

Money Manager User Manual: Debts

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Debts Help

The Debts tab is a powerful tool that allows you to see all of your debts in one place and create an expedited payoff plan. The Debts tab teaches you how to use the snowball method, a debt-payment strategy that can dramatically reduce both the time it takes to payoff debt and the amount of interest you'll pay.

The snowball method

The snowball method is a common debt-reduction strategy. It allows you to pay debts off faster without increasing your monthly contribution toward debt. To use the snowball method, you should "roll over" your monthly minimum payments as each debt is fully repaid.

In other words, when you're done paying off a debt, you'll take the monthly contribution to that debt and put it toward another. The total amount you pay each month stays the same, but the monthly contribution to each debt goes up progressively as they are paid off. This can help users get out of debt without the need for painful budget cuts.

Debt priority options

There are four built-in prioritization options that you can choose from, based on your particular situation.

- **Fastest payoff first:** Debts are ordered by which debt you will pay off soonest, based on balance, APR, and minimum payment. This ordering is considered the standard snowball method.
- **Highest interest first:** Debts are ordered from your highest APR to the lowest APR. This ordering is often referred to as the "avalanche method"; it can save you more money over the life of the debt.
- **Lowest balance first:** Debts are ordered by balance from lowest to highest.
- **Highest balance first:** Debts are ordered by balance from highest to lowest.

To change your debt priorities:

1. Tap the dropdown menu on the top left.
2. Tap one of the four available options. The chart and all associated calculations will automatically update.

Debt chart

On the main Debts window, you'll see a colorful chart and a timeline with a list of your debt accounts below. The dotted line on the chart represents the status quo, i.e., the time it will take to get out of debt by making minimum payments without the snowball method. The colorful chart represents the expedited payoff for each debt which you can achieve by using the snowball method and by paying more than the minimum. To the right, you'll see an estimated payoff date, as well as an estimate of the amount you'll save.

To see your estimated total debt at a future date:

- Hover the mouse over a date on the timeline.

Debt details

To view more details about a particular debt:

- Tap on a debt in the list.

Under the tab labeled **SCHEDULE**, you'll see a list of future payment dates. For each date, there is an associated payment amount which is then broken down by principal and interest. The projected balance is on the right. If you don't see these details, you may need to manually enter information like minimum payments and due dates.

As you scroll through the future payment dates, you may see the payment amounts start to increase. This is a reflection of the snowball method at work. To view or update your minimum payment or interest rate:

1. Select a debt from the debt list.
2. Tap the tab labeled **DETAILS**.
3. Select the figure for monthly payment or interest rate and enter a new number.

Hide from chart

Any account can be hidden from the Debts chart without being excluded from other reports. This is helpful for customizing the chart to reflect your specific debt-reduction goals. For example, a credit card that is paid off in full each month may not need to be included in the chart.

To hide an account from Debts:

1. Select an account below the chart to open the detail window.
2. Tap the **•••** icon on the top right.
3. Tap **Hide** from debts.

The account will be moved to the end of the list, grayed out, and will not be calculated in the chart.

To re-include a debt:

1. Tap the hidden account at the bottom of the Debts list.
2. Tap **Include Account**.

Extra payment towards debt

If you want to see what will happen when you put more money toward your debt:

1. Tap **Total Monthly Paydown**.
2. Enter in an additional amount in the **Extra Payment Toward Debt** box.

The graph will readjust and show you how much you could save by putting extra money toward your debt.