-driven people who find motivation in watching interest charges shrink rather than needing the emotional payoff of closing accounts.

03 THE HYBRID APPROACH

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Most financial experts don't recommend choosing one method exclusively. The emerging consensus favours a hybrid that captures the psychological benefits of the snowball while preserving the mathematical advantages of the avalanche.

The sequence: first, build your emergency buffer. Then use the snowball to knock out two or three smallest debts — this builds confidence. Once those quick wins are secured, pivot to the avalanche: direct your now-larger payment at whichever remaining debt has the highest interest rate.

This isn't a compromise — it's a strategy that uses each method's strengths at the right time. The snowball starts your engine. The avalanche gets you to the finish line as cheaply as possible.

YOUR TRACKER DOES THE MATH

On your Dashboard, the comparison section shows total interest, months to freedom, and the dollar difference between strategies — all updated as you enter your debts.

04 ACCELERATING YOUR PAYOFF

83% of people who call their credit card company for a lower rate get one. The average reduction is 6.7 points — on \$7,000, that's \$1,600+ saved. Call Tuesday-Thursday, 10-11 AM. See the Negotiation Playbook for complete scripts.

If your credit is 670+, balance transfer cards offering 0% for 15-21 months can pause interest entirely. In the UK, consolidation loans offer rates around 5.6-6.2%.

Find hidden money: cancel forgotten subscriptions (\$30-50/month average waste), claim tax deductions, and log all windfalls in your Snowflakes tab.

05 THE PSYCHOLOGY OF DEBT FREEDOM

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If debt were purely a maths problem, most people would have solved it already. 'Debt-stress syndrome' – anxiety, sleep disruption, impaired decisions – creates a vicious cycle: stress reduces focus, which leads to mistakes, which creates more debt.

FIVE STRATEGIES THAT WORK

The 5-Minute Rule

When budgeting feels overwhelming, commit to just five minutes. Open your tracker, update one number. Starting is the hardest part.

Celebrate Proportional Progress

Focus on the percentage of each debt paid off, not the total remaining. When \$800 drops to \$400, you're 50% done – that triggers your brain's reward system.

Schedule Oasis Moments

Build in small, budgeted rewards. All-sacrifice leads to burnout, and burned-out people quit.

Automate the Mental Load

Set up auto-payments for minimums and auto-transfers for extra payments. Every decision you remove preserves energy.

Write Your 'Why'

Your Milestones tab has a 'Your Why' section. When motivation fades, a personal reason is more powerful than any formula.

A NOTE ON MENTAL HEALTH

If debt stress is affecting your sleep, relationships, or daily functioning, please talk to someone. US: 988 Suicide & Crisis Lifeline (24/7). UK: Samaritans at 116 123 (free, 24 hours). Money worries are temporary and solvable. You are not.

06 SEVEN COSTLY MISTAKES

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1 Attacking debt without an emergency buffer

Without \$1,000–\$2,000 saved, the first unexpected expense sends you back to credit cards. Build the buffer first.

2 Closing credit cards after paying them off

Reduces available credit, spiking utilisation — roughly 30% of your credit score. Keep them open at zero.

3 Spreading payments evenly

This is the slowest approach. Snowball and avalanche work because they concentrate surplus on one target.

4 Never negotiating interest rates

83% of people who ask get a lower rate. One phone call can save more than a year of budgeting.

5 Ignoring small extra amounts

An extra \$50/month on \$15,000 at 20% saves \$4,000+ in interest and cuts payoff by nearly two years.

6 Raiding retirement accounts

Early withdrawals cost 10% penalty + income taxes + lost compound growth. The maths almost never works out.

7 Going it alone

People who share financial goals with even one person are significantly more likely to follow through.

07 YOUR 30-DAY ACTION PLAN

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Don't try to implement everything at once. Here's what to do, week by week:

WEEK 1 · SET UP

- Open the Example tracker, then start fresh with the Blank version
- Enter all debts: name, balance, APR, minimum payment
- Select Snowball or Avalanche on Dashboard
- Set your extra payment — even \$25 counts

WEEK 2 · OPTIMISE

- Call your highest-rate card and negotiate a lower APR
- Cancel unused subscriptions
- Explore the What-If Scenarios tab
- Set up auto-payments for all minimums

WEEK 3 · BUILD YOUR BUFFER

- If you don't have \$1,000-\$2,000 saved, make that priority #1
- Sell items you no longer use
- Check for government credits you may be missing

WEEK 4 · COMMIT

- Fill in 'Your Why' on the Milestones tab
- Tell one person about your goal
- Make your first extra payment and log it
- Complete Month 1 on Countdown — you've officially started

You don't have to be perfect. You just have to start.

Every extra dollar shortens your timeline. Every month you track is progress.

You've got this. — StackedSheets