

# Looking for ways to save on your mortgage?

## Take a closer look at the advantages of a variable rate mortgage

With an RBC Royal Bank® variable rate mortgage, your payment amount stays fixed for the term; however, the interest rate will fluctuate with any changes in the RBC® prime interest rate<sup>1</sup>.

This means that your monthly mortgage payments will remain the same, but if our prime rate goes down, more of your payment will go toward your principal. And if our prime rate goes up, more of the payment will go toward the interest.

### The variable rate advantage

Examining Canadian mortgage rate data from 1950 to 2007, Dr. Moshe Milevsky, Associate Professor of Finance at York University, found:

- › Choosing a variable rate mortgage would have saved Canadians \$20,000 in interest payments over 15 years (based on a \$100,000 mortgage)
- › Canadians would have been better off borrowing at a prime rate (variable) compared to a five-year fixed rate 89% of the time<sup>2</sup>

As you can see, a variable rate mortgage offers the possibility of greater long-term interest savings.

### Comparing your variable rate mortgage options

#### 5-Year Variable Mortgage

- › Offers the freedom to convert any time to a fixed rate mortgage with a term that's at least as long as the one remaining on your mortgage
- › Lets you make a Double-Up® payment any time up to a maximum of your regular monthly payment plus interest
- › Allows you to increase your payments up to 10% per year without penalty

#### 5-Year Variable Rate Open Mortgage

- › Offers the flexibility to convert to any mortgage type and term at any time
- › Fully open includes no prepayment restrictions; you can choose to pay down your mortgage faster — even pay it off in full — without a prepayment charge

### Why choose a variable rate mortgage?

You'll benefit from a variable rate mortgage if:

- › You are comfortable with rate fluctuations to gain possible long-term interest savings

- › You have the financial flexibility to accept possible increases in your amortization should the interest rate increased
- › You prefer the ease of having regular mortgage payments set for the term, and the interest rates fluctuate during that time

### Still undecided about a variable rate mortgage?

With the RBC Homeline Plan®, you can get both a variable and fixed rate! It's an easy way to split your mortgage and manage your interest costs. By dividing your mortgage into two parts, each with its own rate, term and mortgage type, you will have a fixed rate for security and a variable rate for interest rate savings. With a fixed and variable rate mortgage, you're getting the best of both worlds.

### Ask about your mortgage options today

For more information on finding the best mortgage option that suits your needs, call an RBC mortgage specialist today at 1-800-769-2511. Or visit [www.rbcroyalbank.com](http://www.rbcroyalbank.com).

All residential mortgages and lending products are offered by Royal Bank of Canada and are subject to its standard lending criteria. ® Registered trademarks of Royal Bank of Canada. RBC and Royal Bank are registered trademarks of Royal Bank of Canada. <sup>1</sup> RBC prime rate is the rate of interest amount announced by the Royal Bank of Canada from time to time as its prime rate. <sup>2</sup> Dr. Moshe Milevsky, Associate Professor of Finance, Schulich School of Business, York University, "Mortgage Financing 2007: What Now?" 2007. Report available in English only. VPS50278

22196 (12/2008)