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Round Up for Your Financial Health

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We have all been asked to “round up” our purchase to the nearest dollar amount to collect funds for various charities. What is a few cents when it is going to a worthy cause, right? What if we used this same strategy with ourselves? What if you rounded your mortgage payment to the nearest hundred every month? The results are pretty powerful and translate into dollars in your proverbial pocket.

Looking at a 30 year mortgage for \$300,000 at 4.5% interest, your principle and interest payments (not accounting for taxes, insurance or HOA dues) would be around \$1520. If you rounded your payment up to \$1600 per month and paid an additional \$80 off your principle balance monthly, you would save \$28,100 in interest and pay off your mortgage 3 years earlier.

What if we bumped up the monthly payment to \$1700? If you made an additional \$180 per month you would save \$54,890 in interest and reduce your mortgage by almost 6 years! You are now 6 years closer to no mortgage payment at all!

The results can be more impactful the earlier you start or the fewer years you have left on your mortgage. There are many mortgage calculators online that will allow you to calculate different options. Simply search for Mortgage Calculator Extra Payments.

While you are looking at your mortgage statement, check out your interest rate. Current rates are around 4.25%. If your rate is significantly higher, it may be time to refinance to a lower rate with a shorter term mortgage.

