



Dump Debt Faster Guide

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Dump Debt Faster Guide - Couple Money

Between our personal experience with paying off the car loan and discussing with other couples about becoming debt free, I've found that there is an effective way for the two of you to reach your goals.

It comes down to:

- Know How Deep Your Debt Is
- Review Debt Methods as a Couple
- Choose the Method that is Easiest to Keep
- Build Up Your Debt Payments
- Make It Automatic

Know How Deep Your Debt Is



Let's start with how you can run the numbers on your debt.

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You can't completely get out of debt unless the two of you know exactly how much debt you are currently in.

The problem for some couples is that over the years they've accumulated quite a bit and it's hard to get it organized.

Looking at the Numbers Objectively

One of the best ways to get a handle on your debt is to see which part of your budget is triggering the money leak.

That means you two will have to look at all of your income and expenses for the past month (or longer if you have the data).

Free Tools to Automatically Get Your Numbers

You can always dig through your bills or take time to login into all of your accounts to get the data you need.

But if you're looking for a way to streamline the process and have an accurate snapshot here are two tools I recommend:

- [Personal Capital](#): This is now my favorite money management site to use on tracking our finances. You can also get a free portfolio check-up to make sure your investments are aligned with your personal goals.
- [Mint](#): With a few clicks you can check month to month compare them against each other. You can also drill down to get to the individual transaction.

Another big advantage of using the tools I've mention is how you've now created a system where you two can be kept in the financial loop without tracking every cent manually.

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It's very handy for monthly reviews.

Blame Free Zone

With the hard numbers in front of both of you, it's time to start talking.

As you look at the biggest trouble spots, resist the temptation to blame one another.

It will mostly likely have the two of you fighting each other instead of the debt.

A much better use of your time would be to focus on the top one or two areas to improve on (ideally you each pick one that you can be in charge of).

Now that you have both the grand total and individual amounts of debt, you two are ready for the next step – choosing a plan to get out of debt.

Best Strategies to Get Out of Debt Faster



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The good news is that there are numerous ways to pay off your debts, but it can be confusing and overwhelming.

To save you time, I'm just going to list two of the most popular ones that have helped others speed up their debt free plans to help you find a strategy that works best for you.

Debt Snowball

Dave Ramsey is most associated with the debt snowball as a part of his system to help people gain financial peace.

Paying off debts is the second of his seven baby steps as popularized in his book [The Total Money Makeover](#).

Many people have sworn by Ramsey's methods and have paid off huge amounts of debt in a year or two.

Basics of the Debt Snowball

Here's how the debt snowball works:

- List all of your non-mortgage debts from small balance to largest
- Pay the minimum payment on every debt
- Figure out how much extra you can put towards paying off your debt-
- Use that money to pay down the one with the smallest balance
- When that is paid off, roll over that money into the next debt (old amount +minimum)
- Repeat and keeping rolling over payments until all your debts are gone

Many people have discovered that this method was the easiest to maintain because they only have to focus on one debt at a time.

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With the intense focus, it made them want to pay off the debt faster.

There are modifications to this plan, such as using debt snowflakes to build your snowball, but the premise remains the same – work on the smallest balance first and then continue to the next smallest.

You may be wondering why interest rates aren't mentioned in this plan.

The biggest reason is because the debt snowball is about changing behaviors and not so much on getting the most financially pressing debt out of the way.

Dave states that 80% of personal finance is about behavior not numbers.

While I know this plan is not for everybody, I do believe that many couples could benefit using it.

When you see your debts getting knocked out one by one, you 're motivated to stick with the plan and that's the real advantage – sustainability.

Debt Avalanche

On the other end of the scale are those who let the numbers rule the strategy.

Personal finance gurus like Suze Orman suggest tackling your debt by interest rate rather than the balance.

The reason behind it is straightforward. If you're truly committed to being out of debt, paying your highest rates first will have you debt free faster.

The method is just as direct as the debt snowball – just organize your plan by the interest rate instead of the balance.

