Financial Planning

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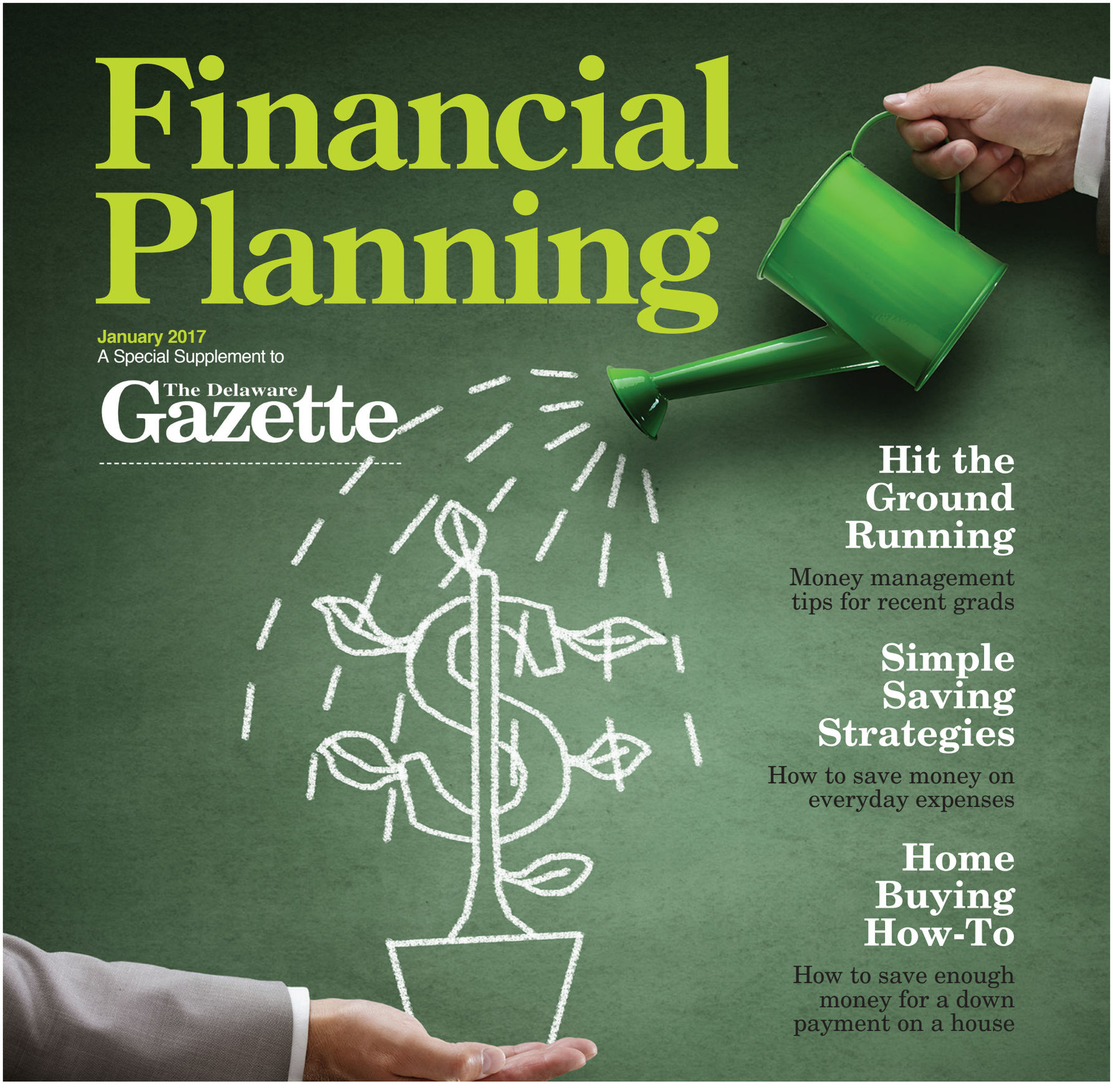


Hit the Ground Running

Money management tips for recent grads

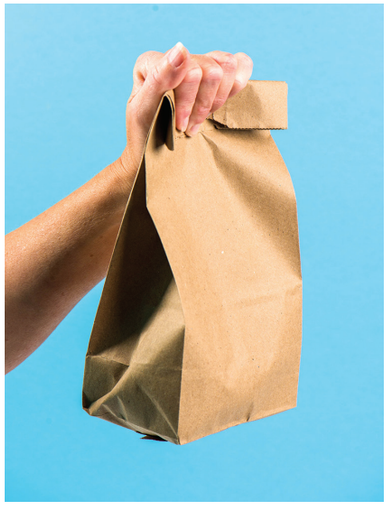
Simple Saving Strategies

How to save money on everyday expenses

Home Buying How-To

How to save enough money for a down payment on a house

Financial Planning



Beginner's guide to real estate investments

Purchasing a house or property is about more than setting up a home. Although quite a number of people buy real estate to establish their future, long-term abodes, many others recognize the potentially lucrative investment that lies within a real estate purchase.

