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Protecting A Lifetime Of Memories

Where Your Retirement Dreams Become Reality...



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How Much Is Your Debt Really Costing You?

Debt is a topic I bring up fairly often, in my newsletters. Why? Because it is something most people need assistance with. It's an interesting topic, as everyone sees debt differently. Some people avoid it at all costs, some see it as a necessary evil, some people don't have a choice but to incur some, and others rack it up because they don't care. But what exactly is debt?

According to Merriam-Webster, debt is, "a state of being under obligation to pay or repay someone or something in return for something received: a state of owing." Being in debt means you received goods or services without paying for it and as such are liable for that amount. You incur debt because you received goods that you could not afford (or chose not) to pay up front. Now, some people will tell you that there are good and bad debts. That is because some types of debt give you tax advantages, or will end up being worth more than you spent. Regardless, all debt has a cost. This cost is the interest rate.

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What Can I get From A Reverse Mortgage?

A lot of older Americans are converting the equity in their homes into cash, by using a type of loan called a reverse mortgage. The money from a reverse mortgage can provide seniors with the financial freedom they need to fully enjoy their retirement years.

The reverse mortgage got its name because the payment stream is "reversed." Instead of making monthly payments to a lender, a lender makes payments to you. This money can be used for anything you choose.

To qualify for a reverse mortgage you must own your own home and be at least 62. You may even be eligible for a reverse mortgage if you still owe money on a first or second mortgage. And there are no income or medical requirements to qualify.

You can choose how to receive the money from a reverse mortgage. You can choose all at once, fixed monthly payments, a line of credit or a combination of these. The most popular option - chosen by more than 60 percent of borrowers - is the line of credit, which allows you to draw on the loan proceeds, at any time.

The size of the reverse mortgage that you can get varies depending on your age at the time you apply for the loan, the type of reverse mortgage you choose, the value of your home, current interest rates, and where you live can also play a factor.

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Interesting Facts:

-September comes from the Latin word 'Septem' meaning seven. At the time, March was the first month making September the 7th. This is also why February only has 28 days. (It was the last month in the year).

-Celery effectively has negative calories. (It takes more calories to eat a piece of celery than celery has in it.)

-The word "set" has the most definitions in the English language.

-Most hummingbirds weigh less than a penny.

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"Happiness is not something you postpone for the future; it is something you design for the present."

-Jim Rohn

It's LIAM!

This September is the 14th anniversary of Life Insurance Awareness Month (LIAM). Liam was started in an effort to raise awareness among consumers and producers about the need for life insurance. Americans by and large aren't saving much money and many households are still mired in debt. Many see value in life insurance, but less than half have individual life insurance policies.

Half of the households in America would feel the financial impact from the loss of their primary wage earner in a year or less. In fact, over 40 percent would feel the impact within 6 months, including nearly 40 percent of households with an annual income of \$100,000 or more.

Now more than ever, it is vital that consumers protect their financial security. Life insurance has been providing this kind of protection to Americans for more than 200 years.

Lastly it is to spread awareness of the many ways you can use life insurance. Life insurance has evolved to not only protect your family if you die, but protecting them (and you) while you live. Call my office today for more information.

How Much Is Your Debt Really Costing You?

Most people don't realize how much that interest rate actually affects them and what their debt is really costing them. Let's do the math real quick. Let's focus on credit cards. Credit cards usually have interest rates anywhere from 0% on an introductory period to 29.99% annually. Now what does this mean to you? According to Bankrate.com the average interest rate on credit cards in the US is 16.67% (for easy math let's assume it is 16%). According to NerdWallet, the average family has \$16,061 in credit card debt (lets assume \$16,000 for easy math). So if you have 16,000 in debt and you are paying 16% interest then, **each year**, you are paying \$2,560 in **INTEREST**. That's almost \$215 a month just going to you having that debt!

How much better off would you be if you didn't have that debt and were able to put it into savings? Well assuming you are getting a net 5% return...in 5 years you would have accumulated \$14,568...in 10 Years \$33,265...in 30 years \$178,288. How much better off does that put you? How much easier are your retirement or other financial goals now? This is the true cost of your debt! How does that sit on your stomach? Does that change your perspective?

Don't be discouraged though! There are many strategies we can use to help you get out of the debt trap! If you would like help creating a plan to tackle your debt. Contact my office today!

What Can I get From A Reverse Mortgage?

On average, the older you are and the less you owe on your home, the larger the reverse mortgage can be.

No payments are due on a reverse mortgage while it is outstanding. The loan becomes due and payable when you cease to occupy your home as a primary residence. This can occur if you pass away, sell the home, or permanently move out.

You do not have to sell your home in order to pay off the loan. You (or your heirs) can pay off the reverse mortgage and keep the home. (This can easily be accomplished with a life insurance policy.)

The money provided to you from a reverse mortgage is tax-free, and does not affect regular Social Security or Medicare benefits. However, the funds received from a reverse mortgage may affect your eligibility for certain kinds of government assistance, such as Medicaid or state assistance programs.

These are just some of the benefits you will receive from a reverse mortgage. Check with your local financial advisor for more information and to see if a reverse mortgage is right for you.

Contact us for more information.