

# Don's Home News

Seniors' Edition

Brought to you by: Don Zahnle  
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## Different Ways to Pay Down Your Mortgage

Homeowners are always looking for ways to pay off their mortgages early and, in the process, save money on interest.

Adding even small amounts of extra principal each month can add up to huge savings over time.

Although prepayment penalties are less common these days, and illegal in many states, if you have one in effect or think you do, check your loan documentation or consult with your mortgage professional before making any prepayments.

So what are your options?

The following numbers show the savings that can result:

A \$100,000 loan, fixed for 30 years with a 5.5% interest rate, excluding property taxes, homeowners insurance and mortgage insurance, will have a monthly payment of \$567.79.

If the loan were to be paid off in 30 years (360 months), you will have made payments totaling \$204,404.40.

### One Extra Payment per Year, Over 12 Months

Adding another \$47.32 (\$567.79 divided by 12) as principal to your payment each month will take roughly five years off of the end of the mortgage.

You would make 298 payments of \$615.11 and one payment of \$574.66, for a total investment of \$183,877.34 - a savings of just over \$20,500 compared to the 30-year counterpart.

### One Extra Payment per Year, Once per Year

If you were to pay one full extra payment every 12<sup>th</sup> month, starting at the end of the first year, you will have paid \$184,637.26 - a savings of just over \$19,700 compared to the 30-year counterpart.

### One or More Additional Prepayments of Principal per Month

If you make your normal payment and along with that payment you make an additional Principal only payment you may have the best of all worlds when it comes to paying down a mortgage FAST. The process is just a tad more complicated but much more flexible. This method allows you to control the speed at which you pay down your mortgage. This process requires an additional tool, however. You need an Amortization schedule of your mortgage. With the Amortization Schedule you can select the exact principal amount (Principal = Payment-Interest) and track your mortgage decline while making sure that your mortgage servicer is properly applying your prepayments (lenders seldom properly apply prepayments.) Call or [email](mailto:don@donzahnle.com) me and I will prepare an Amortization Schedule for you. No cost or obligation. I can also answer questions about the process and provide assistance where necessary.

## The Best on the Web This Month

Following are some useful links from the web that are sure to provide you with some interesting information and ways to entertain yourself:

### What Alcohol Actually Does to Your Brain and Body

by Kevin Purdy for *lifehacker.com*

This well-researched article takes a close look at the scientific interaction between you and alcohol.

More: <http://tinyurl.com/2cxu522>

### Tips from a Flight Attendant

by Taylor Kenny for *lifehacker.com*

This piece by an experienced "stew" helps restore some of the control you've lost as a member of today's flying public. Our tip: If you're about to travel, don't read the part about drunk, sleepy pilots and attendants.

More: <http://tinyurl.com/2w8xhdt>

### What Grieving People Need from You

by Julia McKinnell for *Macleans.ca*

This review of *The Art of Comforting: What to Say and do for People In Distress* offers support for those of us who don't know what to do when someone else is in distress.

More: <http://tinyurl.com/2armgeg>

### How To: Unlock the Airplane Lavatory Door (From the Outside)

by Alexis Ohanian for *Hipmunk.com blog*

This one might be useful if you are traveling with young children. We can't all visit an A380 flight simulator, so we're very grateful to Alexis Ohanian for this useful how-to. Yes, it can be done. And yes, it should only be done when absolutely necessary.

More: <http://tinyurl.com/26hhane>

# Wise Buy: Long-Term Care Insurance

What you don't know about long-term care insurance could hurt you for years to come. Everyone knows they need insurance, but even those who are diligent about other forms of insurance tend to forget about long-term care insurance until late in life. Unfortunately, that is often a big mistake. Not only does it cost more the longer you wait, but you may not even be able to obtain it once an accident or illness strikes.

Long-term care insurance provides needed assistance during one's later years and, even more important, also provides the type of coverage required in the event of a disability or severe illness.

## Why It's Important

Since federal Social Security disability or SSD benefits require a minimum of six months' illness or injury prior to even applying for coverage - and it takes an average of six months to two years to obtain benefits - there is a significant gap in coverage until basic expenses are covered. Even then, the

federal government plans do not cover all expenses.

