

FIXED RATE VS VARIABLE MORTGAGE RATE



SHAH FINANCIAL
— PLANNING INC. —

VARIABLE RATE

This rate is calculated based on the prime rate. It has the possibility of being lower or higher than the fixed rate but is typically lower.

FIXED RATE

This rate is calculated at the beginning of the loan and stays the same throughout the entire term.

PROFESSIONAL TIP

You may consider opting for a variable rate mortgage, but budget for a fixed rate mortgage. This will allow for risk to be minimized if the rates go up, and for investing to be possible when the rates are lower.

WHEN RATES ↓

There will be money saved from the extra budgeting for a higher rate and getting the lower rate. You then take the money that you saved from getting the variable rate mortgage and invest it every month into Mutual Funds. This will allow you to pay off your home faster and build your investments at the same time.

WHEN RATES ↑

If that happens, then you are protected since you already budgeted for a fixed rate mortgage. However, if you still need extra funds then you can always tap into the investments that you made while the rates were lower.

We encourage you to schedule an appointment with your Financial Advisor at least annually to review your portfolio.

Your participation is required in order for your advisor to assist you with your financial goals and objectives.

If you require further information/assistance, please do not hesitate to contact your financial advisor at Shah Financial Planning Inc. • ShahFinancial.ca

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