

Mortgage Interest Deduction

<u>Before-Tax Interest Rate</u>	<u>Tax Bracket</u>	<u>After-Tax Interest Rate</u>
5.0%	25%	3.75%
5.0%	33%	3.35%
5.0%	43%	2.85%

\$400,000 Mortgage, 30 Yr. Fixed @ 5.0%, 1st Year

<u>Tax Bracket</u>	<u>Before-Tax Interest</u>	<u>After-Tax Interest</u>	<u>Monthly Interest Deduction Savings</u>
25%	\$19,865.98	\$14,899.48	\$413.87
33%	\$19,865.98	\$13,310.20	\$546.31
43%	\$19,865.98	\$11,323.61	\$711.86

\$700,000 Mortgage, 30 Yr. Fixed @ 5.0%, 1st Year

<u>Tax Bracket</u>	<u>Before-Tax Interest</u>	<u>After-Tax Interest</u>	<u>Monthly Interest Deduction Savings</u>
25%	\$34,765.46	\$26,074.09	\$724.28
33%	\$34,765.46	\$23,292.86	\$956.05
43%	\$34,765.46	\$19,816.31	\$1,245.76

IRS allows \$1,000,000 acquisition debt to be deducted

IRS allows \$100,000 home equity debt to be deducted