According to the US Census, four out of five people will eventually experience at least six months of illness or injury that leaves them unable to provide for their own basic activities of daily living.

## When to Buy It

Purchasing long-term care insurance early in life is the most affordable and certain way to guarantee your family doesn't encounter hardship due to unexpected circumstances during your high-income years and long-term outlook.

If you are the primary wage earner for your household, have no children or family members to assist during your retirement years or simply can't count on Social Security to provide for all of your needs, then long term care insurance is a must for your insurance portfolio.

Remember, plan ahead and purchase while you are young and healthy in order to obtain the best rates.

# Charitable-Gift Annuities Can Offer Fixed Payments

Here's the conundrum.

You're interested in an annuity but don't like the idea of leaving your assets to an insurance company upon your death.

There is a solution.

You might want to consider a charitable-gift annuity.

With a charitable-gift annuity, you transfer assets to a charity in exchange for fixed annuity payments each year.

You'll receive the same stream of monthly income payments as you would by buying an immediate income annuity from an insurer.

However, upon your death, any remaining assets will stay with the charity instead of going to an insurance company.

In addition, you can typically deduct 20% to 50% of your donation, depending on your age and other factors, and a portion of your annuity payments may be tax-free.

You can even fund the charitable-gift annuity with Individual Retirement Account (IRA) assets.

Under ordinary circumstances, you'd have to treat that transfer as an IRA withdrawal and pay the taxes involved.

However, an exception applies for the remainder of 2009 only.

Individuals who are older than age 70½ can transfer as much as \$100,000 from their IRAs to charities through Dec. 31 - and the distribution will be considered tax-free. Note that the provision applies only to transfers that go immediately to the charity.

There is one caveat, though. Before funding a charitable-gift annuity, be sure that you're comfortable with the financial strength of the charity. Earlier in 2009, charitable-gift annuity donors temporarily stopped receiving payments when their charity filed for bankruptcy protection.

If you're interested in a charitable-gift annuity, visit the website of the American Council on Gift Annuities at [acga-web.org](http://acga-web.org). It's a nonprofit entity that publishes suggested gift-annuity rates by age.

## Quick Quiz

Each month I'll give you a new question.

Just email me at [donzahnle@gmail.com](mailto:donzahnle@gmail.com) for the answer.

What movie marked the Hollywood film debut of William Shatner?

## Wondering How Much Your Home Is Worth?

How has the price of your home changed in today's market? How much are other homes in your neighborhood selling for?

If you're wondering what's happening to prices in your area, or you're thinking about selling your house, I can help.

Either call 404-939-1309 or [email](mailto:donzahnle@gmail.com) me for a no-obligation, professional evaluation.

I won't pressure you into listing with me or waste your time. [Read about how I feel about pressure!](#) I'll just give you the honest facts about your home and its value.

I'll also give you the "inside scoop" on what's happening in the housing market near where you live!

Call me at 404-939-1309 or [email](mailto:donzahnle@gmail.com) me at [donzahnle@gmail.com](mailto:donzahnle@gmail.com) and we will arrange a time to get together.

## Why Not Pass Me to a Friend?

If you've enjoyed this newsletter and found its information useful, please pass it to a neighbor, friend or co-worker.

And if you have any comments about it, don't forget to give me a call or send me their email address and I will see that they get a copy.!

# Tips for Conducting a Home Energy Audit

Today's typical family living in a three-bedroom, two-story home spends about \$2,500 in energy costs each year. To better manage those costs, consider conducting your own energy audit.

It's easy.

First of all, find out how much energy is being used, by keeping a log and reading your meter each week.

At the end of four weeks, add up the kilowatts used and divide the total by the number of days to get your average daily usage.

Once the audit is complete and changes are made, monitor usage again.