Despite the ups and downs of the economy, real estate has become a common investment vehicle — one that has plenty of potential for making big gains for those who are willing to put in the effort. According to the experts at Entrepreneur, even in a bad economy, real estate investments will usually fare better than stocks. Real estate also continues to appreciate despite the occasional economical slow-down.

Like any other endeavor, there is a right and a wrong way to go about investing in real estate. Novices may not know where to begin their first forays into the real estate market as investors, even if they already own their own homes. Buying a property as an investment is an entirely different animal than buying a home to establish a residence. However, with the right guidance, anyone can dabble in real estate.

Establish financial goals. Before you even begin looking at properties or put forth the effort of meeting with an agent, you must determine what you expect from the investment. The days of buying real estate and flipping it for a fast profit may no longer be here. However, real estate can provide a steady stream of long-term income. Understand what you hope to achieve by investing. If it's to become an overnight millionaire, you may be looking at the wrong investment vehicle in real estate.

Establish a plan. New investors who do not have a plan in place will likely spend too much or have more setbacks than others who have planned accordingly. When investing in real estate, it's more about the bottom line than the property itself. According to Springboard Academy, a real estate academy for investors, look for motivated sellers and stick to a set purchase price. Try to make offers on a variety of properties that work in your financial favor. And know what you want to do with the property (i.e., renovate and sell, remove and rebuild, or rehab and rent) before you buy. Fit the house to the plan, and not vice-versa.

Start small. If this is your first time out there, stick with properties that will turn over quickly. Research areas in and around urban centers or close to transportation and shopping. A good starter property is a small house or a condominium that can be refurbished and then rented. Rental properties offer steady sources of income when renters are properly vetted, offers Investopedia, an investment resource.

Look at many different properties. Become an expert by learning as much as you can about what is out there. Attend open houses; look for vacant/unattractive properties; scour the classifieds in your local paper; or put the word out there that you're interested in buying a property. Only look at properties that have motivated sellers, because then you'll get closest to the price you want to pay. And don't forget to research the area and the home turnover rate for the specific area where you are looking. Don't make assumptions that a property will appreciate without doing your homework.

Real estate can be a worthy investment opportunity. With research, a plan and the right price, just about anyone can be a real estate investor.

How college students can cut living expenses

The cost of college tuition is a concern for many college-bound students and their families. The cost of a college education continues to rise, but it's not just tuition and room and board that students and their families must account for.

College students may underestimate cost-of-living expenses when planning their school-year budgets. But such expenses can be substantial, catching even the most well-prepared students off guard. Fortunately, there are several ways for college students to save money on living expenses and still make the most of their time on campus.

Venture off campus. Towns that rely heavily on colleges or universities to support their economies typically offer great deals to students willing to venture off campus. Local businesses, including bars, restaurants and entertainment venues like mini golf facilities or bowling alleys, may offer student discounts to entice kids to leave campus. Students can take advantage of these offerings to save on food and entertainment, which tend to be among the more pricey cost-of-living expenses college students contend with.

Buy secondhand furnishings. College students living in their own apartments or dorm rooms may not have the financial resources to purchase new furniture. Rather than purchasing brand new items they are likely to discard after moving out or graduating, college students can purchase secondhand items from local thrift stores or used furniture retailers that offer sturdy furnishings at low prices.

Become a resident advisor. Resident advisors, often referred to as "R.A.'s," typically receive free or reduced room and board in exchange for living in the dorms and monitoring the floors they live on. Competition to be an R.A. can be competitive, but students who become R.A.'s can save thousands of dollars on room and board costs over the course of their time at school.

Make your own meals. Meal plans may be ideal for college students during their freshmen years, when students may still be adjusting to campus life. But older college students can skip the meal plan in favor of preparing their own meals. Doing so can save students substantial amounts of money, and some students may even prefer the variety available at the local grocery store over the more limited offerings available at dining halls or other campus eateries.

Move off campus. Some schools do not permit freshmen and sophomores to live off-campus, but older students may find that private housing is more affordable than on-campus apartments or dormitories. Students eligible to live in off-campus housing can contact local real estate agents to get a feel for the off-campus housing market before making a final decision.

Cost-of-living expenses at colleges and universities can be considerable, but savvy students can find various ways to save money.

Financial tips to survive job loss

Preparing for job loss before it occurs can help adults survive the gap between jobs.

The job market is fickle, and no one is immune to layoffs. Although the unemployment rate in the United States dipped to 4.9 percent in June 2016 and Canada's rate hovered around 7 percent in May 2016, the job market remains somewhat unpredictable. Preparing financially for unemployment can be prudent, even for working professionals who do not anticipate being laid off.

Financial advisors recommend adults save the equivalent of six months' salary to cover their expenses in the event of job loss. Individuals who want to protect themselves and their assets in the case of job loss can also heed the following tips.

Examine current finances. It's important to have an accurate assessment of your current financial situation. Calculate monthly expenses to get a handle on what you are spending. Compare those expenditures against your savings to see if the latter can keep you afloat should you lose your job. Look for areas where you may be overspending, even cutting out some luxuries if you suspect a job loss is looming or just want to build your savings.

