

How Can You Save Money?



Amortization refers to the length of time, in years, that you choose to pay off your mortgage completely. Mortgages can be amortized for periods up to 25 years. Choosing the amortization period is an important step as it will ultimately determine how much interest you pay over the life of your mortgage.

Typically the longer the amortization the smaller the monthly payments will be. This may be a good strategy if your priority is making payments more manageable; however, the longer the amortization the higher the total interest costs will be over the life of the amortization.

By choosing a shorter amortization, say 15 years, typically you will have a higher monthly payment. You will however have a significant savings in interest payments over the life of your mortgage compared to an amortization of 25 years.

There are other strategies that can help you pay off your mortgage faster:

- Payment schedule – one of the most popular options is using an accelerated weekly or bi-weekly payment schedule. This option can help you pay off your mortgage years sooner, ultimately saving you interest over the life of your mortgage, and increasing the frequency of your payments is also a great strategy to help pay off your mortgage faster.
- Lump sum payments – depending on your mortgage type, you could make lump sum payments, according to your mortgage terms and conditions.

Talk to a credit union Mortgage Specialist today. We can help you understand which mortgage options will give you the right balance of flexibility and manageability for your needs.