



# **Accelerated Mortgage Payoff- Part 5 Simply Managing the LOC Balance**

**Keep Your Dollars Working 24/7**

# Scenario Overview

- 375K Mortgage at 4.5% for 30 Years;
- \$6,946.68 deposited each month;
- \$6,447.85 in monthly expenses;
- \$498.83 left after bills are paid and;
- \$10K in savings.

# 30 Year \$375K Loan at 4.5%

- Over 30 years, payments will total \$684,025;
- Interest payments will total \$309,025;
- Additional payments shorten the loan's life and;
- Half of the loan will be paid in 19.75 years;

# Over 12 Months, we can . . .

- Spend \$130 to make \$20,537 in principal payments:
  1. paying an additional \$12,995 in principal;
  2. enabling you to pay off the loan 21 months earlier;
  3. saving \$26,878 in interest payments and;
  4. building a savings balance of \$14,045 . . .
- Instead of growing savings to \$21,132 earning \$354 in interest at 2%?



# Our LOC 1st to the 30th

| Billing Cycle                       |                     | Loan       | Withdrawal | Balance     | Average Daily Balance | Checking Account | Average Daily Balance |
|-------------------------------------|---------------------|------------|------------|-------------|-----------------------|------------------|-----------------------|
| 1                                   | Income & Withdrawal | \$1,593.34 | \$2,519.07 | \$ (925.73) | \$ (925.73)           |                  |                       |
| 2                                   |                     |            |            | (925.73)    | (925.73)              |                  | -                     |
| 3                                   |                     |            |            | (925.73)    | (925.73)              |                  | -                     |
| 4                                   |                     |            |            | (925.73)    | (925.73)              |                  | -                     |
| 5                                   | 2nd Income          | 1,880.00   |            | -           | (740.58)              | 954.27           | 190.85                |
| 6                                   |                     |            |            | -           | (617.15)              | 954.27           | 318.09                |
| 7                                   |                     |            |            | -           | (528.99)              | 954.27           | 408.97                |
| 8                                   |                     |            |            | -           | (462.87)              | 954.27           | 477.14                |
| 9                                   |                     |            |            | -           | (411.44)              | 954.27           | 530.15                |
| 10                                  |                     |            |            | -           | (370.29)              | 954.27           | 572.56                |
| 11                                  |                     |            |            | -           | (336.63)              | 954.27           | 607.26                |
| 12                                  |                     |            |            | -           | (308.58)              | 954.27           | 636.18                |
| 13                                  |                     |            |            | -           | (284.84)              | 954.27           | 660.65                |
| 14                                  |                     |            |            | -           | (264.49)              | 954.27           | 681.62                |
| 15                                  | Income              | 1,593.34   | 1,900.07   | -           | (246.86)              | 647.54           | 679.35                |
| 16                                  |                     |            |            | -           | (231.43)              | 647.54           | 677.36                |
| 20                                  | 2nd Deposit         | 1,880.00   |            | -           | (185.15)              | 2,527.54         | 765.40                |
| 21                                  |                     |            |            | -           | (176.33)              | 2,527.54         | 849.31                |
| 28                                  |                     |            |            | -           | (132.25)              | 2,527.54         | 1,268.87              |
| 29                                  |                     |            |            | -           | (127.69)              | 2,527.54         | 1,312.27              |
| 30                                  | Expenses            |            | 4,547.78   | (2,020.24)  | (190.77)              |                  | 1,268.53              |
|                                     |                     | \$6,946.68 | \$8,966.92 |             |                       |                  |                       |
| 5.00% Interest Rate & Interest Paid |                     |            |            |             | \$ (0.79)             |                  | \$2.11                |

# Insights

- Each month, the money left after bills are paid reduces the line of credit balance;
- As monthly income and the money left after bills are paid increases, the LOC withdrawals increase;
- Additional withdrawals are tied to the LOC balance;
- The more used for savings, less is used to pay off the loan. The user creates the unique balance;
- Once the loan is paid off, 90% is applied to savings

# Project Future Income and Dollars Left After Expenses

 Use Your Cash Flow 


15-Year Cash Flow Projection:  
\$1,386.55

## Use Your Cash Flow


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### Annual Positive Cash Flow Increases

Annual income will increase 2% for a monthly increase of (\$138.93)




Apply 40% of the monthly increase, or \$55.57, to my positive cash flow total










There will be a one-time increase of

One-time increase date

Apply 0% of the one-time increase, or \$0, to my positive cash flow total




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 Use Your Cash Flow 

## Use Your Cash Flow

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Map name







### Positive Cash Flow Report






Your next step in directing your cash is knowing where you want your dollars to be spent. This means looking forward and anticipating your future income and expenses. You've set your priorities. Now, you can begin planning what you'll do to achieve them.

Based on your selections, you anticipate that your annual income of **\$6,946.68** will increase **2%** each year. Next year, your monthly income will increase by **\$138.93**. 

Allowing for inflation, your goal each year is to add **40%** of the above annual increase to your monthly cash flow of **\$498.83**. That means that next year, your monthly cash flow will be **\$554.40**. 