Begin budgeting for loss of health insurance. Health insurance coverage typically ends when a person is laid off. Loss of coverage might not be immediate, but it may occur within months of a layoff. Health insurance is a considerable cost, and you will need to budget for the expense so that you will have access to the health services you need.

Research options in government benefits. Few people like the prospect of visiting the unemployment office after being laid off, but delaying the process could negatively affect your finances. It can take some time for unemployment claims to be processed, so apply as soon as possible after losing your job.

Find ways to supplement your income. Bringing in any money can be helpful. If it is feasible, look for ways to make some cash while you search for a new job in your field. This may include working from home, freelancing or selling items online. Consider part-time work while you look for a job. You may prefer to find temporary or part-time work in your field, but your hobbies and other interests may present income possibilities as well.

Practice living with less. Cut out unnecessary expenses and attempt to live with less. You may find that this comes easily and continue to do so even though you remain employed. Such a trial run can bolster your savings in the event of layoff while also acclimating you to living with less should a layoff ever occur.

Don't burn bridges. While it's understandable to harbor some resentment toward an employer for letting you go, that same employer may be able to help you in the long run. Supervisors can help you find a new job or write glowing recommendations. Staying positive and resisting the temptation to badmouth a former employer can only help you in the long run.

Losing a job is seldom easy and is often unexpected. But there are steps adults can take to prepare for losing their jobs.

Money management tips for recent grads

Millions of students graduate from colleges and universities each year. Upon earning their degrees, many students shift their financial focus from paying tuition to repaying their student loans.

Student Loan Hero, a loan consolidation and management company, says Americans owe nearly $1.3 trillion in student loan debt. The average member of the class of 2016 can expect to have $37,172 in student loan debt upon graduation. That's an increase of 6 percent from 2015. The Canadian Federation of Students says the average college graduate can expect to owe around $27,000 at graduation.

Student loan debt is not the only financial hurdle college graduates face upon graduation. Graduates need to learn how to make their money go far and start thinking about investing in the future — even though many graduates earn entry-level salaries upon graduating. The following tips can help grads manage their money and take control of their personal finances.

Save a portion of your paycheck. Newfound freedom may tempt grads to go on spending sprees or indulge in a few too many luxuries. Budgeting, which includes saving a portion of your paycheck for the proverbial rainy day, can set up a nest egg that will come in handy when unforseen expenses pop up. Grads who plan to move back in with their parents can save even more. Grads also can set up automatic contributions to savings accounts so they are not tempted to spend money lingering in their checking accounts.

Establish credit. Grads should begin establishing credit profiles as soon as possible. Open a low-interest credit card account and make payments on time, paying the balance in full whenever possible. A strong credit rating will be a significant financial asset in the years to come, influencing everything, including a person's ability to make big-ticket purchases such as cars and homes.

Take advantage of employer-sponsored retirement plans. New grads may not be thinking about retirement, but the earlier adults begin saving for retirement, the more money they will have available to them when they do stop working. Take advantage of employer-sponsored retirement plans, such as 401 (k) accounts.

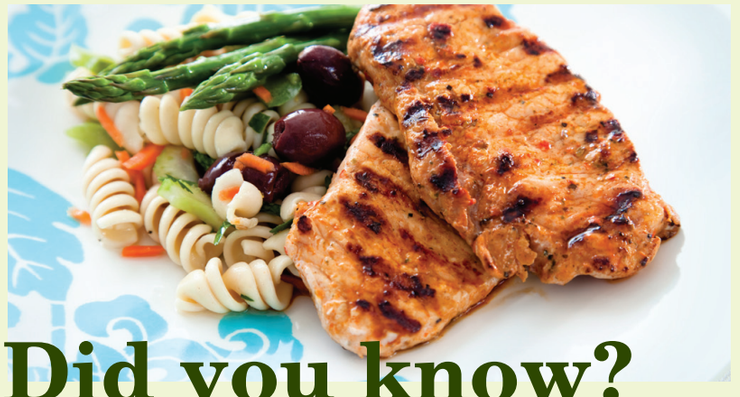
Protect against identity theft. Grads should keep careful track of their money and spending so they will know if they have been victimized by a security breach. Many people, and especially young people, live much of their lives online, making them highly susceptible to identity theft if they are not careful. Grads should always be aware of money coming in and going out of their accounts while also making sure to never share sensitive information online.

Pay off debt. Pay off high-interest debt first. Explore consolidation when repaying student loans and examine options regarding income-based repayment, which ties monthly payment amounts to income levels rather than total debt.

The future is just beginning for new graduates, and making smart financial choices is a large part of the years ahead.

Did you know?