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Now it's time to make a choice – decide on how you're going to pay debt and get started right away.

Getting Rid of Debt: Numbers vs Emotions



Last week I mentioned that most debt payoff methods boils down to arranging your debts and either attacking them:

- by their interest rate or
- by debt amount.

While very similar in appearance – you're tackling debts one by one and building up your payments as you plow through them – there is a different reasoning behind them and that can make all the difference between your success or failure.

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With the debt avalanche, you are interested in paying off your debt as fast as possible.

You're motivated by the numbers and are determined to make sure that your lenders don't a penny extra from you than necessary.

The debt snowball offers a behaviorally motivating set up as you get wins quicker towards the beginning.

As each debt falls off your list, you two build momentum to tackle the next debt. You're more concerned with crossing the finishing line rather than the speed in which you get there.

Being debt free is a goal you can't afford to miss and you know that personal finance is more than just numbers with the two of you.

Which Time-Frame Works for You Two?

I believe for many couples one of the big factors in deciding what works for them is how quickly they can get out of debt. That means looking at both methods head to head and see the numbers and time-frame.

For me, I love using spreadsheets. If you feel the same way, Vertex has an awesome [debt snowball spreadsheet template](#) that you can use as is or modify for your own plans.

You simply plug in the numbers and you can easily see how fast your debt can be destroyed.

What Fits Your Financial Personality?

The other huge factor in deciding what method to use is how closely aligned the process is to your own financial personality.

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It's important that you two work with a plan that is sustainable.

Just starting on your journey and not sure what your financial personality is?

Start by looking at how you acquired your debt.

Has this debt slowly accumulated, perhaps as a result of lifestyle inflation through the years? Or have you been spending beyond your means for various reasons?

Depending on your answers, you may find yourself gravitating towards the debt avalanche or snowball.

Get Started on Paying Down Debt Faster

It's now time to leave the talk and get ready to walk. If you haven't already, go ahead and automate all of your payments.

You can bypass a lot of mistakes and relapses if you automate your credit card payments with online bill pay.

Most banks and credit unions offer this feature for free. (If your bank doesn't then it's time to make the switch to a better one.)

Get the minimum payments set up for the secondary debts and put the maximum you can towards the first debt on your list.

Give yourself a small boost and call up your credit card company and see if you can lower your interest rate that works for you and your family and get it in writing.

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Switching from Debt Avalanche to Snowball

Don't feel bad if you decide to change mid game.

In fact, if you two feel like switching methods would be a better fit than go for it now rather than later. That happened to me when I was engaged and determined to be free of credit card debt before I got married.

Looking at the numbers, I went with paying down based on interest rate.

However, I soon found that it lacked the motivating wins of the debt snowball so I shifted gears and went by balance.

It worked for me and I was happy to get rid of the credit card debt and that's the point – getting OUT of debt.

Don't let anyone make you feel bad that it took a little bit longer to reach your goal, just celebrate that the fact that you're debt free.

That's something to be proud of both from the finances, but also as a personal accomplishment as a couple.

Big wins are important and for most people, it's what gets them motivated.

I highly recommend that you start off with the big stuff because I know from personal experience how seeing that cash in your account pumps you up.

Your hard earned money is staying with you, not going towards some nebulous cloud of bills.

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Imagine when you are debt free and all the payments you're making now will instead be used to:

- grow your savings,
- pay for your vacations,
- build your retirement portfolio, or
- fund the business you've always wanted to start

Becoming debt free can help achieve those dreams!

Paying Off Debt Faster with Snowflakes



After the initial thrill of starting the debt free journey and making some big wins, couples naturally find themselves at a plateau where they ask 'What now?' when reviewing their budget.

They have cut out needless luxuries that weren't making them significantly happier and they negotiated with their cable, insurance, and credit card companies.

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All the low-hanging fruit has been picked and while they have made some great progress with their payments, it still seems like being debt free is still years away.

Welcome to the solution of debt snowflakes.

What are Debt Snowflakes?

