



Retirement Planning Mortgage

Conventional wisdom doesn't always lead you to the best decisions to achieve your goals

Borrowing decisions are too often made in a vacuum. That is, without giving consideration to how the decision will impact your short and long term financial goals.

“We help our clients evaluate their borrowing options in the context of an overall financial plan. We investigate the short and long term impacts of each option to uncover the most appropriate borrowing strategy for their individual situation.”

The Bottom Line

The client was purchasing a new home. He believed in order to afford to retire in 15 years he'd need to have the home paid off by then. He had \$300,000 in investments in which he was contributing a total of \$1,500 a month. He intended to use \$100,000 of this as a down payment on a \$200,000 home and finance the remaining \$100,000 for 15 years.

After looking at his entire financial situation, we designed a strategy where he'd put just 20% down on a 30 year fixed rate mortgage. He'd also pay off \$20,000 of consumer debt freeing up \$597 a month and purchase a \$1 Million term life insurance policy (he had none) for \$87 a month.

	Before:	After:
Loan Amount	\$100,000	\$160,000
Interest Rate	5.00%	5.375%
Monthly payment	\$791	\$896
Net After Tax Payment	\$687	\$717
Resulting Investment Balance	\$200,000	\$240,000
Monthly Investment contribution	\$813	\$1293
Resulting Net Wealth after 15 yrs*	\$727,254	\$965,011
	(Based on hypothetical 5% annual ROI)	

DIFFERENCE **\$102,298**

*Investment value – remaining mortgage if any

The Advisor

Mike Winesburg is a Certified Mortgage Planning Specialist® and licensed financial advisor.

The Challenge

Client was buying a new home and didn't want the new purchase to affect his plans of retiring in 15 years.

The Solution

By taking the proper steps in evaluating potential borrowing options, the client was able to gain a new perspective on the safest way to achieve his goals. He decided to take a completely different approach financing more and for a longer term while cleaning up other areas in the process.

The Result

By preserving more of his existing investment dollars and minimizing his "obligated" payments, he was able to maintain maximum choice and control over his money. He's now in position to increase his investment returns without increasing his risk. And, he's freed up money to purchase the life insurance he's wanted but been reluctant to get until now. He's far more confident in being able to retire and has eliminated many of his existing financial anxieties.

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