

# The Tale of Two Couples\*

Our story begins with two couples - each earning \$70,000 a year.  
They each have \$40,000 in savings and both are buying \$200,000 homes.



**Couple "A"**  
believes in "The Old Way"  
paying off the mortgage as  
soon as possible.

15 YEAR MORTGAGE AT 6.38% APR

\$40,000 BIG DOWN PAYMENT

\$0 LEFT TO INVEST

\$1,383 MONTHLY PAYMENT  
(56% IS TAX DEDUCTIBLE FIRST YEAR / 33% AVERAGE)

\$1,227 MONTHLY NET AFTER-TAX COST

SENDS \$100 MONTHLY TO LENDER IN EFFORT  
TO ELIMINATE MORTGAGE SOONER



**Couple "B"**  
believes in "The New Way"  
carrying a big, long mortgage.

30 YEAR MORTGAGE AT 7.42% APR

\$10,000 SMALL DOWN PAYMENT

\$30,000 LEFT TO INVEST

\$1,175 MONTHLY PAYMENT  
(100% IS TAX DEDUCTIBLE FIRST 15 YEARS / 36.4% AVERAGE)

\$799 MONTHLY NET AFTER-TAX COST

ADDS \$100 MONTHLY TO INVESTMENTS, PLUS \$428 SAVED FROM  
LOWER MORTGAGE PAYMENT WHERE ACCOUNT EARNS 8% RATE  
OF RETURN

## Results After 5 Years

RECEIVED \$14,216 IN TAX SAVINGS

HAVE \$0 IN SAVINGS AND INVESTMENTS

RECEIVED \$22,557 IN TAX SAVINGS

HAS \$83,513 IN SAVINGS AND INVESTMENTS

## What if Both Couples Suddenly Lost Their Incomes?

HAVE **NO SAVINGS** TO GET THEM THROUGH CRISIS

CAN'T GET A LOAN - EVEN THOUGH THEY HAVE \$74,320 MORE  
IN EQUITY THAN COUPLE B - BECAUSE THEY HAVE NO INCOME

MUST SELL THEIR HOME OR FACE FORECLOSURE BECAUSE  
THEY **CAN'T MAKE MORTGAGE PAYMENTS**

AT THIS POINT - IT'S A FIRE SALE - THEY MUST SELL AT A  
DISCOUNT AND PAY REAL ESTATE COMMISSIONS (6-7%)

HAVE \$83,513 TO TIDE THEM OVER

**DON'T NEED A LOAN**

**CAN EASILY MAKE THEIR MORTGAGE PAYMENTS** EVEN IF THEY  
ARE WITHOUT AN INCOME FOR YEARS.

HAVE NO REASON TO PANIC SINCE THEY ARE STILL IN CONTROL -  
REMEMBER... **CASH IS KING!**

## Results After 15 Years

RECEIVED \$25,080 IN TAX SAVINGS

HAVE \$30,421 IN SAVINGS AND INVESTMENTS

OWNS HOME OUTRIGHT

RECEIVED \$67,670 IN TAX SAVINGS

HAVE \$282,019 IN SAVINGS AND INVESTMENTS

REMAINING MORTGAGE BALANCE IS \$190,000 - AND THEY HAVE  
ENOUGH SAVINGS TO PAY IT OFF AND STILL HAVE \$92,019 LEFT  
OVER, FREE AND CLEAR

## Results After 30 Years

RECEIVED \$25,080 IN TAX SAVINGS

HAVE \$613,858 IN SAVINGS AND INVESTMENTS

OWNS HOME OUTRIGHT

RECEIVED \$107,826 IN TAX SAVINGS

HAVE \$1,115,425 IN SAVINGS AND INVESTMENTS

OWN HOME OUTRIGHT - SO STARTS FRESH AND ENJOYS  
THE SAME BENEFITS ONCE AGAIN

*Do you know the long-term impact of the  
decisions you are making today?*

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[StrategicIncomeGroup.com](http://StrategicIncomeGroup.com)

\* Adapted from the book *The New Rules of Money*

