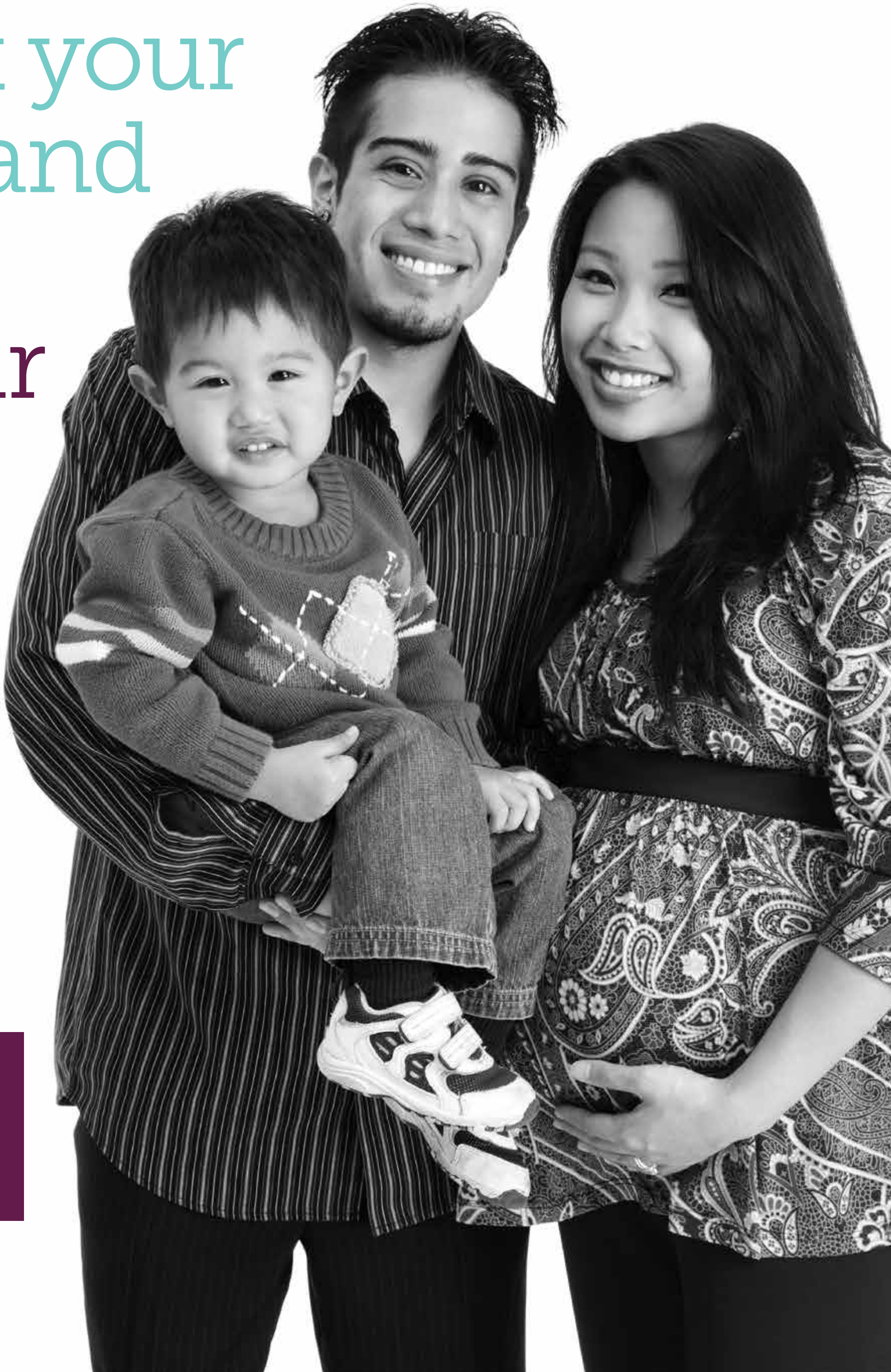
Protect your home and invest for your future



Foresters Financial

The true cost of your mortgage

As a homeowner, you could be paying more than four percent interest on your mortgage (plus insurance and property taxes) as rates fluctuate over 30 years. The question is—do you know the real cost of buying your home? Consider how much you may spend on the principal and interest over 30 years.

