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**L&M Profile**



**L&M "We Show Up!"**

L&M Financial representatives have been providing benefit programs and financial services to individuals, families, and small businesses since 1972, and through their affiliation with Securities America, Inc. since 2007. But we're not simply a team of financial planners managing money. We are trusted advisors, life coaches, and loyal partners. We truly care about our clients' well being. And we strive to build long-term relationships with each and every one of them. In other words, "we show up." By showing up, we help our clients make smart financial decisions – so they can enjoy life and focus on what matters most.

Through our offices in Buffalo, Rochester, and Binghamton, our nearly 100 employees and representatives, and the latest in technology, we offer our clients guidance that is consistent with their goals for the future. For more information, contact us at 716-839-1234 or 800-326-8410, or visit us online at [www.lmfs.net](http://www.lmfs.net).

**6 Tips for Paying Off Your Home Mortgage Faster**

Just because a bank gives you three decades to pay off a mortgage, doesn't mean it has to take that long. If you are free of high-interest credit card debt, you're maximizing your retirement investments, and you have a fully funded emergency savings account, then it can certainly pay to eliminate your mortgage earlier. When you do, you can join the ranks of the millions of other homeowners in the U.S. who no longer have a mortgage.

To help you in the process, here are 6 tips to consider:

**Tip #1: Add extra to your monthly payment.**

Paying a little extra each month can go a long way in helping you pay off your loan early and save money. In fact, according to L&M's mortgage payoff calculator (available at <http://lmfs.net/calculators>), if you add an extra \$100 to your payment on a new \$200,000 30-year mortgage at

4% interest, you'd pay off the mortgage four years and 11 months early and save \$26,855 in interest.

**Tip #2: Make biweekly payments.**

With this option, you're paying half your mortgage payment every two weeks. That means if your normal payment is \$954.83 per month, the accelerated, biweekly payment would be \$477.42. So on that same \$200,000, 30-year mortgage at 4% interest, you would save \$21,905 in interest and pay off the loan four years early, according to Bankrate.com's biweekly mortgage payment calculator.

If you'd like to make the switch, simply contact your mortgage company to change your payment schedule. Some do charge a one-time set up fee. Keep in mind that twice a year you'll be making three payments a month instead



of two, so be sure to plan ahead.

**Tip #3: Pay extra when you can.**

Using the same mortgage example above with a \$200,000, 30-year mortgage with a 4% interest rate, you can save \$61,249.56 in interest and pay off your loan 11 and a half years early if you make an extra \$1,000 payment each quarter.

**Tip #4: Round up monthly payments.**

When you round up your monthly payment – even if it's just by \$40 or \$50 a month – and

## Glossary

### Closing Costs

Expenses, over and above the price of the property, that buyers and sellers normally incur to complete a real estate transaction. Costs incurred include loan origination fees, discount points, appraisal fees, title searches, title insurance, surveys, and taxes.

### Equity

The value of ownership built up in a home or property that represents the current market value of the house minus any remaining mortgage payments.

### Escrow

Money held by a third-party on behalf of transacting parties.

### Points

Fees the borrower pays the lender at the time the loan is closed, expressed as a percent of the loan. On a \$100,000 loan, 3 points means a payment of \$3,000. Each point generally lowers the interest rate on a mortgage by 0.25%.

### Mortgage Principal

The outstanding balance of a mortgage. As monthly mortgage payments are made, the mortgage principal is reduced.

### Refinancing

Paying off an existing loan with the proceeds from a new loan, usually of the same size and using the same property as collateral.

## Pros & Cons of Reverse Mortgages

You have equity in your home and you'd like to generate income from it. Is a reverse mortgage the right solution for you? Below offers an overview of this type of mortgage, along with a look at the pros and cons.

### How It Works

If you are at least 62 years old and own your home outright or have paid down a significant portion of it, you may be eligible for a reverse mortgage. The loan simply enables you to get a stream of payments, or a lump-sum payment based on the amount of equity you have in your property.

You can then use the money for any purpose – living expenses, healthcare, or even a vacation. As you receive payments, your equity in the home decreases.

The amount of equity you can access depends on your age, the current value of your home and the current level of interest rates. The maximum amount of home equity that can be accessed in a federally insured Home Equity Conversion Mortgage (HECM) is \$625,000.