According to Bank of America, a home equity line of credit, or HELOC, is a line of credit secured by a homeowner's home. The HELOC is a revolving credit line, which means it allows homeowners to borrow up to the credit limit amount and re-borrow in repeated transactions once the outstanding balance has been repaid. A HELOC may have a lower interest rate than other types of loans, and BoA notes that interest paid on a HELOC is often tax-deductible. Not every homeowner is eligible for a HELOC. To be eligible, homeowners must have available equity in their homes. That means the amount they owe on their homes must be less than the value of the home. Before applying for a HELOC, homeowners should know that just because they were approved for a mortgage does not mean they will be approved for a HELOC. Lenders will examine many of the same variables, including credit score, monthly income and employment history, when weighing whether or not to approve a HELOC. Homeowners whose employment situations have changed or whose credit scores have dipped may want to wait to apply for a HELOC until they can make their applications more attractive.



Did you know?

Preparing meals at home remains the least expensive way to eat. The budgeting resource Cheapism.com compared the costs of a classic chicken dinner — accounting for variables such as tip, food waste and family size — made at home and at a restaurant. **The comparison determined that a home-cooked meal costs as much as 60 percent less than a dinner out. A simple chicken dinner for one costs between $6 and $8 at home, takeout costs more than $13 and dining out costs more than $15.** The rates of savings are similar when accounting for paying for a family of four.

How to save money on everyday expenses

Saving money on everyday expenses is a goal for many adults. Certain expenses, such as loan payments, may be more difficult to pare down than others. But there are ways adults can save on everyday expenses without drastically overhauling their daily routines.

Transportation

Transportation is a significant expense for many adults. The Federal Highway Administration notes that the average American family devotes 19 percent of its monthly budget to transportation costs, while Statistics Canada points out that Canadian families spent slightly less than $12,000 on average on transportation in 2014. A 2011 report from the American Public Transportation Association found individuals who ride public transportation can save more than $10,000 annually. That figure is closely tied to fuel costs, but even when fuel costs are low, adults can still save substantial amounts of money by utilizing pubic transportation instead of driving themselves to work every day.

Even adults who live in auto dependent exurbs, where families devote 25 percent of their monthly budgets to transportation costs, can save by carpooling to work, which allows commuters to split fuel and toll costs while also reducing wear and tear on their vehicles. That reduced wear and tear will add years to a vehicle's life, saving auto owners money as a result.

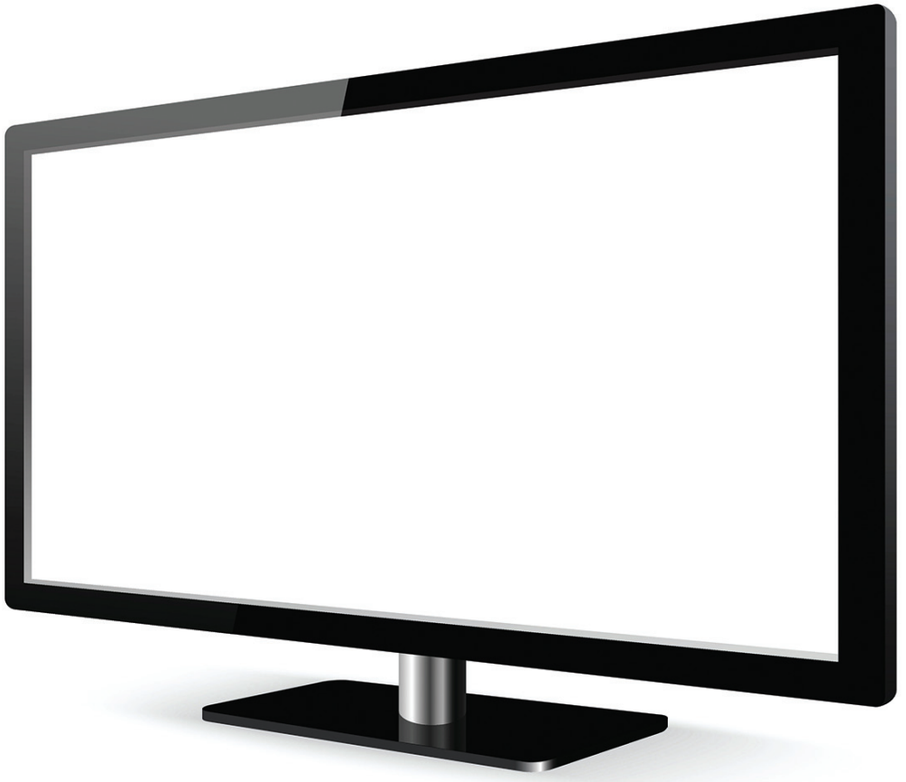
Food

Food is another daily expense where many adults can likely save some money. A 2013 survey from Visa found that the average person goes out for lunch twice per week, spending $10 each time. That adds up to more than $1,000 annually. By bringing their own lunches to work, working professionals can save hundreds of dollars per year. In addition to the financial benefits of brown-bagging lunches, adults can reap nutritional rewards by packing healthy meals for themselves. Men and women who eat out for lunch each day will have to eat whatever the eateries near their offices have to offer, whether those offerings are healthy or not. Individuals also can save more money by bringing their own coffee to work each day rather than relying on coffee shops to satisfy their morning java fix.