These projections take in to account your current savings contribution of **\$0**. In the *Maximize Your Savings* Cash Map, your savings contribution will be set to a percentage of your positive cash flow, so that your contribution will increase alongside your income.

The graph below projects your cash flow over the next 15 years. 

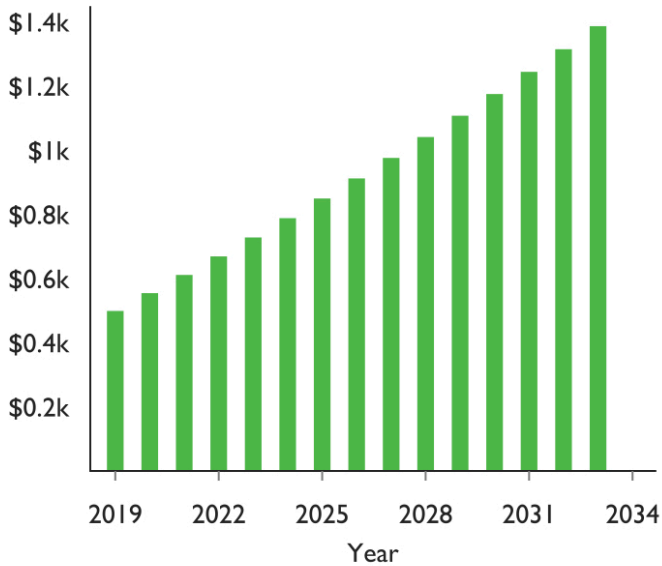
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# See Your Left Over Dollars!

 Use Your Cash Flow 

The graph below projects your cash flow over the next 15 years.






## 15-Year Cashflow Projection



Values depicted in the chart are average monthly cash flow.

Complete period reviews of your priorities and modify these projections as often as needed. The greater your positive cash flow, the lower your borrowing costs and the sooner you'll achieve your goals.

YearFree Cash Flow

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 Use Your Cash Flow 

Complete period reviews of your priorities and modify these projections as often as needed. The greater your positive cash flow, the lower your borrowing costs and the sooner you'll achieve your goals.



| Year | Free Cash Flow |
|------|----------------|
| 2019 | \$498.83       |
| 2020 | \$554.40       |
| 2021 | \$611.08       |
| 2022 | \$668.90       |
| 2023 | \$727.88       |
| 2024 | \$788.03       |
| 2025 | \$849.39       |
| 2026 | \$911.97       |
| 2027 | \$975.81       |
| 2028 | \$1,040.92     |
| 2029 | \$1,107.34     |
| 2030 | \$1,175.08     |
| 2031 | \$1,244.18     |
| 2032 | \$1,314.66     |
| 2033 | \$1,386.55     |

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# Make Your Savings Selections

 Maximize Your Savings 


15-Year Savings Projection:  
\$83,488.58

## Maximize Your Savings

Save for 6 month(s) of expenses for emergency in savings account

Current savings contribution: 0%

Until loan is paid in full, 20% of positive cash flow will be used for this goal and other priorities.






Customize savings strategy 



### Conservative Savings Information

Save 33.33% conservative (savings, money market, CDs, mutual funds)

Rate of return

Current balance in conservative savings

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 Maximize Your Savings 

15-Year Savings Projection:  
\$83,488.58

## Conservative Savings Information

Save 33.33% conservative (savings, money market, CDs, mutual funds)

Rate of return






Current balance in conservative savings

### Balanced Savings Information



Save 33.33% balanced (savings, money market, CDs, mutual funds)

Rate of return

Current balance in balanced savings

 Education  CashFlow  CashMap  My Maps  Settings

# Make Your Savings Selections

Maximize Your Savings

15-Year Savings Projection:  
\$83,488.58

## Balanced Savings Information

Save 33.33% balanced (savings, money market, CDs, mutual funds)



Rate of return



Current balance in balanced savings

## Aggressive Savings Information

Save 33.34% aggressive (savings, money market, CDs, mutual funds)



Rate of return



Current balance in aggressive savings

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Maximize Your Savings

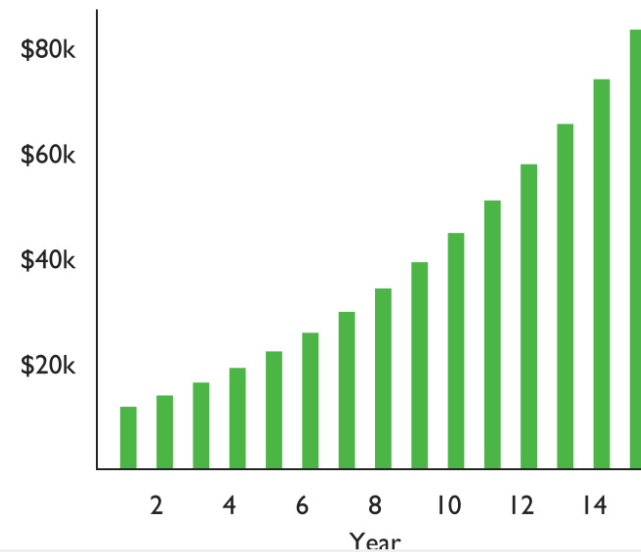
To spread your risk, you distribute your savings into the following accounts.






