



# How to Pay Off Your Mortgage Faster

**86 per cent** of Canadians with a mortgage think it's important to pay it off as soon as possible.\*

A mortgage is often the largest debt that one undertakes and as a result, many homeowners look to pay it off as soon as they can. In addition to reducing overall debt, paying off your mortgage early allows you to leverage the equity of your home. Try one of these strategies to reduce your mortgage principal.

- **Make bi-weekly mortgage payments**

Bi-weekly payments involve 26 half-payments each year instead of the standard 12 full payments. By making 13 full payments each year, you'll pay down the principal sooner and reduce the amount of interest you'll pay over the long run.

- **Increase your mortgage payment**

You can also increase the amount you pay towards the principal of the payment each month. Most people have higher incomes a few years into their mortgage than they did when they first took it out. Keeping your payment on par with your increases in income will help reduce your mortgage amount significantly and may also reduce the amount of your monthly payment over time.

- **Make additional payments**

If bi-weekly payments or increasing your monthly mortgage payment are not feasible, try to make extra payments when you can. If you have extra money at the end of the year, put it toward your principal.

## If you're considering paying off your mortgage early, consider the following:

- Do you have the cash available to pay down the debt? If you've accumulated 6 months in emergency reserves and have paid off other loans and credit cards, your mortgage should be the next debt you target.
- Will you have enough cash to save for retirement and other financial goals?
- How long do you plan to stay in the home? It may make more sense to keep your money liquid and not tied up in a home you might sell in a few years.
- Before making additional payments, check your mortgage contract to see if there are any penalties.

**46 per cent** of Canadians make bi-weekly mortgage payments.\*

**65 per cent** of Canadians are able to make additional mortgage payments.\*

**33 per cent** of Canadians make additional mortgage payments when they can afford to do so.\*

\*Source: Scotiabank