### Pros of Reverse Mortgages

- Reverse mortgages are considered loan advances to you, not income earned. Therefore payments aren't taxable. However, consult your tax attorney for more specifics related to reverse mortgage tax implications.
- A reverse mortgage doesn't impact your Social Security or Medicare benefits.
- With a reverse mortgage, it is possible to receive more in payments than the value of the home. In addition, if your home is sold for more than the loan amount, you or your beneficiaries will receive the overage.



### Cons of Reverse Mortgages

- Medicaid eligibility could be impacted by a reverse mortgage.
  - Lenders generally charge origination and closing costs to process a reverse mortgage. Because of these upfront costs, a reverse mortgage may not be a good option if you plan to leave your home within two to three years.
  - Many reverse mortgage options offer variable rates. Interest rates are currently low, but could rise significantly over the course of the loan.
  - If you don't pay your property taxes or homeowner's insurance, or maintain the condition of your home, your loan may become due and payable.
  - If you take out a reverse mortgage without adding your spouse as a co-borrower, your spouse will have to move out or repay the loan if you die before him or her.
  - Your home equity will be consumed through the mortgage, so you will have fewer assets to leave to your family.
- Before you make a decision, consult a professional estate planner, tax attorney, or retirement professional to learn about your options and whether a reverse mortgage is right for you.

## The Financial facts

- There are approximately 115 million occupied housing units in the United States.
- The typical owner-occupied home was built in 1976; the typical renter-occupied home was built in 1973.
- The typical home size is 1,500 square feet.
- The typical homeowner is 55 years old, and has lived in the current home for 14 years.

Source: *The 2013 American Housing Survey, Issued May 2015 by the U.S. Census Bureau*



## The Financial funnies

A broker was dismayed when a brand new real estate office much like his own opened up next door and erected a huge sign which read 'Best Agents.'

He was horrified when another competitor opened up on his right, and announced its arrival with an even larger sign, reading 'Lowest Commissions.'

The broker panicked, until he got an idea. He put the biggest sign of all over his own real estate office. It read: 'Main Entrance.'

## Recipe for Success

### Strawberry Spinach Salad



#### Ingredients

- 2 tablespoons sesame seeds
- 1 tablespoon poppy seeds
- 1/2 cup white sugar
- 1/2 cup olive oil
- 1/4 cup distilled white vinegar
- 1/4 teaspoon paprika
- 1/4 teaspoon Worcestershire sauce
- 1 tablespoon minced onion
- 10 ounces fresh spinach, rinsed, dried and torn into bite-size pieces
- 1 quart strawberries, cleaned, hulled and sliced
- 1/4 cup almonds, blanched and slivered

#### Directions

In a medium bowl, whisk together the sesame seeds, poppy seeds, sugar, olive oil, vinegar, paprika, Worcestershire sauce and onion. Cover, and chill for one hour.

In a large bowl, combine the spinach, strawberries and almonds. Pour dressing over salad, and toss. Refrigerate 10 to 15 minutes before serving.

## To Refinance or Not to Refinance?

Refinancing your mortgage can save you a significant amount of money. But it's not the right solution for everyone. So before you make a move, consider your goals and crunch the numbers. Here are some questions to answer to help you with the process:

**How long will you be staying in your home?** If you plan to move in the next couple of years, then refinancing isn't worth the cost.

However, if you plan to stay in your home for three years or longer, then it can certainly be advantageous to cut your monthly payment.

**Are you willing to pay your mortgage longer?** If you are 10 years into a 30-year loan and refinance to get a lower interest rate, you then have another 30 years to pay the loan – unless you refinance into a 15- or 10-year mortgage. So you have to ask yourself: Is the lower interest rate and the monthly savings worth 10 extra years of payments?

**Would you rather pay a shorter mortgage?** For instance, if you are retiring in the next 10 years and want to ensure you don't have any mortgage debt by then, it makes sense to refinance to a 10-year loan.

**How much are the closing costs?** Before you make a decision about refinancing, it's important to



understand all the closing costs, which can be substantial. These can include taxes, loan origination fees, appraisal costs, title fees, and attorney fees.

The good news is that you are entitled to receive a "good faith estimate" of closing costs prior to closing, so you won't be blindsided.

**Should you refinance to pay off credit card debt?** Credit card debt is unsecured, which means there is no collateral attached to it. With a mortgage, however, the house is the collateral. So if you refinance to pay off credit card debt and then default on that new mortgage, you could lose your home.

