

30-YEAR vs. 15-YEAR MORTGAGE

THREE QUESTIONS TO ASK WHEN COMPARING YOUR OPTIONS

1

WHAT'S THE MAIN BENEFIT OF CHOOSING A 15-YEAR MORTGAGE?

Fifteen-year mortgages often carry lower interest rates vs. thirty-year mortgages. This could save you some money over time. Fifteen-year mortgages are also paid off in half the time of thirty-year mortgages. This results in less interest over time and no monthly payments after 15 years.

2

WHAT'S THE MAIN BENEFIT OF CHOOSING A 30-YEAR MORTGAGE?

The monthly payment with a 30-year mortgage is significantly lower than the payment on a 15-year mortgage. This gives you more buying power and allows you to affordably bid higher and purchase a more expensive house. This could be worth considering if you're facing tough competition from other buyers in your market. If you don't need the extra buying power, the main issue becomes: what will you do with the extra cash flow if you choose a 30-year mortgage? Here are three options:

- **Invest the extra cash flow.** This could be worth considering if you're looking to build your retirement account or a child's college fund.
- **Pay off other debts or make extra payments.** You could use the extra cash flow to pay off other debts more quickly or make extra principal payments on your mortgage from time to time.
- **Spend the extra cash flow.** This could be worth considering if you're looking to enhance your lifestyle or create more life experiences.

3

WHAT'S THE RISK WITH EITHER OPTION?

The main risk with a 30-year mortgage is that you may not be disciplined enough to use the extra cash flow in a productive way that improves your life. As with any other choice in life, it's up to you to stay the course.

The main risk with a 15-year mortgage is that you may find it difficult to make the higher monthly payment if you run into financial challenges down the road. So it really boils down to this: would you rather obligate yourself to a higher monthly payment with the 15-year option, or would you rather bet on yourself that you'll make smart choices with the extra cash flow you experience with the 30-year option?

ANOTHER OPTION TO CONSIDER:

Contact me
for more info



5-year ARM

A 5-year intermediate-term ARM
may make sense if your time
horizon is 7 years or less because
the rate may be lower than a 30-
year mortgage

Source: **Momentifi**



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