

*Fixed vs. Variable*

# **INTEREST RATES**



In a **fixed-rate** loan, the interest rate stays the same throughout the entire term of the loan.

A **variable-rate** loan is based on a chosen index, so it changes throughout the term of your loan.

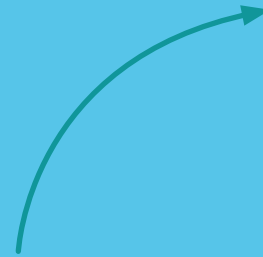


The index is a benchmark that reflects changes in the national economy.



# INDEX





If the index goes up,  
so does your rate.



If the index goes down,  
so does your rate.





Meanwhile, the fixed rate stays the same.



# FIXED RATE

- Stays the same throughout the entire term of the loan
- Tends to have **higher interest** to counter the effect of rates rising in the future
- Consistent and **easier to budget for**







## VARIABLE RATE

- Changes over time and is based on a chosen index
- Tends to have **lower interest** since the index is likely to go up over time
- Unpredictable and **harder to budget for**

BROUGHT TO YOU BY



Sources: Investopedia, Wise Bread

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