Entertainment

Entertainment is another area where many adults can likely save money. NBC News reported in 2015 that the average cable bill was $99 per month, and that was before 2016 rate increases were announced by a host of providers, including DirecTV, Dish Network and Time Warner Cable. Streaming services such as Netflix ($9.99 per month), Amazon Prime ($99 per year) and Hulu Plus ($7.99 per month) combine to cost a fraction of that figure, and such services continue to increase their offerings. Adults interested in trimming their daily expenses can access all three services for less than $320 per year, or a little more than three months' worth of cable bills.

Reducing everyday expenses is a goal for many adults, and doing so is simpler than men and women may know.



Brown-bagging lunch instead of buying lunch out each day can save adults hundreds of dollars per year.

Great part-time jobs for retirees

Upon retiring, many newly minted retirees find themselves looking for ways to fill their free time. Hobbies may not take up too much time, and travel can stretch retirees' budgets. One way that retirees can make great use of their free time and make a little extra money is to find part-time employment. Part-time jobs can help retirees maintain their connections with their communities, whether it's their professional community or the community in which they live, while also providing a sense of purpose. Retirees interesting in finding part-time work may want to consider the following jobs.

Consulting work: Many retirees have long résumés, and that experience is still valuable even after retirement. Consulting firms often hire experienced businesspeople on a project or contract basis, which can be great opportunities for retirees to fill their time and make sizable amounts of money without having to commit to long-term employment.

Teaching: Retirees can also put their professional experience to work in the classroom. Inquire about teaching opportunities at a nearby university or even the local high school. Such opportunities may only be available on a volunteer basis, but some might pay part-time salaries or small stipends. Either way, many retirees find that working with young people helps them stay young, and passing on lessons learned to younger generations can provide a strong sense of purpose.

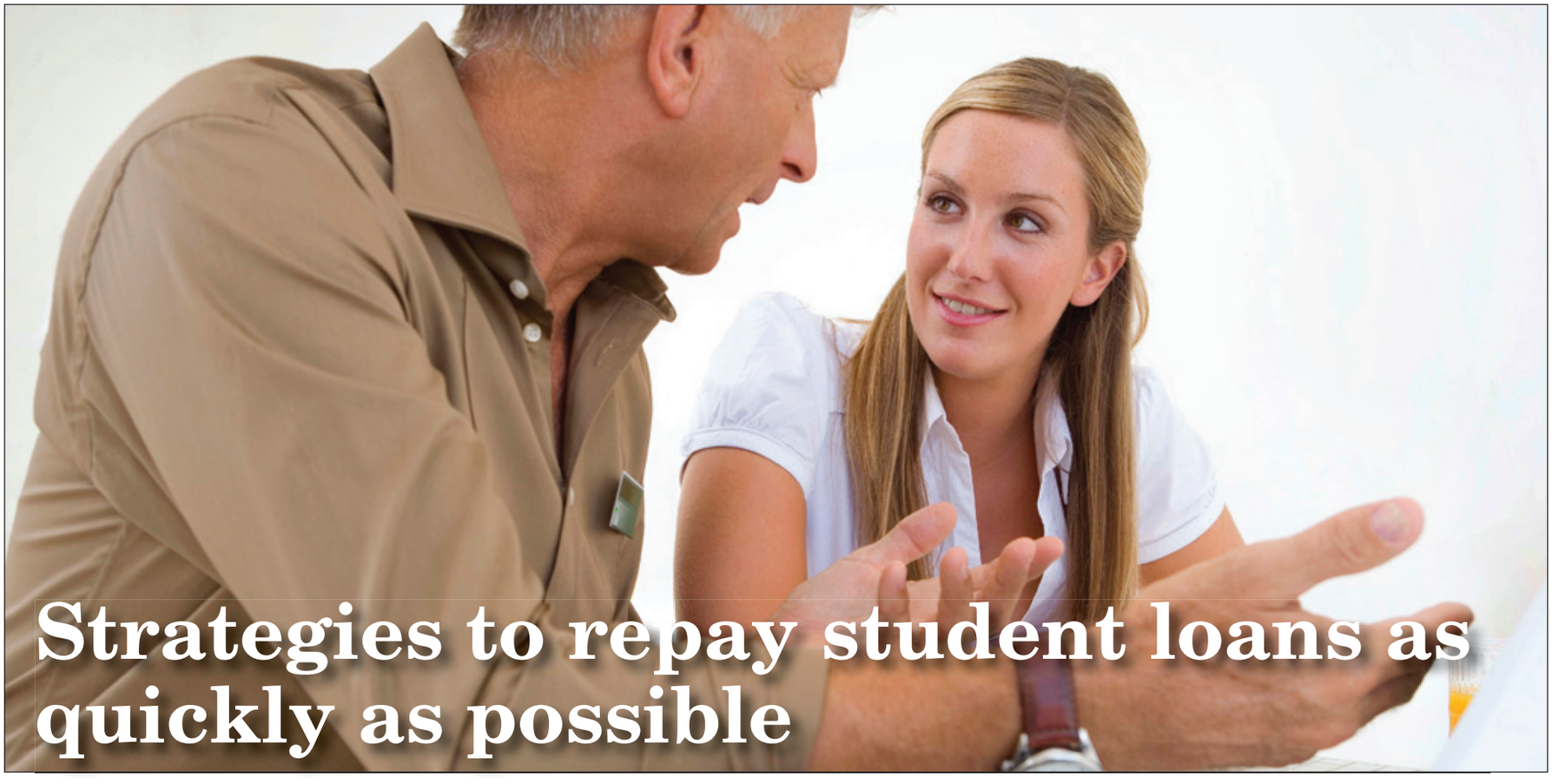
Seasonal work: Seasonal work is another great way for retirees to fill their time and make a little extra money along the way. Come the holiday season, retirees should have no trouble finding seasonal retail work at their local malls or shopping centers. In warmer months, retirees may find seasonal employment at area beaches, golf courses or parks.