**33.33% (\$33.25)** of your positive cash flow will be saved earning a interest rate of **0.1%**. The current balance in your conservative fund is **\$5,000**.

**33.33% (\$33.25)** of your positive cash flow will be saved earning a interest rate of **6%**. The current balance in your balanced fund is **\$2,500**.


**33.34% (\$33.26)** of your positive cash flow will be saved earning a interest rate of **12%**. The current balance in your aggressive fund is **\$2,500**.


## Savings Growth for 15 Years



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# Time Taken to Payoff Loan, Interest Savings and Solution



Accelerate Loan Payoff

## Accelerate Loan Payoff

Map name



Save

### First Mortgage Acceleration Report






By keeping your dollars working 24/7, in **15 years** you will save **\$107,915.86** in interest. In addition, your savings balance will be **\$919,215.78** higher at the end of your loan term.

|                  |               |                   |
|------------------|---------------|-------------------|
| Balance          | Interest Rate | Payment           |
| <b>\$348,491</b> | <b>4.5%</b>   | <b>\$1,900.07</b> |


You've indicated that you already have an Line of Credit with an interest rate of **5%** and a maximum availability of **\$20,000**. The current balance on your LoC is **\$0**. Incorporating all your CashMap goals, the potential benefits that you may realize by optimizing your average daily balance on your Line of Credit are as follows.


|               |                     |
|---------------|---------------------|
| Payoff Date   | Cost Savings        |
| <b>6/2034</b> | <b>\$107,915.86</b> |

Your projected savings in the **26 years** that it will take to pay off your loan reflects applying your positive

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Accelerate Loan Payoff






Your projected savings in the **26 years** that it will take to pay off your loan reflects applying your positive cash flow to your loan. Once the loan is paid in full, your cash flow is applied to savings.


To create this solution, begin by withdrawing **\$2,519.07** from your line of credit, and use these dollars to make an additional payment to this loan. On the last day of your line of credit's billing cycle, when the amount you owe on your line of credit is equal to or less than **\$6,946.68**, make another withdrawal of **\$1,496.48** from your line of credit and make an additional payment to your loan. As your income and positive cash flow changes, the withdrawal amount will change.

On each day that you receive income, use it to pay off the line of credit. When a bill or other expense is due, use the line of credit to pay for them.

These amounts will change based on the interest rate of the line of credit and your positive cash flow. If you have projected an annual change in your positive cash flow, the withdrawal amounts will change. When the interest rate increases, both the trigger point for an additional withdrawal and the withdrawal amount will decrease. As your positive cash flow increases, the withdrawal amount and the trigger point to repeat the withdrawal will also increase. Try different scenarios and see the impact.

The maximum line of credit needed is estimated to be: **\$12,907.97**.

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## Loan Acceleration Payment Samples

