



CONSUMER CREDIT COUNSELING  
SERVICE of CENTRAL NEW YORK



**A method of paying off your  
existing debt in-full and saving  
costly interest charges**

**HOW TO WORK THE DEBT REVERSAL PYRAMID:**

- ▼ Arrange creditors in order of balance from highest to lowest. Assign the regular minimum required monthly payment to all creditors. Example:

	<u>Balance</u>	<u>Required Minimum Payment</u>
Auto	\$ 8,480	\$199
Sears	\$ 2,275	\$ 60
VISA	\$ 1,975	\$ 38
Mastercard	\$ 250	\$ 12
<b>TOTAL</b>	<b>\$12,980</b>	<b>\$309</b>

- ▼ Pay each creditor at least the minimum monthly payment they require each month. Concentrate on paying off the smallest balance first. Any extra money is applied to the debt that has the smallest balance.
- ▼ As the smallest balance is paid off, the payment that was applied to it is added to the next smallest balance. Eventually all of the available money is applied to the largest balance.
- ▼ In the above example, after 21 months of paying Mastercard, VISA can be increased to \$50. When VISA is paid, Sears will get \$110. When Sears is paid, the car loan will receive the full \$309. The debt will be liquidated in about 46 months with a savings of over \$2000 in interest charges.
- ▼ A final note... **IF YOU MAKE NEW DEBT BY CONTINUING TO USE CREDIT CARDS, THIS METHOD WILL NOT WORK AS SHOWN HERE.** Replacing debt you've paid off with new debt will absolutely keep you from paying off your debts in full.

*For free assistance, in person, by mail or by phone,  
please call CCCS of CNY at 1-800-479-6026 (toll free in NY)*

# Debt Reversal Pyramid

