

Should You Pay Off Your Mortgage?



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investing


([Start Here!](#)) Basic concepts you need to know, from compound interest to the stock market.

index funds

[Why](#) index investing makes sense...
[What](#) indexes and index funds are...
[How](#) to build a simple portfolio...
...and a [tiny list](#) of index funds and ETFs.

[Small Value is Good](#)
(but [why?](#))




 [Stock Market Randomness](#)
(it isn't normal)
[Risky Retirement Calculator](#)

How Much are Stocks Worth?

Learn the logic of [stock valuation](#) with a discounted cash flows calculator... plus P/E, P/S and PEG ratios, CAPM, DDM ... Buffett's secret formula (?) ... and a [Grahamatron](#) with Artificial Ben-telligence.

Plus: [Making Stock Market Predictions](#)

[Savings Calculator: Be Cheap, Be Happy](#)

 [Credit Cards: Goodbye Debt Monkey](#)

[myRA Calculator](#)

Step #1

**Open a new window and go to
<http://www.moneychimp.com>**

Click on "calculator" in the thin black bar at the top of the page. Enter your current debt (which is the amount you would pay off, over and above the down payment or equity). Add the years to grow (years left on your mortgage), interest rate (what you could earn on your investments, I recommend 8%) and then click "calculate". The amount your money would grow to (if you didn't use it to pay off your mortgage) is that number.

Enter your numbers on the worksheet below.

Step #2 - Complete Worksheet

Mortgage Debt

Interest Rate if invested
(suggest 8%)

Years Left on Mortgage

Calculate

(This is the amount your lump sum would grow to if invested).

Worksheet Example

Mortgage Debt

\$300,000

Interest Rate if invested
(suggest 8%)

8%

Years Left on Mortgage

15

Calculate (A)

\$951,650

(This is the amount your lump sum would grow to if invested).

Step #3

Calculate Interest Saved

There is a benefit to NOT having to pay interest, so we need to deduct that from the amount in step #2 to get your net benefit.

Amount of Mortgage

Interest Rate on Mortgage

Number of Years Left on Mortgage

Calculate (B)

Step #3 Calculate Your Net Benefit

$$A - B = \text{Net Benefit}$$

$$\$951,650 - \$502,604 = \$449,046 \text{ net benefit}$$

By investing your money, you could net \$449,000 over paying off your mortgage.

This is for illustration purposes only.
No guarantee of results.