Show all months

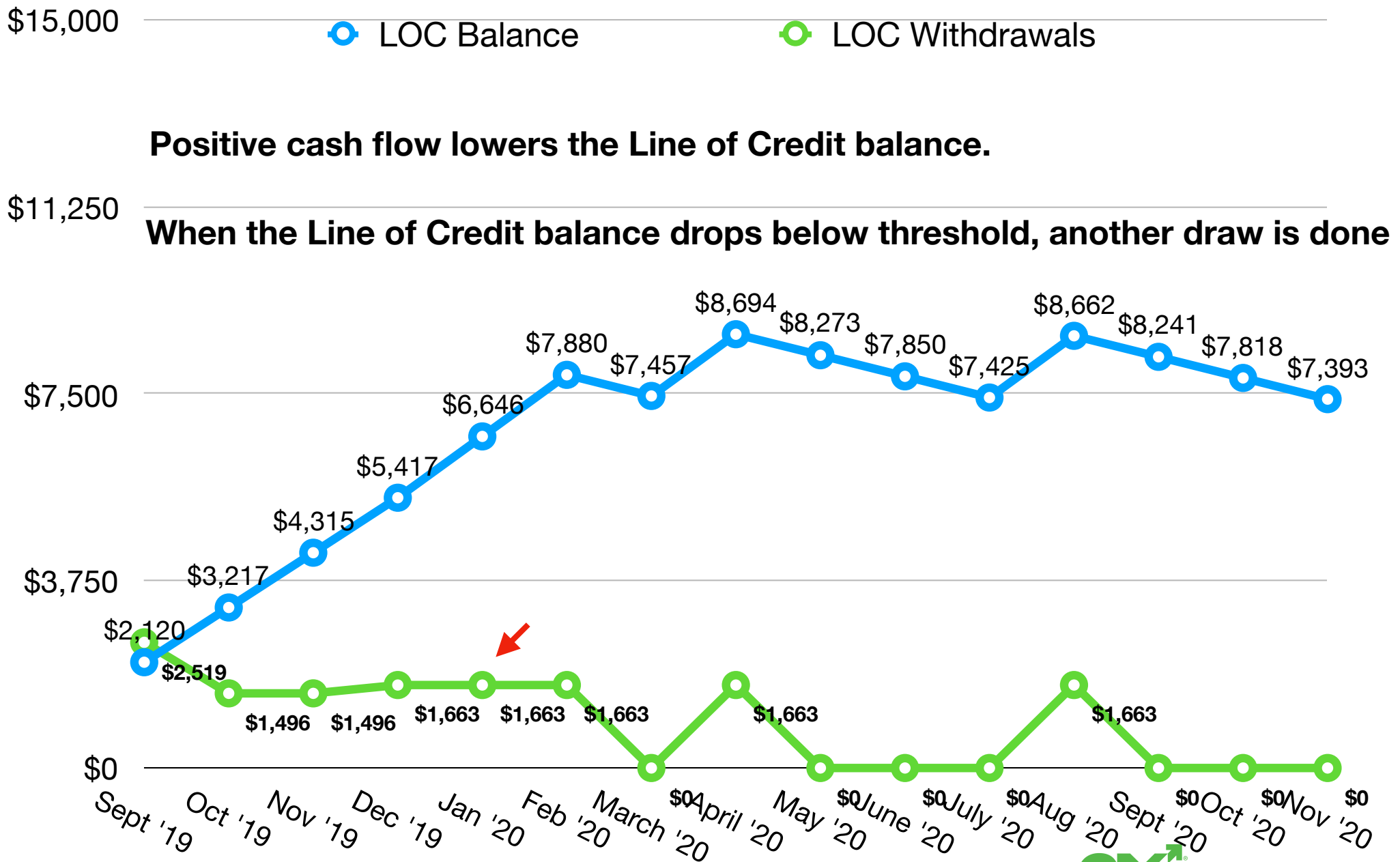
| Date    | Optimized Interest | Optimized Principal | Extra Payment |
|---------|--------------------|---------------------|---------------|
| 9/2019  | \$1,307            | \$3,112             | \$2,519       |
| 10/2019 | \$1,295            | \$2,101             | \$1,496       |
| 11/2019 | \$1,287            | \$2,109             | \$1,496       |
| 12/2019 | \$1,279            | \$2,117             | \$1,496       |
| 1/2020  | \$1,271            | \$2,292             | \$1,663       |
| 2/2020  | \$1,263            | \$2,300             | \$1,663       |
| 3/2020  | \$1,254            | \$646               | \$0           |
| 4/2020  | \$1,252            | \$2,311             | \$1,663       |
| 5/2020  | \$1,243            | \$657               | \$0           |
| 6/2020  | \$1,241            | \$659               | \$0           |
| 7/2020  | \$1,238            | \$662               | \$0           |
| 8/2020  | \$1,236            | \$2,328             | \$1,663       |

## Loan Acceleration Payment Samples

Show all months

| Line of Credit Balance | Optimized Loan Balance | Normal Loan Balance | Cuml. Interest Saved |
|------------------------|------------------------|---------------------|----------------------|
| \$2,120                | \$345,379              | \$347,898           | \$2,076              |
| \$3,217                | \$343,278              | \$347,303           | \$3,306              |
| \$4,315                | \$341,168              | \$346,705           | \$4,533              |
| \$5,415                | \$339,051              | \$346,105           | \$5,756              |
| \$6,642                | \$336,760              | \$345,503           | \$7,112              |
| \$7,874                | \$334,459              | \$344,899           | \$8,464              |
| \$7,449                | \$333,813              | \$344,292           | \$8,468              |
| \$8,684                | \$331,502              | \$343,683           | \$9,811              |
| \$8,261                | \$330,845              | \$343,072           | \$9,815              |
| \$7,836                | \$330,185              | \$342,458           | \$9,820              |
| \$7,410                | \$329,524              | \$341,842           | \$9,824              |
| \$8,645                | \$327,196              | \$341,224           | \$11,150             |

