

M3 FINANCIAL PULSE

MARCH 2021

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THE MONTH IN BRIEF

Stocks notched a solid gain in February thanks to growing optimism surrounding the economic recovery and decreasing number of COVID-19 infections.

The Dow Jones Industrial Average led, picking up 3.4%. The Standard & Poor's 500 Index rose 2.8%, while the Nasdaq Composite added 1%.¹

1 - The Wall Street Journal, February 28, 2021

INTEREST RATES AND YOUR MORTGAGE*

With the Federal Reserve keeping interest rates at or near zero, you may wonder about your mortgage...

Is it a good time to refinance or even pay off the debt entirely? After all, your mortgage is one of the biggest expenses you may have in life, so why not rid yourself of that debt as soon as possible?⁴

Not so fast. There are many reasons why keeping your mortgage could be a better choice than paying it off. Yes, you may eliminate one of the largest bills you have every month, but there are benefits to maintaining your mortgage as well.

1. Losing Investment Power

Using funds from your investments to pay off your mortgage early may mean you lose out on potential gains. However, by keeping your portfolio untouched, you increase the chances of a return on your investment.⁵

2. Not Having Funds Available for Other Debt

Your mortgage very likely has the lowest interest rate of all your debt. Consider paying off your other consumer debts or student loans with higher interest rates before you consider paying off your mortgage.⁵

3. Losing Your Tax Deductions

Mortgage interest can be taken as a tax deduction. However, paying off your mortgage may mean your taxes could be higher. As always, it's important to consult your tax professional regarding these matters.⁵

4. Risking Changes to Your Home's Value

If you own your house outright and there's a sudden shift in the market, your home may be worth less than what you initially paid. Conversely, if you own 20% of your home, and the mortgage company or bank owns 80%, your losses are capped at 20%.⁵

Are you considering paying off your mortgage or another large debt?

Contact us to speak with one of our advisors about how to best leverage your investments to help pursue your long-term goals.

4. Finance.Yahoo.com, November 5, 2020

5. FoxBusiness.com, November 3, 2020



FACT OF THE MONTH

The unemployment rate **peaked at 14.7%** in April 2020 as workers were let go from their jobs in response to the pandemic.² With the economic recovery in the time since, the FOMC estimates that it will gradually decline considerably, down to **5% in 2021**.³

2. U.S. Bureau of Labor Statistics, Dec. 22, 2020

3. Board of Governors of the Federal Reserve System, Dec. 22, 2020



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