

Saving Thousands on Interest and Taxes



Purchasing a home can save you money very quickly. **FIRST**, you'll save on taxes because the interest on your home mortgage is tax deductible. If you rent, your landlord gets the break.

SECOND, you'll save on interest payments while keeping the great tax advantage.

For example if you are paying \$900 per month in rent, you are paying a portion of this towards your landlord's property taxes and mortgage loan interest. Your landlord can write this amount off. You derive absolutely no tax break. When you own a home, you now reduce your taxes for the mortgage interest and for your property taxes. Your interest is always the highest during the early years of your loan, so your overall write-off is largest during these early years.

Paying rent is like throwing your money out the car window each month. You pay it out and never see it again. With home ownership you receive loan interest write-off, and gain money over the years from the increased value of your home. Over a ten year period, on an initial purchase price of \$100,000, you could gain over \$100,000 in tax advantages and appreciation based on an 8% mortgage interest rate and 5% per year increase in home values.

On both the 15 year and 30 year loans, your interest deduction is highest in the first few years of the loan, so your tax deduction is highest then, too. Remember, if you plan to move or refinance after 5 years, you will maximize your tax deductions. Keep in mind that as you pre-pay part of your loan to reduce the interest expense, you also reduce your tax deduction. How long you plan to keep your current mortgage loan can help determine which type of loan, and which payment strategy, is ideal for you.

Have questions? [Contact us](#), we are happy to help.