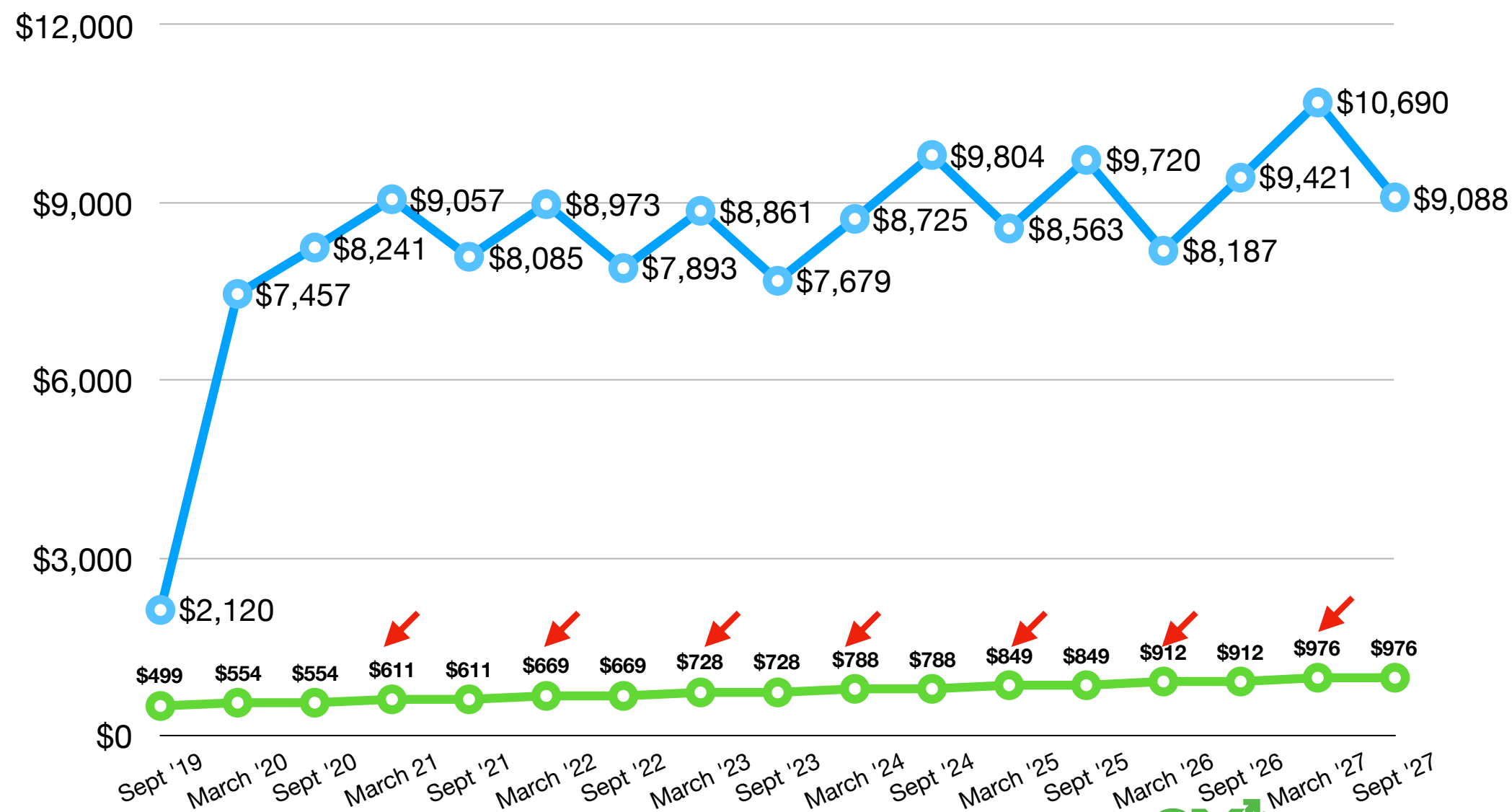
# Line of Credit Balance - 1st Year



# Line of Credit Balance Stays Low

LOC Balance

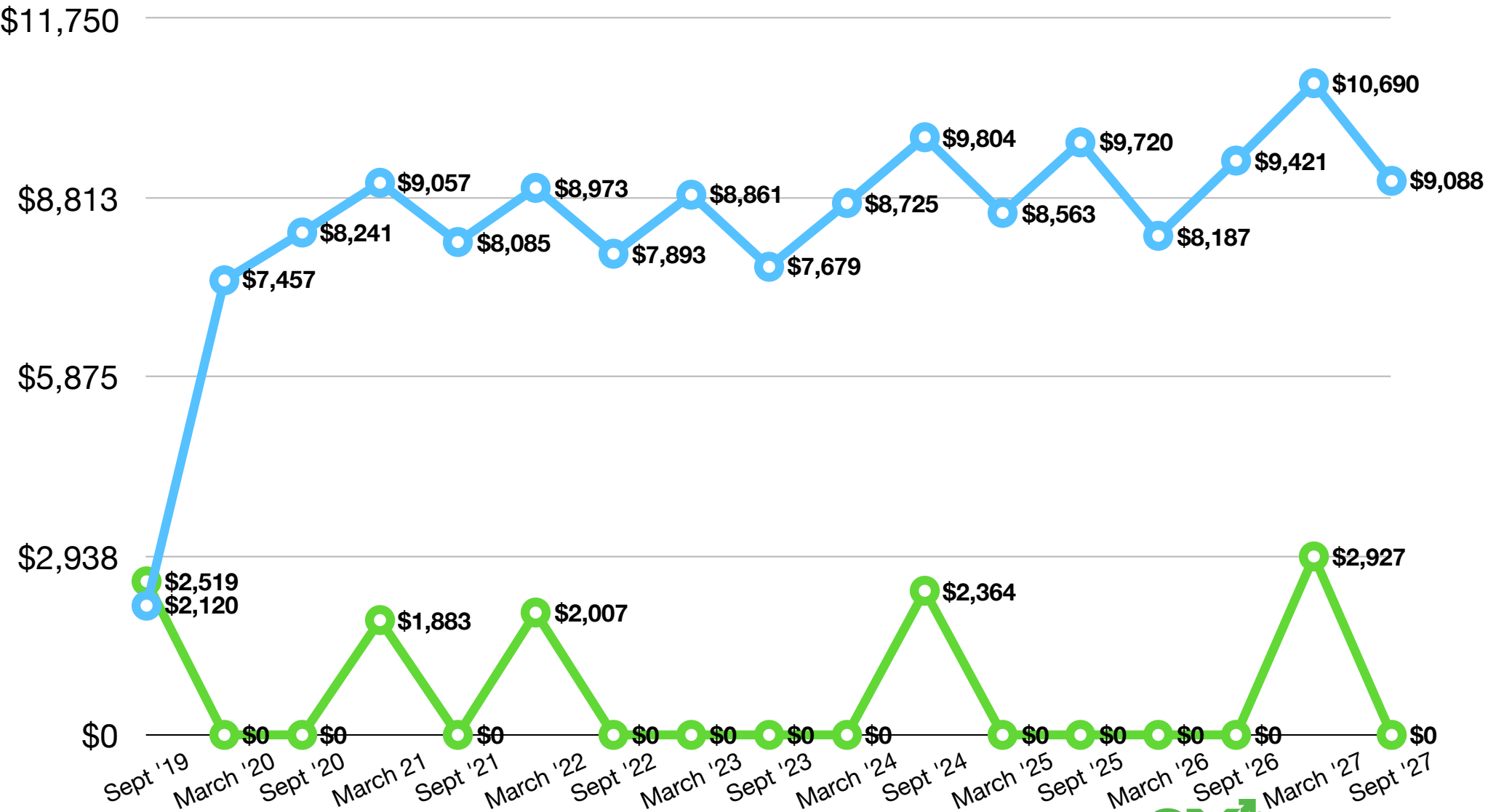
\$'s Left After Bills Paid



# Line of Credit Balance Stays Low

LOC Balance

Withdrawals

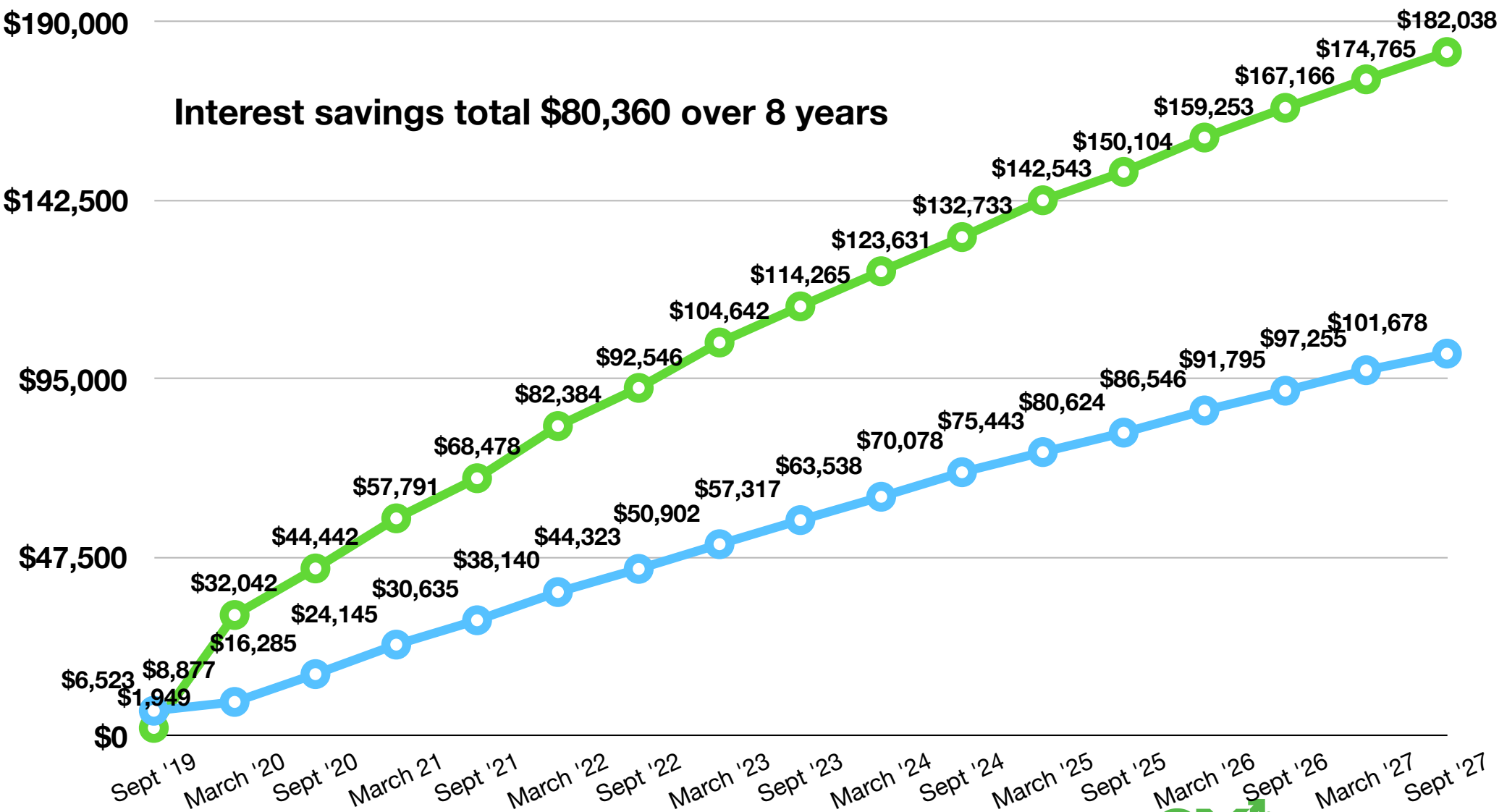




