

FREE GUIDE

Debt Payoff Calculator & Action Checklist

The Exact Order to Pay Off Debt and Build
Your Emergency Fund in 2026

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The Correct Order

(Most People Get This Wrong)

1

Baby Emergency Fund

Save \$1,000 first. No exceptions. This stops debt from growing when life happens.

2

Wipe High-Interest Debt

Any debt above 7% APR. Use the Avalanche Method — highest interest rate first.

3

Full Emergency Fund

3–6 months of essential expenses. Lives in a high-yield savings account only.

4

Invest + Pay Low-Interest Debt

Only after steps 1–3 are done. Index funds + any remaining debt under 7% APR.

This sequence is grounded in behavioral finance: eliminating high-cost debt provides a guaranteed, risk-free return equal to the interest rate. Build the habit stack in order — skipping ahead costs more money.

Your Debt Avalanche Tracker

#	Debt Name	Balance	Interest Rate	Min Payment	Extra Payment	Target Payoff Date
1		\$	%	\$	\$	
2		\$	%	\$	\$	
3		\$	%	\$	\$	
4		\$	%	\$	\$	
5		\$	%	\$	\$	

Strategy: Sort by interest rate — highest to lowest. Put ALL extra money on Row 1 until it's zero, then roll that payment to Row 2. Each payoff accelerates the next.

What Is Your Debt Actually Costing You Per Year?

Balance × Interest Rate = Annual Interest Cost

Example: \$5,000 × 21.52% = \$1,076/year going to the bank

Your balance: \$_____ × Your rate: _____% = \$_____ per year in interest

According to the Federal Reserve G.19 (Q1 2026), the average credit card APR for accounts accruing interest is 21.52%.¹ The Federal Reserve Bank of New York reports total US credit card debt reached \$1.28 trillion in Q4 2025.²

1. Federal Reserve G.19 Consumer Credit Report, <https://www.federalreserve.gov/releases/g19/>

2. FRBNY Center for Microeconomic Data — Household Debt and Credit, <https://www.newyorkfed.org/microeconomics/hhdc>

How Big Does Your Emergency Fund Need to Be?

Monthly Essential Expenses × Months of Coverage = Your Target

Rent / Mortgage: _____ \$ _____

× 3 months = \$ _____

Stable job, dual income

Utilities: _____ \$ _____

Groceries: _____ \$ _____

× 6 months = \$ _____

Self-employed, freelance, single income

Insurance: _____ \$ _____

Transportation: _____ \$ _____

Minimum debt payments: _____ \$ _____

TOTAL MONTHLY ESSENTIALS: _____ \$ _____

MY TARGET:

\$ _____

Your 4-Box Payoff Checklist

1 \$1,000 Starter Emergency Fund
— DONE

2 All Debt Above 7% Paid Off (Avalanche Method)
— DONE

3 Full 3–6 Month Emergency Fund Saved
— DONE

4 Investing + Low-Interest Debt Running Simultaneously
— DONE

The order matters more than the amounts. Work these in sequence.

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