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## Fixed or Variable?

### Canadians see rates on the rise, but views on which mortgage to choose in today's rate environment are split: CIBC Poll

*Getting advice on your personal financial situation is the key to making the right mortgage decision for the long term*

TORONTO, June 2, 2011 /CNW/ - Canadians are split in their views on whether a fixed rate or variable rate mortgage is the right way to go in the current rate environment, even as they anticipate higher interest rates over the next year, according to a recent CIBC/Harris Decima poll.

Key findings of the poll include:

- **39 per cent** of respondents said they would choose a fixed mortgage if they had to choose between a fixed or variable mortgage today.
- **32 per cent** said they would choose a variable rate mortgage.
- One-quarter (**25 per cent**) were undecided as to which would be the better choice.
  
- **61 per cent** of respondents believe interest rates will be higher a year from now, while **24 per cent** believe that rates will remain the same over the next 12 months.
- Only **3 per cent** of respondents believe rates will be lower a year from now than they are today.

"The divergent opinions on whether to go fixed or variable underscores what our advisors see everyday in their meetings with clients - choosing the right mortgage depends on your personal financial situation, and there's no single answer for everyone," commented Colette Delaney, Senior Vice President, Mortgages, Lending & Insurance, CIBC Retail Markets.

While the poll revealed that Canadians believe rates are likely to increase in the next 12 months, Ms. Delaney advised homeowners to consider additional factors beyond interest rate predictions when making mortgage decisions. "You need to approach the fixed versus variable decision from the inside out, starting with your personal financial goals and working from there," added Ms. Delaney. "Your mortgage is a major part of your overall financial plan, and your decisions should be based on how your mortgage fits with your long term financial goals, not on short term rate fluctuations."

The poll results also highlight that views on choosing a fixed or variable mortgage can change depending on your stage of life. For example:

- Among 25-34 year olds, who are more likely to be first time buyers or new homeowners, only **27 per cent** would choose a variable mortgage
- That climbs to **42 per cent** among respondents 45-54 years of age, who are more likely to be near the end of their mortgage and have greater tolerance for rate changes within their mortgage payment

Ms. Delaney noted that homeowners can look at both a fixed and variable strategy over the life of their mortgage. "For most people, your mortgage is a long term proposition, so your strategy should look beyond your first term," commented Ms. Delaney. "You may choose to start with a fixed mortgage when you buy your first home, then transition to a variable mortgage in later terms when you have improved your financial situation and paid down some of the principal."

While homebuyers this Spring will need to make the fixed vs variable decision when they buy a new home, Ms. Delaney also encouraged existing mortgage holders to take a fresh look at their mortgage and evaluate their options to help reduce their balance faster.