Sports teams: Retirees who live in cities with professional sports teams may be able to find work with their favorite franchise. Professional sports franchises often rely on retirees to staff in-game positions like ushers and concessions employees, and some may even hire retirees to greet fans. While the pay might not be great, such positions are ideal for retirees who happen to be big sports fans.

Crafts: Retirees with a love of crafting can turn their hobby into income. For example, Etsy.com makes it easy for creative entrepreneurs to post their creations and sell them to buyers all over the globe. Sellers often dictate how quickly they can make and ship products, so retirees need not feel worried about being rushed.

Many retirees still work even after calling it a career, and opportunities abound for men and women looking to fill their time and make a little extra money along the way.


Retirees with a love of crafting can turn their hobby into income.



Strategies to repay student loans as quickly as possible

Millions of people fund their college educations with student loans. Such loans can make it possible for students to attend the very best universities in the world, but they also can be burdensome when students graduate and face the unenviable task of repayment.

Student loan debt figures are staggering. According to Debt.org, student loan debt in the United States is roughly $1.2 trillion, while the Canadian Federation of Students reports that education-related debt in Canada is more than $19 billion, a figure that reflects the cost of college tuition rising more than 137 percent in the last quarter century. The college resource website Cappex.com estimates that the average student debt for members of the class of 2016 is $37,173, a jaw dropping 6 percent increase from the average debt held by members of the class of 2015 upon graduation.

Paying down that debt can seem like a daunting task, but recent grads need not fret that they will still be paying off student loans when their own children are ready to enroll in college or university. The following are a few strategies college grads may want to consider as they look for ways to pay off their student loans as quickly as possible.

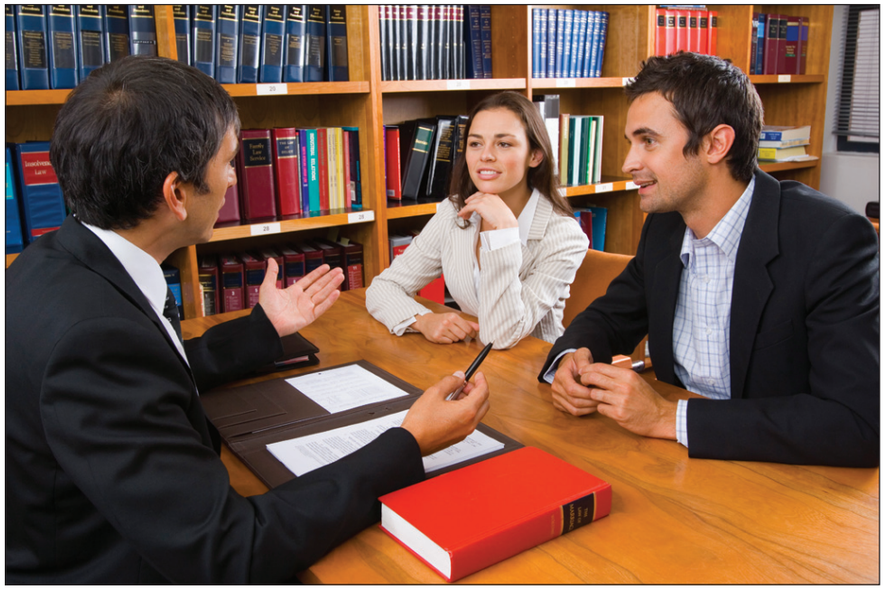
Create a monthly budget before the repayment period begins. Monthly budgets are an essential element of sound financial planning, but grads should not wait until their repayment period begins to develop their budgets. Even if the repayment grace period has just begun, grads should build at least the minimum required payment into their monthly budgets. Simply put the money into a savings account until the repayment period begins. Adjusting to repaying loans as early as possible can soften the blow once the repayment period actually begins.

Pay more than the minimum. Grads will have a relatively brief grace period to start repaying their loans after graduating. For those who are not going on to graduate or professional school, that grace period may be six months. As the due date for that first payment draws near, grads will receive a letter from their lenders indicating their overall debt and their minimum monthly payment. Paying more than that minimum monthly payment can help borrowers pay off their student loans far faster than simply paying the minimum each month. Many homeowners employ this strategy with their mortgages, and grads can do the same when repaying their student loans.

