

Diversified mortgage terms

Introduction

This video explains why customizing your mortgage with different mortgage terms offers you more flexibility than committing to a five-year term.

Transcript

On screen

Upbeat music plays and the Manulife bank logo appears on a white background. The scene changes to a green and blue background with an animated man in the centre of the screen, looking deep in thought. Graphics of three different banks pop up at the top of the screen. The background colours transition to blue and coral, and the bank graphics are replaced by text that reads, “Open or closed? Longer-term or shorter-term?”

Voice over

If you're in the market for a mortgage, you're probably reviewing your options and wondering what term to choose.

On screen

The scene changes, and the background colours are coral and green. Five animated people with their backs turned, look up at a calendar with a padlock on it, indicating a fixed term. Text that reads “5-year” appears above the calendar.

Voice over

Many people believe that locking in their entire mortgage for a five-year term reduces risk.

On screen

The scene zooms in on the calendar and a percent symbol appears in the middle of the calendar. Pages tear from the calendar, indicating the passage of time.

Voice over

But no one knows what the interest rate environment will be like in five years.

On screen

The next scene slides in with a green background and a basket of eggs. The word “Mortgage” is written on each egg. A hand reaches from the right and places an egg in the basket.

Voice over

So, putting all your mortgage eggs into one basket is actually risky. You have to renew the entire amount at the same time.

On screen

The scene zooms out, all the eggs crack, and two arrows rotate around the basket, indicating risk.

Voice over

And if you review the history of interest rates...

On screen

The next scene slides in with a green and coral background and a white zig-zag arrow pointing to the right. A magnifying glass appears from the bottom of the screen and traces the ups and downs of the arrow.

Voice over

...you'll notice that this approach often benefits the institution holding your mortgage—not you.

On screen

The next scene slides in with a navy-blue and light blue background. A bank appears on the left of the screen with a man standing on the right, appearing deep in thought with his left hand to his chin. Dollar bills fly out of the man's back pocket and fly into the bank.

Voice over

But what if you could customize your mortgage, like you do with your investments?

On screen

The next scene slides in with coral and navy-blue background and a text that reads, "Customize your mortgage." The scene changes to a coral and green background. There is one basket of three eggs on the coral side, and three baskets with one egg each on the green side. "Savings" is written on all eggs. On the top of the coral side, text appears that reads, "Not diversified." On the top of the green side, the word "Diversified" appears.

Voice over

Most Canadians don't put all their savings into one investment. They know that diversifying helps manage the ups and downs of the market.

On screen

The next scene slides in with a green and purple background. Text that reads "Manage market ups and downs" appears over a zig-zag arrow, indicating ups and downs in the market.

Voice over

With less stress.

On screen

The next scene slides in with a purple and coral background. A woman doing yoga appears along with text that reads "Reduce stress".

Voice over

And without trying to time the market.

On screen

The next scene slides in with a coral and navy-blue background. A green clock with moving hands is in the middle of the screen and text appears that reads "No need to time the market."

Voice over

Just like diversifying your investments is a good idea, so is diversifying your mortgage terms.

On screen

The scene is replaced by a navy-blue and green background and text that reads "Diversify your mortgage." Three baskets appear one-by-one from the bottom of the screen, each containing an egg that has "Savings" written on it.

Voice over

Instead of having 100% of your mortgage in a five-year term...

On screen:

The scene is replaced by a green and light blue background with text reading "Not diversified" and a basket of three eggs with the word "Savings" on each egg.

Voice over

...you divide it into multiple terms, ranging from one to five years.

On screen

The next scene slides in with a green and light blue background and the text “Diversified”. A purple pie chart appears with a small coral segment. The text “1Y term” appears to represent the small coral segment and “5Y term” appears to indicate the larger purple portion of the pie chart.

Voice over

That way, you don’t have your entire mortgage renewing all at once...

On screen

The next scene slides in with a purple and green background. A piece of paper with “Mortgage” written across the top appears with coral arrows rotating clockwise around it, indicating your entire mortgage.