Debt snowflakes are smaller, more frequent amounts of money that can be used to whittle down your debt. That money can grow your debt snowball so you be debt free quicker.

The big take away with the snowflakes is that no amount is too small to include. You have to be willing to use that extra \$5, \$10 towards your debt.

Debt snowflakes have the power to speed up your debt snowball or avalanche not because of their size individually (I consider a snowflake \$20 or less), but because of what they represent – the ability to adjust your money habits in small yet meaningful ways.

Pick and Choose Your Adventure

I think sometimes the hardest part with snowflakes is getting started.

One big tip I can give you is look at your own talents, gifts, and interests and see if there is a way for the two of you to enjoy that once more.

Sometimes we let our paycheck job take up so much our energy and thoughts we lose sights of others ways to earn and save money.

Spend Less

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Cutting back doesn't mean depriving yourself of fun. You two can find ways to enjoy your time together without forking over a lot of money.

- Cook more at home. Spruce up your culinary skills and invite friends over for nights in at the house.
- Know your town. Become local experts and discover some of the free and low-cost events in your area such as concerts and festivals.
- Play again. You don't have to be the next tennis great to enjoy a good game. Pick up a racket or whatever sport you love and start a weekly get together with friends. You'll have a great time and get in shape.

Earn More

For some couples, earning more money is both more appealing and practical than trimming their expenses.

Here are a few ways you two can pump up your income.

- Start a side business. Many of us have talents beyond what we receive a paycheck for. Set aside a few hours each week and handle a project or a client for money.
- Quick jobs: Take care of household errands for others by signing up and using sites like TaskRabbit. You can also work from home and use your talents with Fiverr.
- Sell your old tech. Upgraded your phone or tablet? Consider using eBay or Craigslist to sell your old stuff.
- Start a blog. I have to include this one You may not become rich with this one, but sharing your expertise can help you earn some money on the side while helping others.

Here's the kicker: Only pick the ones you're interested in.

Hate couponing? Don't clip.

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Worried about selling your stuff on Craigslist? Skip it. You decide what works for the both of you.

Make Your Debt Payments Automatic



Young couple in love outdoor

It's no secret that I love automating finances, whether it's for debt, savings, or investing.

It's a solution that has helped us tremendously with reaching our money goals.

One of the biggest reasons why automating your finances makes sense is that most couples I know live full (and sometimes hectic) lives and their payments already scheduled lets them focus on more important things.

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We have had times where work or family have kept us busy, but because our payments were already scheduled, our cash flow didn't suffer and we avoided getting it with late fees.

How to Set Up Your Debt Payments

Most banks and credit unions offer this money and time-saving feature for free.

If yours doesn't or they are slow with their bill pay system, it's time to switch your joint accounts.

Your bank should be helping you build your finances, not make it harder.

We made the switch years ago and we've been happy with their service and the nice little bonus of earning some interest with checking.

Always a plus in my book!

Getting your debt payments started is as simple as getting the minimums and debt snowball payments up with them scheduled early enough so you don't ever have to pay late fees again.

We only needed around 20 minutes to set things up and we spend like 15 minutes each month just to review things.

The goal is to make it easy for us to maintain and monitor so we can focus on more important things.

You can also use services like [Personal Capital](#) or [Mint](#) to keep you up to date with your progress.

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So how do you do it?

- Log into your checking account and go to your bill pay section
- Schedule your minimum and snowball/avalanche payments
- When scheduling payments give your bank enough time to process so you don't ever get hit with late fees. (If they have really slow service, go ahead and switch banks. You shouldn't have to stress over bills getting paid on time.)

And just like that, you're done!

The only time you'd probably need to mess with things is when you have to increase payments (huzzah!) or when you've paid off your debts (score!).

Debt Free Together!

I hope these suggestions helps you brainstorm your debt free plan.

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Grab Our Course!

Learn ways you two can dump debt faster from people who have been there.

Check out our Pay Debt Faster Course!

[Learn more](#)