Establish short-term financial goals. Short-term financial goals can motivate borrowers to maintain their financial discipline, especially in those initial years after college when many new graduates struggle with money management. Be specific about goals, making sure to pick a target date to repay student loans in full. Grads who want to become homeowners can work to achieve that goal before age 30. Once that goal has been set, grads can research average home costs in their desired areas. Such information can motivate grads to pay off their student loans as quickly as possible so they can be on track to achieve their larger goal of buying a home in accordance to their preestablished goal.

Live with a roommate or roommates. Recent graduates who landed their first professional job may feel living alone is the ultimate illustration of their financial independence. But living with a roommate or roommates can free up more money for borrowers to put toward repaying their student loans. Roommates share utility and cable/internet bills, and room shares are often much less expensive than studio or one-bedroom apartments. Many young professionals, especially those moving to a new city for their first job, find living with roommates after college is also a great way to develop or expand a social network.

Repaying student loans takes discipline, but that discipline is rewarded when loans are repaid long before reaching their maturity date.



Power of attorney protects loved ones

Life is full of the unexpected. But just because the future is unpredictable does not mean adults cannot prepare for what lies ahead. Estate planning is important, and establishing power of attorney can be essential for men and women looking to protect their financial resources and other assets.

What is power of attorney?
A power of attorney, or POA, is a document that enables an individual to appoint a person or organization to manage his or her affairs should this individual become unable to do so. According to the National Caregivers Library, POA is granted to an "attorney-in-fact" or "agent" to give a person the legal authority to make decisions for an incapacitated "principal." The laws for creating a power of attorney vary depending on where a person lives, but there are some general similarities regardless of geography.

Why is power of attorney needed?
Many people believe their families will be able to step in if an event occurs that leaves them incapacitated and unable to make decisions for themselves. Unfortunately, this is not always true. If a person is not named as an agent or granted legal access to financial, medical and other pertinent information, family members' hands may be tied. In addition, the government may appoint someone to make certain decisions for an individual if no POA is named. Just about everyone can benefit from establishing an attorney-in-fact. Doing so does not mean men and women cannot live independently, but it will remove the legal barriers involved should a person no longer be physically or mentally capable of managing certain tasks.

Power of attorney varies
Power of attorney is a broad term that covers various aspects of decision-making. According to the legal resource 'Lectric Law Library, the main types of POA include general power of attorney, health care power of attorney, durable power of attorney, and special power of attorney. Many of the responsibilities overlap, but there are some subtle legal differences. Durable power of attorney, for example, relates to all the appointments involved in general, special and health care powers of attorney being made "durable." This means the document will remain in effect or take effect if a person becomes mentally incompetent. Certain powers of attorney may fall within a certain time period.

What is covered?
An agent appointed through POA may be able to handle the following, or more, depending on the verbiage of the document:

- banking transactions
- buying/selling property
- settling claims
- filing tax returns
- managing government-supplied benefits
- maintaining business interests
- making estate-planning decisions
- deciding on medical treatments
- selling personal property
- fulfilling advanced health care directives

Although a power of attorney document can be filled out and an agent appointed on one's own, working with an estate planning attorney to better understand the intricacies of this vital document is advised.

Power of attorney is a key document to include in an estate plan.

Traditional IRAs vs. Roth IRAs

Adequate retirement planning can set men and women up to enjoy their golden years however they see fit. Getting to retirement with enough money takes discipline and commitment and may require some sacrifices along the way.

"Retirement planning" is an umbrella term that covers various types of financial products and investments. One of the products prospective investors are likely to hear about when mulling their retirement investment options is an Individual Retirement Account, or IRA. An IRA is a personal retirement savings plan that can provide tax benefits to those who qualify. When speaking with a financial planner or exploring options on their own, prospective investors will hear about traditional IRAs and Roth IRAs and wonder what distinguishes one from the other. The following breakdown can help investors understand those differences with the hopes of finding the best option for them.

Contributions

Contributions to traditional IRAs are pre-tax, and they may be tax deductible depending on the account holder's income and other factors. Contributions to Roth IRAs are made with post-tax income and are not eligible for tax deductions.

Taxes on distributions

While men and women about to open an IRA likely won't have to worry about distributions for quite some time, it's important that prospective account holders know that, according to Prudential, traditional IRA account holders will pay federal taxes on their account's investment earnings and on pre-tax contributions when money is withdrawn. Roth IRA account holders will not pay federal taxes on withdrawals, including their investment earnings, if they meet certain eligibility requirements. Prospective investors should know that there are tax penalties for account holders who withdraw money from their traditional or Roth IRAs before they reach age 59½. Exceptions to that rule should be discussed with a tax or accounting professional.