Mortgage Principal		$100,000	$100,000	$100,000
30-Year Mortgage	Interest Rate	6%	5%	4%
	Interest Paid	$115,838	$93,256	$71,868
	Total Cost	**$215,838**	**$193,256**	**$171,868**
What if you paid your mortgage off 10 years early?				
20-Year Mortgage	Interest Paid	$71,944	$58,389	$45,435
	Total Cost	**$171,944**	**$158,389**	**$145,435**
	Interest Savings	**$43,894**	**$34,867**	**$26,433**

Note: Interest savings noted above assumes available cash is used to pay off the mortgage early.

Mortgage Acceleration Solutions

While the interest you pay is typically deductible on your primary residence, paying off your mortgage early—even just by 10 years—could save you thousands of dollars in long-term interest and may make a lot of sense financially. A mortgage acceleration plan may assist you in accomplishing this goal.

Make extra mortgage payments each year. One common approach is to send an extra payment or two each year to your mortgage company to be applied directly to your principal. This is a flexible approach that can meet your goal over time. There are some downsides to consider:

Your payments are nonrefundable—once those funds are applied to your mortgage balance they are not available for other situations that may arise.

Access to the extra equity in your home (if available) may require you to refinance or secure a second mortgage, and only if you qualify.

In case of an early death, your family may not have the funds needed to continue to pay off the mortgage.

Options for Life Insurance to accelerate and protect your Mortgage Plan

Option 1

Using Term Insurance as part of a Mortgage Acceleration Plan. By combining the purchase of a term life insurance policy with saving additional funds into an investment or similar savings account—essentially creating a "mortgage repayment fund"—you can protect your mortgage in the event of your death while the policy is in effect. Or, if you outlive the policy term, you could potentially use the value of the repayment fund to help pay your mortgage off early. Here's how it works:

Start by purchasing a term life insurance policy with a face value at least equal to your outstanding mortgage loan and sufficient to ensure your family's financial security. It should be equal to the number of years you've set as a repayment goal. (If your goal is to pay off a 30-year loan in 20 years—10 years early—then you should consider purchasing a 20-year term life insurance policy.)

Set up a "mortgage repayment fund" with the goal of investing enough over time to satisfy the mortgage balance at a point in the future.

The term life insurance policy proceeds payable will protect your family in case of your premature death and the repayment fund will be available to retire the mortgage debt once the value equals the outstanding mortgage balance.

Mortgage acceleration solutions

Term life insurance considerations

While generally term has lower premiums than other insurance options, it may have an expiration date and may not generate any cash value.

Once the 20-year time frame (in this example) is over, if not renewable, the life insurance coverage ends, leaving your family without that death benefit value in the future.

Depending on the type of investment used, the cash value in the repayment fund may be taxable as it grows, which could increase the total investment needed to meet your objective.

In evaluating this option, you should determine what your insurance need may be once the term expires. There may be no tax deferral in this option. If tax deferral is important to achieving your goal, you may want to consider other options. Also keep in mind that investments in mutual funds are not guaranteed and you should consider the potential risk of any investment carefully.

Option 2
Using permanent life insurance values to pay off your mortgage

Another option is to purchase a cash value, permanent life insurance policy with a face value equal to your outstanding mortgage and sufficient to ensure your family's financial security. Assuming all premium payments are made as required, this type of insurance can be used to:

Provide a death benefit that can be used by your family in the event your death occurs before the mortgage is completely paid off.

Pay the mortgage off early through a policy loan or other possible withdrawal options, if the policy's cash values are sufficient.

Borrow the accumulated cash value for other needs or leave them in the policy to continue to grow tax deferred if your circumstances or goals change.

Unlike term insurance, the death benefit won't terminate later in life as long as the policy remains in force.

Permanent life insurance considerations

Withdrawals and loans will reduce the policy's death benefit and cash value available for use. Policy loans, together with poor market performance in a variable policy, could cause the policy to lapse. Most policy loans are charged interest.

If policy loans are used to pay off a mortgage early, clients should also consider a plan to pay off this loan to restore the policy's full value.

Policy surrender will result in the loss of life insurance protection and may create a significant taxable event. Any policy guarantees are subject to the claims-paying ability of the issuing life insurance company.

If considering a variable life insurance policy, carefully review the contract and underlying fund prospectuses that contain information relating to the investment objectives, risks, charges and expenses. For more complete information about any variable insurance product you can obtain a free prospectus by contacting your Representative, writing to us at Raritan Plaza I, Edison, New Jersey, calling 800 832 7783 or visiting our website at forestersfinancial.

Which option is right for you?

There are many advantages to prepaying a mortgage; whether using extra payment plans, buying term and investing, or using permanent insurance. Speak with your Representative to see which solution may be right for you.

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