The next step is to walk around the house and check for the following:

## Inside

- Any air leaks and gaps at baseboards and where the walls and ceilings end up joining
- Air leaks around electrical outlets, switch plates, window frames and baseboards
- Gaps and cracks in weather stripping around doors, fireplace dampers, attic hatches and air conditioners
- Gaps around pipes and wires
- Air leaks from mail slots
- Rattling from windows and doors, and daylight leaking in around frames

## Outside

- Air leaks where two building materials meet
- Improperly caulked doors, windows and outdoor outlets
- Cracks in the mortar, foundation or siding
- Missing insulation in the home's structure
- Improperly functioning heating/cooling equipment
- Filters that need replacing on forced-air furnaces
- Missing insulation on water heaters, hot water pipes and furnace ducts

## Deficit Panel Targets Social Security

For decades the politicians from both parties have been spending money from Social Security about as soon as the money is collected to the Treasury, essentially turning the Social Security "trust fund" into a political "slush fund."

It should come as no surprise then that appointing these same politicians to a panel charged with cooking up ideas on how to "solve" our nation's debt problem would prove to be just as hazardous to the health of Social Security.

The Obama "Deficit Commission" led by Republican former Senators Alan Simpson and Judd Gregg, along with Democrats Erskine Bowles and Senator Kent Conrad all rallied to the cause of further cuts to social security, scapegoating the program as a contributor to our national debt issues when the facts are just the opposite.

As most Americans and every senior knows, Social Security has been running huge *surpluses* for the last 70 years, but now with fewer workers paying in and the funds all spent by the politicians, something has to give.

Further insulting the intelligence of seniors, said "leaders" said their plan would "make social security solvent" and are therefore in the best interests of the program.

[60 Plus Chairman Jim Martin was quick to shoot back](#), "If the Deficit Commissioners want to see a true cause of debt creation they should look in the mirror. Year in and year out these folks, Democrats and Republicans alike, spend every dollar out of the Social Security Trust fund surpluses and now, as the well runs dry, they pledge to make the fund solvent?"

Martin echoed the sentiments of former Senators John Heinz (R-PA) and Fritz Hollings (D-SC), who called the practice of pilfering social security revenues exactly what it is; embezzlement. Said Martin, "If businesses did this, they would be jailed. That's why I call these Commission members 'embezzlers.'"

While the embezzlement continues, seniors should understand that the Deficit Commission is not their friend, so long as it seeks to solve chronic problems of political ineptitude on the backs of the elderly who have paid their entire lives into social security.

## Searching for a Ranch Style or Retirement Home on line?

*Now you can search Metro Atlanta listings in real time just like real estate agents do.*

Due to recent changes in multiple listing service rules, I can now set you up with an account where you can search for properties just like I do. No more stale and out of date data like you get on the internet from Realtor.com, and Trulia.com.

Call or [email](#) me today for more information or to have me set up an account for you. It is FREE and takes only minutes for me to set it up. For Continuing notification of new ranch style and retirement properties, let me know and I'll set it up for you. It is FREE with no obligation!

# NEWS YOU CAN USE

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		4			1			2
			3	6		9		1
7		6		9				
		7			6		2	9
		5				3		
8	2		4			7		
				7		4		5
1		3		4	2			
5			6			2		

**Sudoku instructions:** Complete the 9x9 grid so that each row, each column and each of the nine 3x3 boxes contains the digits 1 through 9.

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## Recipe: Valentine's Chocolate Fondue

Serves 2

- 6 ounces good-quality dark or semi-sweet chocolate
- ½ cup whipping cream
- 1 tablespoon Frangelico or preferred liqueur, optional

### Some Dipping Ideas:

- Pound cake cut into bite-size cubes
- Strawberries, bananas, pineapple, dried fruit (apricots, crystallized ginger, etc.)
- Hard pretzels, graham crackers, lady fingers, mini meringues

### Directions

Break up chocolate into small pieces and set aside. Heat the cream over medium heat in a fondue pot or on the stove. Before the cream boils, lower the heat and add the chopped chocolate. Allow it to sit for a few minutes, then begin to stir gently. Continue stirring until all the chocolate has melted.

Add liqueur (if using) and serve with your favorite dipping items. This recipe can be doubled.

*Don's Home News* is brought to you free by:

Don Zahnle, *ABR, SRES, C-CREC, CSP*

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