

Debt and credit

Snowball or avalanche? Pick the debt plan that fits

Quick wins or the lowest interest bill? How two popular debt payoff methods compare, and how to choose the one you'll actually stick with.



6-minute read • Updated October 2026 • Checked against its sources

The short version

- ✓ Both methods pay every minimum, then aim all extra money at one debt at a time. The only difference is which debt goes first.
- ✓ The avalanche (highest rate first) costs the least in interest. The snowball (smallest balance first) gives you a win sooner.
- ✓ Card accounts that were charged interest averaged a 22.32% rate in 2025, so every extra dollar counts. Pick the method you'll keep, and start.

Rather talk it through?

A volunteer financial adviser can help with your situation, one-on-one, for free.



Point your phone's camera at the code, or go to:

go.advisersgiveback.org/start

From a nonprofit. Every volunteer adviser is a fiduciary, which means they must put your interests first. We never sell your information.

1

Same moves, different order

The snowball and the avalanche are two popular ways to pay off more than one debt. They have more in common than you might think. Both follow the same four steps: ¹

- 1 List your debts.**
Write down each balance, interest rate and minimum payment.
- 2 Pay every minimum.**
On time, every month, on every debt.

3

Aim your extra at one target.

Every dollar beyond the minimums goes to a single debt.

4

Roll it forward.

When the target is paid off, add its whole payment to the next one.

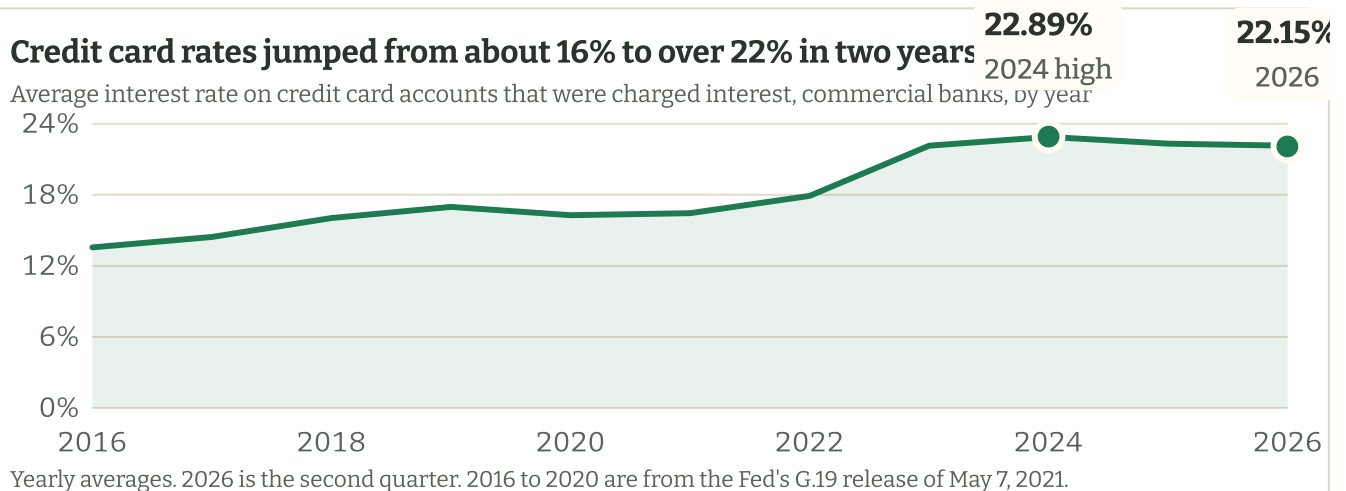
The only difference is which debt you target first. The snowball goes after the smallest balance. The avalanche goes after the highest interest rate, the APR shown on your statement. If you haven't made your list yet, our guide to [three debt payoff plans](#) walks you through it.

Online: advisersgiveback.org/resources/three-debt-payoff-plans/

2

Why the interest rate matters

Credit card interest is expensive, and it has gotten more so. The Federal Reserve tracks the average rate on credit card accounts that are charged interest. In 2016, it was 13.56%. ² In 2025, it was 22.32%. ³



Source: Federal Reserve Board, Consumer Credit - G.19, August 2026 (October 7, 2026)

The 2024 average, 22.89%, was higher than in any year since the Fed's data begin in 1994. ⁴ At 22.32%, every \$1,000 you carry costs about \$18.60 in interest a month. Over a year, that's about \$223. That's why every extra dollar you pay helps, whichever method you choose.

3

The two methods side by side

Snowball: smallest balance first

- **How it works.** Put all your extra money on your smallest balance. When it's gone, add its payment to the next smallest.
- **The upside.** You see progress fast, especially if you have several small debts.
- **The trade-off.** If your bigger debts carry higher rates, you'll likely pay more interest overall.

