



## The 10-Year Fixed Term: The Truly UnScary Mortgage

### What is a 10-Year Fixed Rate Mortgage?

So, you need a mortgage, and you don't want any hassles or price changes or any of that scary stuff? Then a mortgage with a 10-year fixed rate can give you peace of mind for, well, ten years.

### Why are we only talking about it now?

Ten-year mortgages have always been around, but they weren't very popular. Historically, Canada's most popular mortgage is the 5-year fixed term. It's popular because it gives you, the borrower, the security of the same payments, without ups and downs, for five years. You pay a slightly higher interest rate than you would a variable 5-year, because you always have to pay a premium for certainty.

That premium for certainty generally made 10-year fixed terms too expensive to be a realistic option. Until now.

Recently at a conference, the Governor of the Bank of Canada Stephen Poloz wondered aloud why 10-year mortgages are not more common. He has a point. Mortgage rates are based mostly on interest rates in the bond markets. Today, the difference between 5-year and 10-year bonds is much smaller than in the past, therefore making 10-year fixed rates cheaper than ever.

Financial institutions took notice and are now offering 10-year fixed rates that are extremely appealing.

### What does that mean to me?

That means now you should seriously consider a 10-year fixed mortgage as one of your options.

### Why it's great:

- If you want to make the same payment every month for 10 years, without the anxiety of having to read the business section every day to see if the Bank of Canada will raise its rates, then this is for you.
- The longer the amortization of your mortgage (i.e. the longer it takes you to pay it off), the more attractive the 10-year rate is, so that you can protect yourself against fluctuating rates.
- The higher your debt load is, the more attractive the 10-year rate is, so that you can protect yourself against rising borrowing costs.
- If you're on a fixed income, predictable monthly payments can remove stress.
- If you're purchasing an investment property, consistent monthly payments can optimize your investment strategy.
- One key factor about the 10-year mortgage is under Canadian law you only pay three months interest, after five years, to break the mortgage.

### A word of caution on *any* mortgage:

- Regardless of the term, you want to make sure you won't be selling your home without buying and moving into another one for at least five years. You can move your mortgage with you to a

new home (it's called "porting") but you can't "break" the mortgage by trying to end it before the end of the term, otherwise you will incur a penalty.

**In Conclusion...**

Very few things last 10 years, so it's nice to have something that does. Unless you're a thrill seeker who loves to dive off planes and place all your money on the roulette table, most of us are risk-averse and prefer certainty in life.

Previously, purchasing that certainty was too expensive. And now, it is not. A 10-year mortgage is now deserving of your consideration.

Imagine how freeing it is to know exactly what your monthly obligations are, so that you can plan the rest of your life accordingly. That sportscar, cruise, or air balloon ride over the safari are all within reach!

**Tell me more!**

We're here to make banking UnScary! [Find a branch near you](#) or Call us directly at [1-877-560-0100](tel:1-877-560-0100) and we'll help you select the right UnScary mortgage.