

Pay one extra EMI every year.

That is, in a year, you will be paying 12 EMIs in total to repay your home loan. Now try to make it 13. In one of the months when you have some surplus at hand, pay one extra EMI.

How will this help?

Let's see with a simple example.

Suppose you took a 20-year home loan of Rs 50 lakh. At an interest rate of 7.5%, your monthly EMI will come to be Rs 40,280.

Now if you repay your loan regularly, i.e. just 12 EMIs every year, for 20 years, then you will pay a total of Rs 46.7 lakh in interest on Rs 50 lakh loan principal.

Paying one extra EMI (of Rs 40,280) every year. This is how it impacts your loan repayment.

You clear your home loan in 16-17 years. You also pay interest of Rs 38.15 lakh only. So you not only save on the interest part, but also get free of your home loan in a fewer number of years. And that too by just paying one extra EMI every year is Not bad!

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