



## How Does A Pineapple or Two Help Pay Off The Mortgage?

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Reckon you could scrounge together an extra \$50 each week to pay off your mortgage?

If so, the latest modelling shows the average household with a \$400,000 loan could save \$46,992 and pay off their home loan four years faster.

This week we're going to look at the benefits of paying just a little bit more off your mortgage each week.

Now, this is quite a timely subject because the RBA has just delivered back-to-back cash rate cuts, so even if your monthly repayment amount has been reduced, there's a lot to be gained by sticking to the same amount you've been paying over the last few years.

If like us, you remember or even use these quirky terms for money, the gold \$50 is a pineapple, the red \$20 is a lobster and so forth. Let's look at how a spare pineapple or lobster can save money.

### Breaking it down

One of the biggest problems people run into when trying to pay off their mortgage faster or trying to save for a house deposit is trying to do so in big, irregular lumps.

It helps a lot more if you break it down.

So instead of trying to pay an extra \$150 to \$300 extra each month, break it down to a weekly amount that you can actually commit to, like \$20 to \$50 a week (or \$3 to \$7 a day - basically one or two takeaway coffees).

Breaking it down into smaller figures also helps reinforce good habits, and can help with your family's cashflow.

**Pay an extra \$20 to \$50 a week off your mortgage.**

Below, we'll look at some modelling conducted which that shows the benefits of setting up a weekly direct debit that will automatically pay an extra \$20 to \$50 a week off your mortgage.

What an extra \$20 (aka a lobster or mud crab) a week gets you

- \$400,000 loan: save \$21,281 in interest and pay it off 1 year and 9 months faster

What \$50 (aka a pineapple) a week gets you

- \$400,000 loan: save \$46,992 in interest and pay it off 4 years faster

What \$100 (aka a lime) a week gets you

- \$400,000 loan: save \$78,828 in interest and pay it off 6 years and 11 months faster

Check out the full list [here](#), which covers loans of \$300,000, \$500,000 and \$1 million. All the calculations assume that you're five years into a 30-year average home loan.

**Get in touch**

If you want some more tips on paying off your mortgage sooner - or you want to discuss your refinancing options - then get in touch with our finance partners.

Between us all, we've got plenty of ideas up our sleeve and always love sharing what we've learned with our clients.

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