

How To Pay Off Your Mortgage Fast - 6 Quick Steps

Pay off Your Mortgage fast with these simple tips and techniques.

Are you horrified at the thought of paying off your mortgage for 30 years? Get rid of the home loan fast.

Finance doesn't have to be this expensive. The key is to get rid of it quickly. Home loans have a purpose: To help you buy a principal place of residence. Once you own the house, it's time to get rid of the mortgage. Here's how:

1. The weekly/monthly rule.

If your mortgage payments are monthly, ask if you can change them to weekly. The bank will probably adjust your weekly payment to reflect the exact monthly payment. To pay the bank's revised payment will remove the advantage. Instead, do this: Take the previous monthly payment and divide it by 4. Make the result your new weekly payment. It will be more than the bank's figure and this will help get rid of the home loan faster.

2. Big interest savings are made by paying larger payments,.

Just like the weekly monthly rule, think about what you could add to your payment without causing hardship. Add that amount to your payment and make the payment come out of your account or from your pay automatically, so you don't have to do anything to make it keep happening. Even small increases can shave large amounts off a long term mortgage.

3. Windfall Money (like a tax refund cheque).

Resolve to put any windfall money into your home loan and always do this.

4. Create your own windfall.

Have a garage or yard sale and get rid of unwanted stuff, or do a project, and pay the proceeds off your home loan.

5. Drop an income into the loan:

If you have 2 incomes in your household, is it possible to live on one and pay the other entirely off the loan? You'll find lots of suggestions to reduce your costs in the book, plus some more on this site.

6. Take advantage of 100% offset accounts*.

An Australian Phenomenon, offset accounts are deposit accounts that save you interest on your home loan by the amount that would have applied if the money in your offset account had been paid into the home loan. Great places to park spare money, even just your day to day living money. Every day it's in the offset account is another day's interest saving. *

One final thing, review the payments every 6 months and increase them a little. The sooner the loan is gone, the sooner that entire payment belongs to you!

If you follow all of these strategies, your home loan should start to drop much faster than the planned rate. You're on your way to getting rid of the mortgage.

* This is general advice only and not tailored to individual needs.

There are different sorts of offset accounts and offset accounts are not the perfect solution in every case. Make sure you get personal advice from your bank or a financial planner, based on your individual situation.

That said, knowing the questions to ask is a great place to start!

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www.manageyourfinance.com.au