



**PRESS RELEASE**



*Canadian Mortgage News - National Archive 2011*

## **Canadians Want To Be Mortgage Free, ASAP: Scotiabank Study**

**Scotiabank mortgage expert says becoming mortgage free faster can be as easy as an additional \$20 a month**

**TORONTO, Ontario, May 10, 2011** — Of the nearly half of Canadians (46 per cent) who have a mortgage, 86 per cent think it's important to pay it off as soon as possible, according to a recent Scotiabank study conducted by Harris/Decima assessing the borrowing habits of Canadians. Scotiabank mortgage expert David Stafford provides advice for Canadians on how to pay off their mortgage as quickly as possible.

"Many Canadians know ways to reduce the life of their mortgage - such as increasing, matching or making additional payments - but it can often seem difficult to implement, especially if your budget is already stretched," said David Stafford, Managing Director, Scotiabank Real Estate Secured Lending. "What many Canadians may not realize is that even small changes can shave years off a mortgage. At Scotiabank, we want to help Canadians reach their goal of becoming mortgage free and save thousands of dollars in interest as a result."

According to Mr. Stafford, by implementing a few of the following simple tips Canadians can shorten the length of their mortgage and save on interest.

1. **Make bi-weekly mortgage payments.** Bi-weekly mortgage payments are the most popular amongst Canadians with a mortgage, with 46 per cent opting to make payments every other week. However, there are still nearly four-in-10 (38 per cent) Canadians who are making mortgage payments either monthly or semi-monthly.

With semi-monthly payments, you would be making 24 payments over the course of a year, whereas when you pay bi-weekly you are actually making 26 payments in the same amount of time. Over the life of your mortgage these two extra payments could help you pay off your mortgage as many as four years\* sooner.

2. **Slightly increase your mortgage payment annually.** Often, many people are making more money a few years into their mortgage than they were when they first determined their payment amount. So, if increasing your payment schedule to bi-weekly is too costly for you or if you already make bi-weekly payments, consider increasing your regular mortgage payment by one or two percent each year to keep up with your rising income.

For someone with an approximate \$500 biweekly mortgage payment, this would be an additional \$5 to \$10 a payment. While you'll hardly notice the increase on your pocketbook - in fact, two-thirds of Canadians told us that even a \$20 increase to their mortgage payment would have no impact on their finances - you'll certainly notice the four to seven years\* it can reduce your mortgage by.

3. **Make additional payments whenever possible.** Many Canadians are already taking advantage of being able to make additional mortgage payments. The study showed that the majority of Canadians (65 per cent) are able to make additional payments on their mortgage and 75 per cent of those actually do it. One-third of Canadians (33 per cent) make additional payments whenever they can afford to, one-in-five (20 per cent) make additional payments annually and eight per cent make extra payments monthly.

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For those Canadians who are able to make additional mortgage payments, first ensure you understand how much and how often you can do so. If your mortgage permits, make additional payments whenever you have the money on-hand - even if it is a small amount, all of it will go directly to paying off your principle.

4. **Build a borrowing plan.** Many Canadians have a plan for their investments, so why wouldn't they plan for their borrowing? A borrowing plan can help you to assess your current financial situation and plan for how you can become debt free as soon as possible. To get started on a plan for your mortgage, visit: <http://cgi.scotiabank.com/mortgage/buildyourmortgage/>.

*\*Based on a \$200,000 mortgage over 30 years at a 4.49% rate.*

To find out more about how to borrow to get ahead, visit [www.letthesavingbegin.com](http://www.letthesavingbegin.com) or to hear what other Canadians have to say about borrowing, visit us on Facebook at [www.facebook.com/scotiabank](http://www.facebook.com/scotiabank).

*Let the Saving Begin* is a Scotiabank program designed to inspire and empower Canadians to get on track with their saving, investing and borrowing habits.

Built on three simple principles, *Let the Saving Begin* encourages Canadians to:

- Save automatically, because it works;
- Invest for your future, because no one else will; and
- Borrow to get ahead, not fall behind.

### **About the poll**

A total of 1,003 online surveys were completed from a random sample of Harris/Decima panel members. The study was conducted from March 11th, 2011 to March 21st, 2011.

This was a standard panel survey among a random sample of Harris/Decima's Canadian panel members. In a fashion similar to a telephone study, email addresses from their panel were pulled at random, according to population and gender specifications, in order to make the study representative of the Canadian population by region and gender. When contacted to solicit participation, participants had no prior knowledge of the subject matter of the study. Harris/Decima controls access to the study through passwords to ensure that respondents can participate only once. Subsequent to completion of the study, the data was weighted by region, age, and gender.