



How to pay off your mortgage faster

When was the last time you looked closely at your loan, the progress you are making on paying it off and how it compares to others in the market? Analysing your mortgage could mean savings for you, as well as the opportunity to pay it off more quickly, invest in other assets or reach financial freedom sooner.

Make smaller payments, more often

To cut the size of your payments, make more of them. This could even see you pay off your loan faster, and therefore pay less interest overall.

If you pay your mortgage monthly, consider changing to fortnightly repayments. For example, if your mortgage equates to \$2400 a month, cut this in half and pay \$1200 each fortnight. As well as having more manageable payments to make, by the end of the year you will have paid off \$31,200 rather than \$28,800.

Pay just a little bit extra

A minimum repayment is just that – for most loans there is no reason you can't pay more, whether here and there or regularly.

By rounding up to a full number or contributing an extra \$100 or even \$10, you'll significantly reduce your mortgage. It may also be worth considering putting all bonuses, tax returns and gifts into your mortgage.

Don't decrease repayments when interest rates fall

Even if your repayments are lowered when fees and interest rates decrease, it doesn't mean that's all you have to pay and, by keeping your repayments at the same level when interest rates are lower, you will pay down more of the principle with each payment and make speedy progress on your loan.

Offset it

If you can, use an offset account. A mortgage offset account is linked to your loan and the interest payable on the loan from month to month is calculated by deducting what is in your offset account from your current loan. For example, if your mortgage is \$500,000 and your offset account has \$10,000 in it, you will only pay interest on the remaining \$490,000.

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This article is general in nature and not specific advice as your situation has not been taken into consideration.



An offset account will save interest while still giving you access to your savings. It also means investors can preserve the tax deductibility of the mortgage.

Find a better deal

Ultimately, your mortgage needs to suit you and your circumstances, or you will wind up paying too much. If you think your current loan no longer matches your situation, speak to your Chocolate Finance broker. They will be able to find the right product for you, as well as negotiating appropriate rates on it.

Of course, it is important to make sure that your lender doesn't charge fees for extra repayments, refinancing, or any other steps you take in an attempt to save on your loan. Your finance broker will be able to provide details and make sure you have a loan that lets you pay down your balance sooner.

For specific mortgage advice on paying your loan off sooner, contact [Chocolate Money](#) on 1300 137 539.