

## About that mortgage ...

**Despite extraordinary economic conditions, I'm betting that variable is still the way to go.**

By [Jody White](#) | Online only, 7/02/11



So I thought I had made up my mind about my mortgage. All the talk about the inevitable rise of interest rates in tandem with incessant warnings by Bank of Canada Governor Mark Carney that drastic measures were needed to rein in consumer borrowing had scared me into the security of a 5-year fixed mortgage with a rate of 3.49%.

But then people began writing me and stopping me in the halls at work to tell me I was making a mistake. The first to do this was my predecessor, freelance personal finance writer Bryan Borzykowski, who told me I was crazy. "Take the lower rate," he said. "And throw as much money as you can at the principal over the next couple of years."

My first thought was that his tales from fancy freelance land (where he now resides) were a sham and that he was angling to get back to the security and coziness we all enjoy here at MoneySense. But then I started to hear from people who actually knew what they were talking about (just kidding Bryan) and I decided to give variable some more thought.

After speaking with Nawar Naji, a Mortgage Broker with Mortgage Alliance in Toronto, I had a better idea of the big picture. Carney wants to raise interest rates, but the Chairman of the United States Federal Reserve, Ben Bernanke, has indicated that he expects to keep interest rates very low in order to stimulate the economy. Carney can't get too far ahead of Bernanke or else the loonie will soar and will hurt our exports. His hands are effectively tied.

So what does this have to do with me? Well, rate hikes have historically happened in increments of 0.5% per year, which gives me four years of lower interest payments compared to a fixed rate mortgage. And if I can throw the financial equivalent of the kitchen sink at my mortgage in the meantime, so much the better.

So I made a last-minute change to my mortgage, much to the chagrin of my broker and lawyer, both of whom now face extra paperwork. A 3-year variable mortgage it is. Now I just need Ben Bernanke to keep his word and stay away from those interest rates.

What could possibly go wrong?

(Visited 85 times, 5 visits today)

[Post a comment](#)