Direct or indirect amortisation

Direct amortisation

With direct amortisation, you pay back your mortgage to the bank in regular instalments. The mortgage debt is thus steadily reduced as are the interest rate payments. However, your tax liability also increases as you have less tax-deductible payments.

Indirect amortisation

With indirect amortisation, you pay instalments into a pension savings account or life insurance policy under pillar 3a. You then use the proceeds when you dissolve your pillar 3a account to amortise your mortgage debt. The mortgage thus remains at the same level for the full duration. You therefore profit from having the same tax-deductible amount throughout (provided interest rates do not change). Your tax liability does not increase as it does with direct amortisation.

Swiss Life Ltd
General-Guisan-Quai 40
P.O. Box, 8022 Zürich
Telefon 043 284 33 11
www.swisslife.ch

12.2014