Voice over

...potentially at a much higher interest rate and a much higher mortgage payment.

On screen

The next scene slides in with green and navy-blue background and a white house. A percent symbol appears in the middle of the house and an upward-pointing arrow appears to the right of the house, indicating an increase in interest rate and mortgage payment.

Voice over

This strategy can significantly reduce interest rate renewal risk on your mortgage.

On screen

The scene is replaced by a navy-blue and coral background with a yellow caution sign. Text appears at the top of the screen reading “Reduce interest rate risk.” A downward-pointing arrow appears, indicating a reduction in interest rate renewal risk.

Voice over

You can forget about market timing.

On screen

The scene changes to a coral and light blue background with a hand, holding an active stopwatch. Text appears reading “No market timing” and the hand clicks to stop the watch.

Voice over

And simply enjoy the best average rate.

On screen

The next scene slides in from the right with a light blue and green background and a hand, giving a thumbs up. Text reading “Best average rate.”

Voice over

Without any big surprises.

On screen

The scene is replaced by a green and navy-blue background with an exclamation mark covered by a no symbol. The text “No surprises!” also appears.

Voice over

Most traditional mortgages don't allow you to implement this risk reduction strategy easily.

On screen

The next scene slides in with a coral and green background. A man appears on the right of the screen with his left hand to his chin, indicating that he is deep in thought. A man in a suit appears on the left, holding out a mortgage document and represents a lender. A white brick wall slides up between them to indicate a barrier between the lender and the customer from achieving a rate risk reduction strategy.

Voice over

However, there are a few select lenders in Canada that allow you to create tailored mortgages within one account.

On screen

The background colours change to green and light blue. Two more men in suits appear on the left, holding out mortgage documents, indicating other lenders. Text appears at the top of the screen that reads, "Tailor your mortgage in one account." The man on the right drops his hands, indicating he is surprised by the additional offerings.

Voice over

This is a lot less effort than seeking different mortgage providers or terms. In some cases...

On screen

The scene zooms out, and three more men in suits with mortgage documents appear on the right side of the screen, indicating even more lenders. The man in deep thought moves to the centre of the screen and appears overwhelmed and confused, as he places both hands on his head.

Voice over

...you can even have a secured line of credit as part of your mortgage.

On screen

The next scene slides in with a green background and text at top of the screen that reads, "Mortgage = Secured line of credit." A house appears with a large padlock on it. The padlock rotates back and forth.

Voice over

So, you can deposit your entire paycheck...

On screen

The padlock and text disappear, and a pay cheque appears at the top of the screen. The pay cheque slides into the house.

Voice over

...and put every dollar to work, paying down what you owe until you need that money.

On screen

The next scene slides in with a green and navy-blue background, along with text that reads, "Put every dollar to work."

Voice over

A mortgage with various terms and a line of credit...

On screen

The next scene slides in with a light blue and green background and text that reads, "Various terms and a line of credit." On the left, two pieces of paper appear with the word "Term" written on them. The leftmost piece of paper is labeled "1-year term" and the other one is labeled "5-year term". On the right side of the screen, one piece of paper appears with "Line of credit" written on it.

Voice over

...can help you achieve mortgage freedom faster. Saving you interest over the life of your mortgage...

On screen

The next scene slides in with a navy-blue and green background. On the left side of the screen is a house with a percent symbol over it. The man is standing on the right side of the screen. Text appears at the top of the screen that reads "Mortgage-free faster." The percent symbol on the house is replaced by a red heart, and the man enthusiastically jumps for joy.

Voice over

...with less interest rate reinvestment risk.

On screen

The next scene slides in with a green and light blue background. A percent sign appears in the centre of the screen with a downward-pointing arrow to its right along with the text "Less risk."

On screen

The Manulife Bank logo appears. There's text at the bottom of the screen that reads, "Manulife Bank, Manulife Bank & Stylized M Design, and Stylized M Design are trademarks of The Manufacturers Life Insurance Company and are used by its affiliates under license." The upbeat music slowly fades away.



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