Fixed vs. Variable Mortgage: How Do You Choose the Right One?

By Nabila Husseni

Buying a home is exciting; but let's be honest, it can also feel overwhelming.

From searching for the right property to understanding mortgage options, there's a lot to take in. One of the biggest decisions you'll make is choosing between a **fixed-rate** and a **variable-rate mortgage**.

If you've ever found yourself thinking, *"Which one is actually better?"* You're not alone.

The truth is that there isn't a single right answer. The best mortgage is the one that fits **your goals, your budget, and your comfort level**.

What is a Fixed-Rate Mortgage?

A fixed-rate mortgage means your interest rate stays the same for the length of your mortgage term.

That means your regular mortgage payments stay predictable, even if interest rates change.

For many homeowners, that's reassuring. You always know what your payment will be, making it easier to plan your monthly budget.

A fixed-rate mortgage may be a good choice if you:

- Like knowing exactly what you'll pay each month.
- Prefer stability over uncertainty.
- Buy your first home.
- Want peace of mind if interest rates rise.

What is a Variable-Rate Mortgage?

A variable-rate mortgage works a little differently.

Your interest rate can change over time based on the lender's prime rate, which is influenced by the Bank of Canada.

Sometimes that works in your favour. If interest rates go down, you could save money.

But if rates increase, your borrowing costs could increase too.

A variable-rate mortgage may be a good fit if you:

- Are comfortable with some ups and downs.
- Have flexibility in your monthly budget.
- Are focused on potential long-term savings.
- Understand that interest rates can change over time.

So... Which One Is Better?

Instead of asking which mortgage is better, ask which one is **better for you.**

Think about questions like:

- Would higher monthly payments create financial stress?
- Do I value stability more than flexibility?
- Am I comfortable if interest rates change?
- How long do I plan to stay at home?

Your answers matter more than today's interest rates.

A Real-Life Example

Imagine two first-time homebuyers.

Sarah wants predictable monthly expenses because she's carefully managing her budget while furnishing her new home. A fixed-rate mortgage helps her feel confident because she knows exactly what she'll pay every month.

David has a stable income and is comfortable with market changes. He's willing to accept some fluctuations in exchange for the possibility of lower borrowing costs over time. A variable-rate mortgage may better suit his situation.

Neither choice is wrong.

They're simply making decisions based on what works best for their lives.

It's About More Than the Interest Rate

Many people focus only on finding the lowest rate.

While that's important, it's only one part of the picture.

It's also worth considering:

- Your monthly budget

- Your future plans
- Prepayment options
- Penalties if you need to break your mortgage early
- How comfortable you are with financial uncertainty

Taking time to look at the full picture can help you make a decision you'll feel confident about—not just today, but years from now.

Final Thoughts

Buying a home is one of life's biggest milestones, and your mortgage should support your goals; not create unnecessary stress.

Whether you choose a fixed-rate or variable-rate mortgage, the right decision is the one that fits your financial situation and gives you confidence moving forward.

If you're unsure which option is right for you, speaking with a knowledgeable mortgage professional can help you understand your choices and make an informed decision.

After all, a mortgage isn't just about financing a home; it's about building the life you want inside it.