# Interest Paid

Interest Paid CashMap

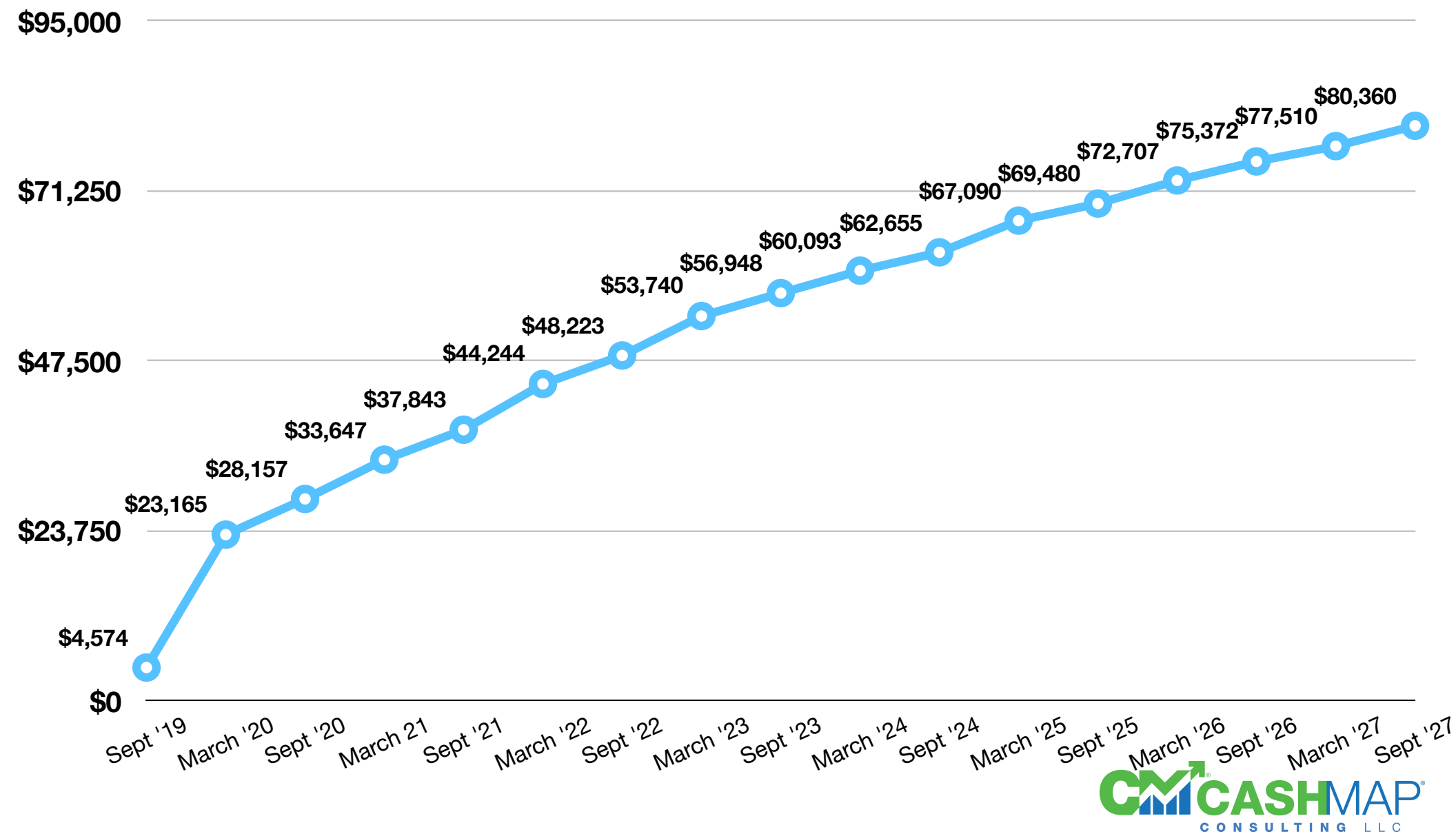
Interest Paid by Schedule





# Interest Savings Over 8 Years

○ Interest Savings Over Loan's Life



# Achieving our first option is doable!

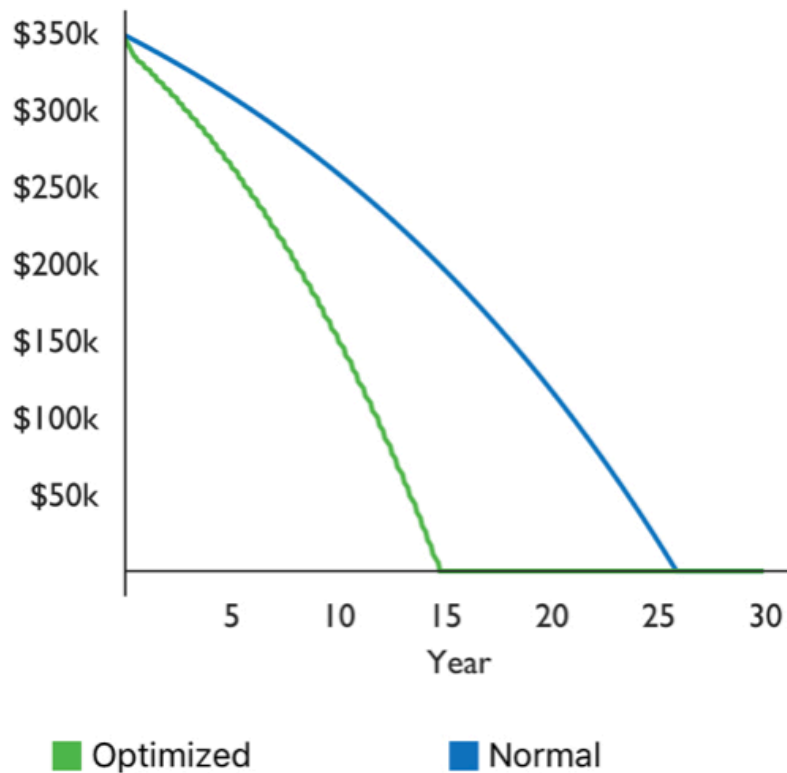
- The mortgage can be paid off in 15 years;
