

DE-AMORTISE: CUT YOUR MORTGAGE PAYMENT

THE POWER OF EARLY PRINCIPAL PAYMENTS – SAVE UP TO 40% ON INTEREST (IN THE CURRENT MARKET)≈

EXAMPLE: TYPICAL US MORTGAGE
 LOAN: \$400,000 | RATE: 6.24% APR



Total capital to be paid:

\$400,000

Total Interest to be paid:

\$485,700

Total Paid over 30 years:

\$885,700

The sales conversation:
 “Can you afford \$2,460/month?”

SHOULD BE:

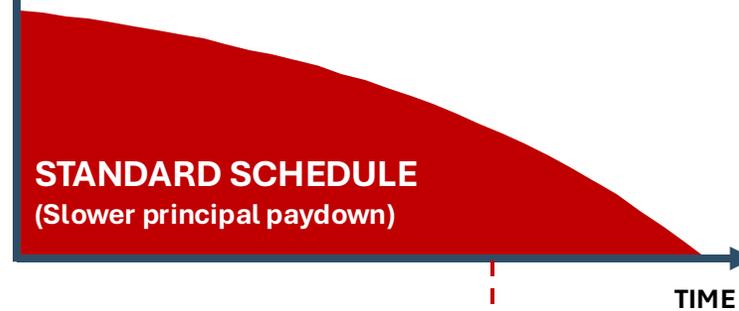
“Are you happy paying \$485,700 interest?”

SOLUTION

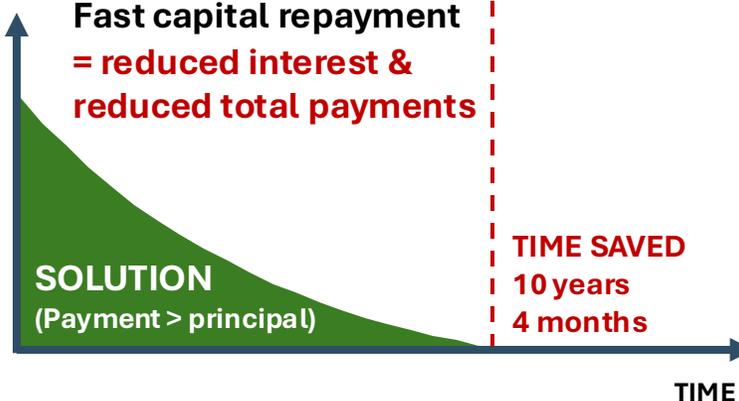
IT'S NOT MAGIC; IT'S MATH

KEY POINT: Paying principal earlier means less interest charged

Initial payments are
almost entirely interest



Fast capital repayment
 = reduced interest &
 reduced total payments



SOLUTION 1

Pay half every two weeks.

SOLUTION 2

Add 10% to that half-payment.

Both accelerate principal reduction & reduce interest, saving years and thousands.

Payment pattern	Time to clear	Interest To be Paid	Interest saved
Standard 30yr 6.24% APR 2,460/mo.	30 years	\$485,700	–
Bi-weekly \$1,230 every 2 weeks (= 26 payments/yr).	≈ 24 years 3 months	\$378,000	\$108,000
Bi-weekly + 10% extra principal i.e. \$1,353 every 2 weeks.	≈ 19 years 8 months	\$298,000	\$188,000

Save 39% of interest: \$189,000

Amortisation comparison: standard 30-year \$400,000 mortgage at 6.24% vs bi-weekly payments with 10% extra principal

Year	Principal	Interest	Payment	Total Interest	Balance	Principal	Interest	Payment	Total Interest	Balance
2026	4,696	24,827	29,523	24,827	395,304	10,600	24,578	35,178	24,578	389,400
2027	4,998	24,526	29,523	49,353	390,306	11,280	23,898	35,178	48,476	378,120
2028	5,318	24,205	29,523	73,558	384,988	12,003	23,175	35,178	71,651	366,117
2029	5,660	23,863	29,523	97,421	379,328	12,773	22,405	35,178	94,056	353,344
2030	6,023	23,500	29,523	120,920	373,304	13,592	21,586	35,178	115,642	339,752
2031	6,410	23,113	29,523	144,033	366,894	14,464	20,714	35,178	136,356	325,288
2032	6,822	22,701	29,523	166,735	360,072	15,391	19,787	35,178	156,143	309,897
2033	7,260	22,263	29,523	188,998	352,812	16,378	18,800	35,178	174,943	293,519
2034	7,726	21,797	29,523	210,795	345,086	17,428	17,750	35,178	192,693	276,091
2035	8,222	21,301	29,523	232,096	336,864	18,546	16,632	35,178	209,325	257,545
2036	8,750	20,773	29,523	252,869	328,113	19,735	15,443	35,178	224,767	237,809
2037	9,312	20,211	29,523	273,079	318,801	21,835	14,696	36,531	239,463	215,974
2038	9,910	19,613	29,523	292,692	308,891	22,401	12,777	35,178	252,240	193,573
2039	10,547	18,977	29,523	311,669	298,344	23,838	11,340	35,178	263,580	169,735
2040	11,224	18,299	29,523	329,968	287,120	25,366	9,812	35,178	273,392	144,369
2041	11,945	17,579	29,523	347,547	275,175	26,993	8,185	35,178	281,577	117,376
2042	12,712	16,811	29,523	364,358	262,464	28,724	6,454	35,178	288,031	88,652
2043	13,528	15,995	29,523	380,353	248,935	30,566	4,612	35,178	292,644	58,087
2044	14,397	15,126	29,523	395,480	234,539	32,526	2,652	35,178	295,296	25,561
2045	15,321	14,202	29,523	409,682	219,217	25,561	628	26,188	295,923	0
2046	16,305	13,218	29,523	422,900	202,912	0	0	0	295,923	0
2047	17,352	12,171	29,523	435,071	185,560	0	0	0	295,923	0
2048	18,466	11,057	29,523	446,128	167,094	0	0	0	295,923	0
2049	19,652	9,871	29,523	455,999	147,441	0	0	0	295,923	0
2050	20,914	8,609	29,523	464,607	126,527	0	0	0	295,923	0
2051	22,257	7,266	29,523	471,873	104,270	0	0	0	295,923	0
2052	23,687	5,837	29,523	477,710	80,583	0	0	0	295,923	0
2053	25,208	4,316	29,523	482,025	55,375	0	0	0	295,923	0
2054	26,826	2,697	29,523	484,722	28,549	0	0	0	295,923	0
2055	28,549	974	29,523	485,696	0	0	0	0	295,923	0