Should you pay points to get a lower rate? In some cases, it may benefit you to pay points (which are simply upfront fees) to buy down the interest rate of the loan. One point is equal to 1% of the loan amount. So one point on a \$200,000 loan would be \$2,000. The more points you pay, the lower your interest rate and monthly payment.

## "Notable Quotables"

"The ache for home lives in all of us. The safe place where we can go as we are and not be questioned."

– Maya Angelou

## L&M by any other name...

Many companies offer insurance, financial planning, or advice on investing in the stock market. But representatives of L&M are experienced not only in these three areas, but in many more as well. L&M Financial representatives have been providing a broad range of financial planning and benefits programs to many people across New York State since 1972.

Available products and services are:

- Financial and estate planning
- Long-term care planning
- Pre- and post-retirement counseling
- Tax-favored investments
- Mutual funds
- Equities
- Life insurance
- Disability insurance
- Group insurance
- Funding for education
- 401(k)
- 403(b) Tax Sheltered Annuities
- 457(a) Deferred Compensation
- Individual Retirement Accounts
- Third party administration/ payroll deduction services

L&M representatives offer workshops, seminars and, of course, individual meetings in an effort to educate you about effective ways to help establish a secure financial future.

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## Resources to Help You

For more help crunching the numbers on your mortgage loan, visit <http://lmfs.net/calculators>. There, you'll find the following valuable calculators:

- Mortgage Loan Calculator – Generate an estimated amortization schedule for your current mortgage.
- Mortgage Loan Payoff – Find out how much interest you can save by increasing your mortgage payment.
- Refinance Breakeven – Find out how long will it take to break even on a mortgage refinance.

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## L&M People: Richard Kohl promoted to Vice President of Business Operations



Amy Lipsitz, Chief Executive Officer of L&M Financial, announced the promotion of Richard Kohl to Vice President of Business Operations. In his new position, Kohl will oversee the company's IT, facilities, accounting, human resources, and compliance activities. Kohl joined L&M in 2003 and was previously our IT and Facilities Manager.

"I look forward to helping L&M by building on our collaborative, team-driven work environment. My goal is to continue to provide our clients with exceptional customer service, sound financial advice, and solid technology solutions," he said.

Kohl has a degree in Information Technology from Bryant & Stratton College. He is married and lives in Lancaster.

## Shred-it & Goodwill Event at L&M on Sat., May 14

L&M invites you to our semi-annual Shred-it and Goodwill event. Family and friends are welcome with all their 'stuff'!

**Time:** Saturday, May 14th, 9 a.m. – Noon

**Place:** L&M back parking lot, 3820 Sheridan, Amherst

**RSVP:** Rose Rath  
716-839-1234, ext. 246 or [rrath@lmfs.net](mailto:rrath@lmfs.net)

**Shred-it will destroy (3 BOX LIMIT):**

- Legal, financial, and personal documents
- Old tax returns, statements, bank receipts
- Computer disks
- Expired credit cards

Be sure to bring your gently used clothing, furniture, books, toys, and household items for donation to Goodwill. *(Note: electronics are accepted. Regarding TV and computer monitors, only working flat-screen models are accepted.)*

## 6 Tips for Paying Off Your Mortgage Faster

Continued from Cover

pay the extra toward the principal, it can lead to substantial savings down the line.

For instance, according to HSH.com's roundup prepayment calculator, if you have a monthly mortgage payment of \$954.83 and you round up your payment to \$1,000 by paying an extra \$45.17, you'll pay off your debt two years and five months early.

### Tip #5: Refinance to a shorter term, or lower rate.

You can refinance into a mortgage for 10, 15 or 20 years, but 15-year mortgages have become the most common. However, you can get the same effect of a shorter-term mortgage – without the risk that comes with the higher payment – by taking out a 30-year loan, but making payments as if you had a 10- or 15-year loan. That way, you're in control, not the bank.

In addition, if you do refinance to a lower interest rate, you can continue to make the higher payment. You'll then shave years and thousands in interest off your debt.

### Tip #6: Trim expenses and put the savings toward your mortgage.

For instance, switch to a cheaper phone plan, cut the cable cord, and reduce other non-vital living expenses. Once you do, you can then devote that additional money to extra mortgage payments.

Before making additional payments, always check with your mortgage company ahead of time. Some will only accept extra payments at specific times or may charge a penalty for pre-payment. Also, be sure any additional money is applied to the principal and not the interest or the next month's payment.

Visit the L&M website at:

[www.lmfs.net](http://www.lmfs.net)