

**Step 1**

Stop the spending. Take all debts and rank as per example (Debt divided by Minimum Payment). Allocate an additional 10% of monthly minimum (in this case \$300 per month)

Debt Item	Amount owing	Minimum payment	Debt÷Minimum Payment Ratio
Visa	8,000	250	32.0
Master Card	10,000	300	33.3
Car Loan	20,000	550	36.4
Personal Loan	30,000	650	46.2
House	130,000	1,250	104.0
	198,000	3,000	
	Additional 10% of Monthly Minimum	300	

**Step 2**

Add the additional 10% (in this case \$300 per month) to the lowest Ratio debt. Clear it. When cleared, add the money used to eliminate that debt to the next one until all debt is cleared

Debt Item	Amount owing	Minimum payment	Monthly	Months
Visa	8,000	250	550	15
Master Card	9,000	300	850	11
Car Loan	17,000	550	1,400	12
Personal Loan	27,000	650	2,050	13
House	125,000	1,250	3,300	38
			<b>Total</b>	
			<b>months</b>	<b>89</b>

For further information see *“Rich Dad’s Guide to Investing”* by Robert Kiyosaki and Sharon Lechter

The following Table shows the effect of compounding \$3,300 per month over 20 years at various rates, ignoring tax or any other issues or costs. The data on these pages is for illustration only.

**\$3,300 Invested & Compounded Monthly (Rate is p.a.)**

<b>End of Year</b>	<b>5.0%</b>	<b>7.5%</b>	<b>10.0%</b>	<b>12.5%</b>	<b>15.0%</b>	<b>17.5%</b>
1	40,689	41,246	41,812	42,386	42,970	43,562
2	83,460	85,694	88,002	90,385	92,847	95,389
3	128,419	133,593	139,029	144,740	150,742	157,051
4	175,678	185,211	195,399	206,293	217,944	230,412
5	225,355	240,835	257,672	275,995	295,950	317,693
6	277,574	300,778	326,465	354,928	386,494	421,534
7	332,464	365,375	402,463	444,312	491,595	545,079
8	390,163	434,986	486,418	545,533	613,591	692,065
9	450,813	510,001	579,164	660,157	755,198	866,941
10	514,567	590,840	681,622	789,958	919,569	1,074,997
11	581,582	677,955	794,808	936,948	1,110,364	1,322,531
12	652,026	771,832	919,847	1,103,401	1,331,829	1,617,032
13	726,074	872,998	1,057,979	1,291,896	1,588,896	1,967,413
14	803,910	982,017	1,210,575	1,505,350	1,887,288	2,384,275
15	885,729	1,099,500	1,379,150	1,747,069	2,233,648	2,880,234
16	971,733	1,226,103	1,565,377	2,020,795	2,635,687	3,470,296
17	1,062,138	1,362,535	1,771,104	2,330,767	3,102,355	4,172,318
18	1,157,168	1,509,558	1,998,374	2,681,784	3,644,042	5,007,543
19	1,257,060	1,667,995	2,249,442	3,079,282	4,272,808	6,001,244
20	1,362,063	1,838,732	2,526,800	3,529,415	5,002,651	7,183,493