Income requirements

In order to open an IRA, whether it's a traditional or Roth IRA, prospective account holders must have earned income, such as wages, salaries or income from self-employment. Men and women who do not work can still open an IRA, but only if their spouse is employed and the couple jointly files their tax return. There also may be income limits depending on which type of IRA an investor chooses. There are no income limits attached to traditional IRAs, but account holders' ability to deduct contributions from their income may be limited if their spouse is eligible to participate in an employer-sponsored retirement plan. There are income limits associated with Roth IRAs. Account holders' adjusted growth income must be below certain limits depending on their tax filing status (i.e., filing single or filing jointly with a spouse).

Distributions and age

The Internal Revenue Service notes that traditional IRA account holders must begin taking distributions by April 1 following the year in which they turned 70½ years of age and by December 31 in future years. No minimum distributions are required for Roth IRA account holders.

Understanding the various types of IRAs can be difficult. Prospective investors who need help navigating their retirement planning should not hesitate to contact financial planning professionals.

Save enough for a down payment on a house

A home is the most costly thing many people will ever buy. The process of buying a home can be both exciting and nerve-wracking. One way to make the process of buying a home go more smoothly is to save enough money to put down a substantial down payment.

Saving for a down payment on a home is similar to saving for other items, only on a far grander scale. Many financial planners and real estate professionals recommend prospective home buyers put down no less than 20 percent of the total cost of the home they're buying. Down payments short of 20 percent will require private mortgage insurance, or PMI. The cost of PMI depends on a host of variables, but is generally between 0.3 and 1.5 percent of the original loan amount. While plenty of homeowners pay PMI, buyers who can afford to put down 20 percent can save themselves a considerable amount of money by doing so.

Down payments on a home tend to be substantial, but the following are a few strategies prospective home buyers can employ to grow their savings with an eye toward making a down payment on their next home.

Decide when you want to buy. The first step to buying a home begins when buyers save their first dollar for a down payment. Deciding when to buy can help buyers develop a saving strategy. If buyers decide they want to buy in five years away, they will have more time to build their savings. If buyers want to buy within a year, they will need to save more each month, and those whose existing savings fall far short of the 20 percent threshold may have to accept paying PMI.

Prequalify for a mortgage. Before buyers even look for their new homes, they should first sit down with a mortgage lender to determine how much a mortgage they will qualify for. Prequalifying for a mortgage can make the home buying process a lot easier, and it also can give first-time buyers an idea of how much they can spend. Once lenders prequalify prospective buyers, the buyers can then do the simple math to determine how much they will need to put down.

For example, preapproval for a $300,000 loan means buyers will have to put down $60,000 to meet the 20 percent down payment threshold. In that example, buyers can put down less than $60,000, but they will then have to pay PMI. It's important for buyers to understand that a down payment is not the only costs they will have to come up with when buying a home. Closing costs and other fees will also need to be paid by the buyers.

Examine monthly expenses. Once buyers learn how much mortgage they will qualify for, they will then see how close they are to buying a home. But prospective buyers of all means can save more each month by examining their monthly expenses and looking for ways to save. Buyers can begin by looking over their recent spending habits and then seeing where they can spend less. Cutting back on luxuries and other unnecessary spending can help buyers get closer to buying their next home.

Avoid risky investments. Some times it's great to take risks when investing, but risk should be avoided when saving for a down payment on a home. Traditional vehicles like certificates of deposit, or CDs, and savings accounts can ensure the money buyers are saving for their homes is protected and not subject to market fluctuations.

Saving enough to make a down payment on a home can be accomplished if buyers stay disciplined with regard to saving and make sound financial decisions.

How to pay off your mortgage before maturity

Homes are the most expensive purchases many people will ever make. While home ownership can be rewarding, first-time homeowners may experience some sticker shock when shopping for homes and calculating their potential mortgage costs. But as expensive as home ownership can be, there are ways for homeowners to pay off their mortgages long before those loans reach maturity.

Pay extra each month. Factors like home value, property tax and your mortgage loan interest rate determine how much your monthly mortgage payment will be. But there's still room to save. According to the Chase extra payments calculator, homeowners who borrow $200,000 (after making an initial 20 percent down payment of $50,000 on a home valued at $250,000) at 4 percent interest and pay $4,000 annually in property taxes and homeowner's insurance can save more than $26,000 in interest over the life of the loan by paying as little as $100 extra per month. In addition, including an additional $100 each month will trim 59 months, or just about five years, off the life of your loan.

Stop paying PMI. If your initial down payment was less than 20 percent of the value of your home at the time you purchased it, then you were likely required to pay private mortgage insurance, or PMI. PMI may be costing you a couple hundred dollars per month, but once your mortgage balance falls below 80 percent of your home's appraised value, you can ask your lender to stop charging PMI. While it might be nice to pocket those PMI costs for a rainy day, continue paying that money each month so you can shorten the life of your loan.

Have your home reassessed. While homeowners would like to think the value of their homes is always on the rise, some homes decrease in value over time. If your home is reassessed at a lesser value, your property taxes will decrease. Put the money you're saving on property taxes toward your monthly mortgage payment each month.

Refinance your mortgage. Refinancing to a lower interest rate can lower your monthly mortgage payment, but be sure that the costs to refinance do not exceed the savings you will earn. Apply any money you save from refinancing to your monthly payment.