Avalanche: highest rate first

- **How it works.** Put all your extra money on your highest-rate debt. When it's gone, add its payment to the next highest rate.
- **The upside.** Your most expensive debt goes first, so you pay less interest overall.
- **The trade-off.** If that debt is large, your first payoff can take a while.

These are the same trade-offs the Consumer Financial Protection Bureau (CFPB) lays out in its debt action plan. ¹ In short: the avalanche saves on interest, and the snowball gives you a win sooner.

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Race them on your own numbers

How big is the gap? It depends on your debts. Here's an example with made-up numbers. Say you owe:

- \$700 on a store card at 20%, with a minimum payment of \$30
- \$2,500 on a credit card at 27%, with a minimum payment of \$75
- \$5,000 on another card at 22%, with a minimum payment of \$150

The minimums add up to \$255. You can pay \$500 a month in all, so \$245 a month is extra. The example assumes your rates and minimums don't change, you add no new charges, and interest is added each month at one-twelfth of the yearly rate.

- **Snowball.** The store card is gone in month 3. You're debt-free in month 20, after about \$1,737 in interest.
- **Avalanche.** The 27% card is gone in month 9. You're debt-free in month 20, after about \$1,693 in interest.

Here the avalanche saves about \$44, and the snowball gives you a first win six months sooner. The gap grows when your biggest balance also has your highest rate. Swap the rates on the two cards, so the \$5,000 card is at 27%. Now the avalanche saves about \$182, but its first payoff doesn't come until month 16.

The biggest difference isn't the method, though. It's the extra money. Paying only the \$255 in minimums, and still rolling each one forward as debts are paid off, would take 52 months and cost about \$4,889 in interest.

Try it with your own debts. The tool below starts with an example, then races the two methods month by month on the numbers you enter.

 Snowball or avalanche: race them

Worked example

Scan the code to try your own numbers, or go to advisersgiveback.org/resources/snowball-or-avalanche



DEBT	BALANCE (\$)	RATE (%)	MINIMUM (\$)
Store card	700	20	30
Card A	2,500	27	75
Card B	5,000	22	150

Extra you can pay each month, on top of the minimums **\$245**



\$1,737

Interest paid with snowball
Order: Store card → Card A → Card B

\$1,693

Interest paid with avalanche
Order: Card A → Store card → Card B

Avalanche saves \$44 in interest here. Snowball pays off its first debt sooner, which keeps many people going.

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What the research says

If the math favors the avalanche, why would anyone pick the snowball? Because paying off debt takes months or years, and it helps to feel progress along the way.

In a field study and three experiments, researchers found that putting payments into one account at a time, instead of spreading them out, tended to make people more motivated to get out of debt. They also repaid more aggressively. The effect was strongest when payments went to the smallest accounts, because people judged their progress by what share of any one balance they had paid off. ⁵

Another study followed nearly 6,000 people working to get out of credit card debt through a debt settlement program. Those who closed out more of their accounts were more likely to clear all their debt, whatever the dollar size of those accounts. ⁶

Without a plan, people often do neither. A study of credit card data on 1.4 million people in the United Kingdom found that people with more than one card tend to split their payments in proportion to their balances. They don't aim them at the higher-rate card, which would cut their interest cost.⁷ Either method gives your extra money a clear job.

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How to choose, and how to stick with it

Ask yourself one question: do you need momentum, or the lowest cost?

- **Choose the snowball** if staying motivated has been the hard part, or if you have a few small debts you could clear soon.
- **Choose the avalanche** if numbers motivate you, or if your highest rate sits on a big balance, where the savings add up.
- **Not sure?** Clear one small debt for a quick win, then switch to the avalanche.

Whatever you pick, make it automatic. Schedule the extra payment for the day after payday. When a debt is paid off, move its payment to the next target right away. Check in every few months. If you've stalled, it's fine to switch methods. Starting beats debating.

The best debt plan isn't the one that looks perfect on paper. It's the one you can keep up month after month.



Watch for promotional deadlines

Some cards and store plans offer no interest if you pay in full within a set time, such as 12 months. If the balance isn't paid off by the deadline, you may owe all the interest back to the date of the purchase.⁸ Put the deadline on your calendar and plan to clear that balance before it, whichever method you use.



Try it this week

Write your debts in two orders: smallest balance first, and highest rate first. If the same debt tops both lists, your choice is easy. If not, pick one method, set up an automatic extra payment to your first target, and mark a date three months out to check your progress.

Not sure which fits your situation? A volunteer adviser can look at your debts with you and help you choose, one-on-one and for free.

Questions to bring to your adviser

A volunteer adviser is ready when you are.

A volunteer adviser can look at your numbers with you and help you decide what to do first.

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Updated October 2026. This guide is general information, not advice for your situation. We check every number against its source; if something has changed, tell us at advisersgiveback.org/contact. Read it online, with its calculators and videos, at advisersgiveback.org/resources/snowball-or-avalanche/. Advisers Give Back is a 501(c)(3) nonprofit (EIN 84-4685390), and we never sell your information.