

Amortization Schedule - It Can Help You Save Money

An amortization schedule shows you how much principal goes toward your mortgage. It will show you how much money you'll save by adding principal each month. The savings will be thousands!

Oct. 16, 2009 - [PRLog](#) -- An amortization schedule is a big piece of a mortgage calculator that most people overlook. When you use any interest calculator you can usually see the amortization schedule along with it.

It calculates the amount of principal and interest that go toward your mortgage payment each month. You can see what years you will hit certain landmarks in your mortgage. Your mortgage recalculates each month because you pay down a little principal the month before which gives you a new balance.

<http://www.thefreemortgagecalculator.com/>

If you have a \$200,000 mortgage with a 6% interest rate over 30 years your mortgage payment would be \$1,200. The calculation for the amount of interest in your first mortgage payment is:

$\$200,000 \times .06 / 12 \text{ months} = \$1,000.00$ - Amount of interest only on your first payment. So \$200.00 would go to principal.

Then you will also have some principal in that payment so the next month will be slightly different and look like this:

$\$199,800 \times .06 / 12 \text{ months} = \999.00 That means \$201.00 goes to principal.

Your monthly payment will be the same every month which means the principal amount increases by \$1.00 when the interest lowers. It's hard for some people to grasp the exact reason for their interest being so much higher in the early stages of your mortgage but it's simple. The reason is because you owe more so you pay more interest. The calculation above proves it. Once you get 10 years into your mortgage those small amounts of principal start to add up. See below:

http://www.thefreemortgagecalculator.com/Amortization_Sch...

Going into your 10th year you will owe roughly \$171,200

$\$171,200 \times .06 / 12 \text{ months} = \856.00 Now \$344.00 goes to principal each month.

With those calculations in mind you can tell how quickly the principal adds up. Most people have the idea that adding principal is a good idea but didn't fully understand why which made them timid to the idea of actually doing it. When the math makes sense and you know exactly how much you're saving because of it you will be much more likely to do it every month.

I have a free mortgage calculator on my website along with many more tips to help you buy a home or get approved for your first mortgage. I also have real estate investing tips and other tools to help you save money.

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I have a free mortgage calculator on my website with free information about your mortgage payment. I

have tips and information about buying a home, real estate investing tips and tips on how to get approved for your mortgage.

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Source Chris Bell
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