Dear Chris and Ana, November 17th, 2019

We hope that both of you are doing well and enjoying the first stages of parenthood. We can't wait to see the baby when we come to visit. We got him some diapers, some onesies, and if you need anything else just let us know! We're excited to see the little pumpkin and are ready to help you guys with the mortgage. When we had our last conversation, you mentioned that there is an option to refinance. We have looked at what not refinancing and what refinancing would look like, and we think that you should go with refinancing.

If you don't refinance, you will have the same terms you have now. You would continue paying $1219.66 each month. At the end of the mortgage, you will have paid $430,977.60, spending $223, 076.43 just in interest. For an investment option, you would save the three thousand dollars that would be used for the penalty for refinancing. However, if you invest that money and only let it collect interest, there will not be much left for an annuity. If you were to go with that option until the age of sixty-five, there will be less than fifteen thousand dollars ($14,809.79). If you were to use that money for a twenty-year annuity, you would receive only $97.74 a month. There would be no more Sunday dinners with steaks, and we all know that is not acceptable. As a reminder, the value of the three thousand will change over time because of inflation. We don't know what three thousand will look like in thirty years, but generally, the value of a dollar will decrease over the years.

On a better note, if you choose to refinance, you will pay less a month. You will start with what you have left to pay on the mortgage you have now ($199,582.16). You would just have to pay $1070.07 a month. Already, you would be saving money. The total cost will be lower too ($397,200.60). Even though you have to pay $3,000 to refinance, it ends up less. That total includes the change of mortgage, the penalty amount, and what you have already paid for the last five years. For interest, you would pay \$178,200.60, saving \$44, 875.83. We think that this option is better all the way around because overall, you pay less money.

For investments with refinancing, you have two options. Each month, by refinancing you save \$149.59 per month. You could either invest all of this money into an account each month, or you could split it. If investing all the full amount each month, with five percent interest, until the mortgage is paid off at age fifty-eight, and letting it collect interest until you both retire at sixty-five, you would collect a nest egg of \$126, 321. 67. Keeping in mind that with a twenty-year annuity, you would receive almost a thousand dollars each month (\$833.67). This is money you could use for a decent vacation. If something were to happen, like a car breaking down or an unexpected hospital trip, there would be this bonus to cover it. We know it sounds like a pretty good idea since you will have another retirement plan and more than just this amount, but we think there is a better option.

In our opinion, you should only invest part of the money you save each month, that way you will have some to spend as well. Out of the money that you save from payments, if you invest one hundred dollars with five percent interest each month, you would end up with just under sixty thousand by the time you reach age fifty-eight. Collecting interest until sixty-five, you would have over eighty thousand dollars. This is less than if you were to invest all the money saved, but this option lets you spend around fifty bucks each month. So why not take a little money to go out for a nice dinner and have a better time along the way? You have a lower twenty-year annuity (\$557.30 a month), but if that isn't the only money you both are relying on, then we think you should totally take the measures to make life better for yourselves now. Life is short, so why wait to enjoy it?

We hope this helps you both have more understanding of the choices ahead. Not refinancing would leave an extremely small amount of money in the long-run, so we definitely think you should refinance. As for investing, there are two options: invest the full $149.59 or split it, and invest part, and keep the rest to spend. There are numerous ways to divide it, but we suggest keeping the $49.59 to invest the even one hundred. Yeah, it gives a lower annuity, but we want you all to live life to the fullest and have fun together as a family while you can. So, our opinions are to refinance and to save some of that bonus money each month. We hope this clears up some questions. Let us know if you have any more, and we will see you all soon!

Love, Sarah Buljat

Emilia Gutierrez

Hannah Cook