

How Refinancing Can Help You Consolidate Debt

Are you feeling the financial stress due to a large amount of debt? From credit cards and lines of credit to school loans and car payments, there are many different types of debt. Unfortunately, most types of consumer debt have much higher interest rates than those you would pay on a mortgage. In fact, did you know that the average Canadian has \$30,000 of credit card debt at approximately 20% interest?! This can make it hard to repay your loans and get back on your feet.

If you are looking for a way to help manage your debt, one option that you should consider is refinancing. By refinancing, you can free up cash to help you pay out these debts.

While refinancing in order to consolidate your outside loans onto your mortgage may increase your mortgage, your overall payments could be far lower. Another benefit is you would have one single monthly payment to cover everything instead of having individual payments for each loan going to multiple sources.

With access to more money, you will be better able to manage your debt and pay off your outstanding loans. Refinancing your first mortgage and taking some existing equity out could also enable you to make investments, go on vacation, do some renovations or even invest in your children's education. Keep in mind, you need at least 20 percent equity in your home to qualify.

Refinancing may also extend the time it will take to pay off your mortgage due to the added debt. That said, there are many ways to pay down your mortgage sooner and it could even help to save you money! Most mortgage products include prepayment privileges, which are an option that allow you to pay up to 20% of the principal (the true value of your mortgage minus the interest payments) per calendar year. This will also help reduce your amortization period (the length of your mortgage), which, in turn, saves you money.

By refinancing now and paying off your debt, you can put yourself and your family in a better financial position for the future! Don't wait, talk to me about this option today and help set yourself up for success.



Rob Falls

Mortgage Agent Level 1

905-299-4140

rfalls@mortgagecentre.com

www.robfallsmortgages.com

124 King Street, Milton, ON, L9T 1J9



Scan to download the MCC Home Centre App!

www.mccapp.ca