- \$107,915 in interest payments can be avoided;
- Building \$86K in savings in 15 years before taxes;
- Building \$1.1 million savings in 29 years!

Done safely with a \$15K Line of Credit at 5% interest

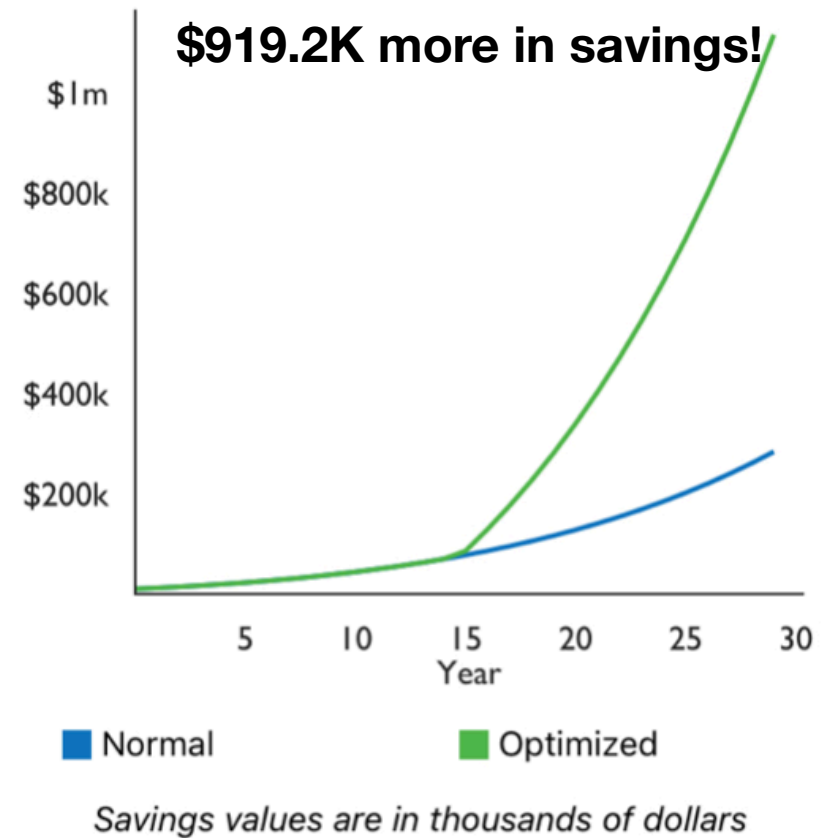
# Keeping Your Dollars Working 24/7 Creates Dramatic Results!



Balance Comparison Chart



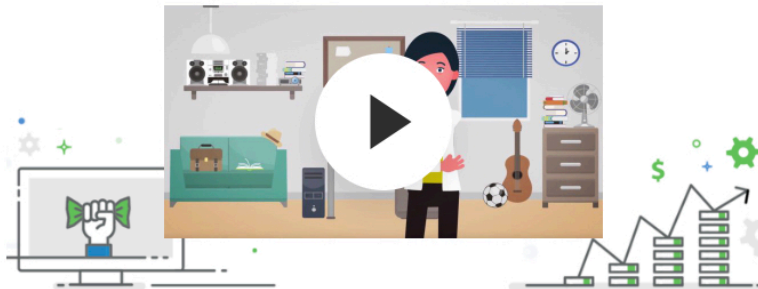
Savings



Regain financial  
freedom.

Save thousands of dollars  
in interest by putting your  
income to work.

Our suite of tools keeps  
your dollars working 24/7.



Financial freedom in  
your pocket

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**Thank You!**