

Arbitrage, Leverage And Your Home Mortgage

By Mark Charnet



information presented is timely, precise and critical for a secure financial future. We hand out a 50 page financial planning guide booklet absolutely free and yours to keep. It is my goal to share with as many readers as I can, the benefits of putting in place properly executed retirement, estate and protection plans and the potential consequences of **not** doing so.

Everyone is entitled to a second opinion, and the fiscally astute, avail themselves of the opportunity to secure one from a highly reputable and credentialed financial advisor. The only thing constant in the field of retirement and estate planning is change. Changes in tax laws, changes in products and programs, changes in the policies of the federal, state and local government, changes in marital status and other family dynamics, all of these examples place a heavy burden on the families of the elderly and families who want to save and invest for their future

Today's column will be no different; today I wish to speak about why a 50 or 60 something couple, with a small or no mortgage, might be better served to have a fifteen or thirty year mortgage on their home, especially if retirement funds are extremely low or non-evident.

Arbitrage and Leverage are fabulous opportunities assuming you have a level of expertise surrounding the actual investments you wish to employ these strategies. Today, however, there is another technique I wish to

share with you that utilizes a simple mortgage to accelerate your retirement date, elevate your level of income during retirement and your total net worth. Why be mortgage free if you can afford the payments while you are still working putting the equity from your home into an investment that is guaranteed* to increase in value, which, will provide a monthly income for the rest of your life and your spouses too. Over time, **both** your house and this investment, that was once only equity in your home will have the potential to increase in value, so, you will now have **two** appreciating assets as opposed to only one, just your home. The investment has many positive attributes as well as a few potentially negative ones that need to be discussed in person, with a prospectus, as time and space do not allow for a complete overview of this recommendation here. Suffice it to say that 2 fruit trees can bear more fruit than 1.

If you were paying \$2,000 monthly for your mortgage with 3 years remaining, your credit is good even though you might owe \$25,000 in credit cards and prospects for continuing employment are excellent, consider the following: Take a new mortgage for as much as the \$2,000 payment will allow over the 15 or 30 year term. At a 6% interest rate, \$2,000 monthly payments will buy a \$333,583 thirty year loan. Let's assume you are 50 years old. You would continue to pay the \$2,000 monthly obligation from

your cash flow as you are currently doing. We can eliminate the credit card debt of approximately \$25,000 and increasing your monthly cash flow, by rolling the debt into the new tax-deductible mortgage. Let us approximate the combination of the old mortgage and credit card debt to be \$75,000 including the closing costs for the new loan. Remaining will be \$258,583 for the investment. Over the next 15 years, your new mortgage will be substantially reduced, the value of the home should have appreciated nicely and the \$258,583 that was invested, assuming an annual compounded 6% tax-deferred rate of increase, would grow to \$619,709 for your future income needs. Further, the insurance company will guarantee a 65 year old an income, depending on the carrier, of 5% for life. THIS IS \$30,985 in EXTRA ANNUAL INCOME GUARANTEED FOR LIFE as compared to not taking advantage of this concept.

What about the remaining 15 years on the mortgage, here's the best part. After the younger spouse reaches age 62, you could apply for a Reverse Mortgage to refinance and eliminate the balance of the existing mortgage and all of the 180 payments that follow. Because the investment is guaranteed and backed by your choice among many highly rated insurance carriers, there is very little fear that something can go wrong. I am happy to say that this concept isn't new, and can work famously well in

many situations. The choice of insurance investment contract should be limited to the finest rated insurance carriers and only from an experienced advisor in this financial area as well. Want or need more information? Call me today to learn if this scenario is appropriate for your particular situation.

Mark E. Charnet is President and Founder of American Prosperity Group. APG is the Premier Retirement and Estate Planning Franchise in the United States. Mr. Charnet has over a quarter of a century of experience in the Retirement and Estate Planning fields. Mark encourages your inquiries and can be reached at: 800-929-3374 or 973-831-4424 or via email,

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*Guarantees are based on the claims paying ability of the insurance company. The concept described above includes a generic variable annuity with a living benefit rider. A variable annuity is a long-term investment vehicle designed specifically for retirement. While they are subject to market risk and fluctuation in account value, they may also offer several optional protection features not found in other investment vehicles.

Securities through: BCG Securities, Inc. Member SIPC, FINRA and a Registered Investment Advisor.

In this column I have written about many financial strategies including: the Trinity Method of Investing©, unique to the representatives of American Prosperity Group, guaranteed* methods of creating a seven digit retirement portfolio, how to create a guaranteed* lifetime or joint lifetime income, how to create and fund a Dynasty Trust for your children and grandchildren, how to reduce or eliminate the effects of estate taxes at death, why people in their twenties, or younger today, will need to be deca-millionaires to retire with any shred of dignity during their retirement years and much more.

Lectures, seminars and workshops have been advertised in this column and in addition to flyer inserts in this paper, all with no cost and no commitment nor obligation to attend. I am pleased to report that many have taken advantage of this opportunity, yet, many more have not. The next time you see one of our educational programs advertised, I strongly urge you to attend, as the