



Use Flow-Through Tax Savings To Pay Down a Mortgage

Investors who invest in flow-through limited partnerships can use their flow-through tax savings to pay down their mortgage.

For example, here is how it can work for an investor...

- 1) Invest \$10,000 in a flow-through limited partnership and receive a 100% tax deduction;
- 2) Claim a \$10,000 flow-through tax deduction on a tax return and receive \$4,500 in tax savings (assuming 45% marginal tax rate);
- 3) Follow steps 1 and 2 for a period of **10 years only**, each year putting the \$4,500 in tax savings against a mortgage.

Assumptions						
Mortgage Amount:	\$300,000					
Interest Rate:	6.0% (assumes the interest rate remains at 6% the entire amortization period)					
Amortization:	25 years (300 months)					
Compounding:	Semi-annual					
Extra Payments:	\$4,500 for 10 years only					
Extra Payments Commencement:	Month 13 (or whenever the investor receives their first flow-through tax savings)					
Extra Payments End Date:	Month 121 (10 years from the commencement month)					
Basic Loan Information		Extra Payments				
		Interval	Amount	Start In Month	Duration	End in Month
Mortgage Amount:	\$300,000	Annually	\$4,500.00	13	10 years	121
Interest Rate:	6.00%					
Amortization (in months):	300					
Payment Frequency:	Monthly					
Interest Saved & Loan Term Reduction With Extra Payments						
		Without Extra Payments		With Extra Payments		
Loan Repaid In:		300 months		237 months		
Total Interest Paid:		\$275,826		\$198,123		
Interest Saved Over Monthly Payment Loan:				\$77,703		
Loan Term Will Be Shortened By:				63 months		

Mortgage Calculator Source: www.vertex42.com

CONCLUSION

Investors can maximize their tax savings from a flow-through limited partnership investment by putting the \$4,500 tax savings, on an annual basis for 10 years, towards their mortgage and save **\$77,703** in interest payments and shorten the term of the mortgage by **63 months!**

And just imagine the mortgage interest savings if you use the flow-through tax savings over the entire mortgage period!