

The actual cost of interest on a home loan may be considerably less than you realize, because mortgage interest is tax deductible. When you deduct mortgage interest, it reduces the amount of income you are taxed on. You end up paying less income tax than if you hadn't taken the deduction. If you subtract the amount of this savings from the amount of mortgage interest paid, the difference represents the actual cost of interest – and reflects a noticeably lower after-tax interest rate. The tables inside will help you estimate the after-tax interest rate you pay on your home mortgage.

Joint or Single Filing Instructions

Find your approximate gross income (your total annual income) on the top line of the appropriate table (Married Filing Jointly or Single Individuals) and the interest rate you are paying on your home loan, located in the first column of each table.

Go down the income column and across the interest rate row to the point of intersection. The number at this point represents your approximate after-tax interest rate.

The table on the back panel will help you determine the approximate monthly principal and interest (P&I) payment on a home you may be looking at, based on the current interest rate and the term of the mortgage you choose.

Loan Interest Rate	Mortgage P&I Payment Per \$1,000				
	Terms in Years				
	15	20	25	30	35
4.00%	7.40	6.06	5.28	4.77	4.43
4.25%	7.52	6.19	5.42	4.92	4.58
4.50%	7.65	6.33	5.56	5.07	4.73
4.75%	7.78	6.46	5.70	5.22	4.89
5.00%	7.91	6.60	5.85	5.37	5.05
5.25%	8.04	6.74	5.99	5.52	5.21
5.50%	8.17	6.88	6.14	5.68	5.37
5.75%	8.30	7.02	6.29	5.84	5.54
6.00%	8.44	7.16	6.44	6.00	5.70
6.25%	8.57	7.31	6.60	6.16	5.87
6.50%	8.71	7.46	6.75	6.32	6.04
6.75%	8.85	7.60	6.91	6.49	6.21
7.00%	8.99	7.75	7.07	6.65	6.39
7.25%	9.13	7.90	7.23	6.82	6.56
7.50%	9.27	8.06	7.39	6.99	6.74
7.75%	9.41	8.21	7.55	7.16	6.92
8.00%	9.56	8.36	7.72	7.34	7.10
8.25%	9.70	8.52	7.88	7.51	7.28
8.50%	9.85	8.68	8.05	7.69	7.47
8.75%	9.99	8.84	8.22	7.87	7.65
9.00%	10.14	9.00	8.39	8.05	7.84
9.25%	10.29	9.16	8.56	8.23	8.03
9.50%	10.44	9.32	8.74	8.41	8.22
9.75%	10.59	9.49	8.91	8.59	8.41
10.00%	10.75	9.65	9.09	8.78	8.60
10.25%	10.90	9.82	9.26	8.96	8.79
10.50%	11.05	9.98	9.44	9.15	8.98
10.75%	11.21	10.15	9.62	9.33	9.18
11.00%	11.37	10.32	9.80	9.52	9.37
11.25%	11.52	10.49	9.98	9.71	9.56
11.50%	11.68	10.66	10.16	9.90	9.76
11.75%	11.84	10.84	10.35	10.09	9.96
12.00%	12.00	11.01	10.53	10.29	10.16
12.25%	12.16	11.19	10.72	10.48	10.35
12.50%	12.33	11.36	10.90	10.67	10.55
12.75%	12.49	11.54	11.09	10.87	10.75
13.00%	12.65	11.72	11.28	11.06	10.95



Buying a Home Is Your Best Investment

After-Tax Interest Rate for **JOINT FILING***

Loan Interest Rate	MARRIED FILING JOINTLY*										
	Gross Income (in thousands)										
	\$30	\$40	\$50	\$60	\$70	\$80	\$90	\$100	\$125	\$150	\$200
	Net Interest Rate										
4.00%	3.94	3.84	3.66	3.60	3.56	3.53	3.48	3.34	3.11	3.03	2.92
4.25%	4.19	4.08	3.89	3.83	3.78	3.75	3.69	3.55	3.30	3.22	3.10
4.50%	4.43	4.32	4.12	4.05	4.00	3.97	3.91	3.76	3.49	3.41	3.29
4.75%	4.68	4.56	4.35	4.28	4.23	4.19	4.13	3.97	3.69	3.60	3.47
5.00%	4.92	4.80	4.58	4.50	4.45	4.41	4.34	4.18	3.88	3.79	3.65
5.25%	5.17	5.04	4.81	4.73	4.67	4.63	4.56	4.39	4.08	3.98	3.83
5.50%	5.42	5.28	5.04	4.95	4.89	4.85	4.78	4.60	4.27	4.17	4.02
5.75%	5.66	5.51	5.27	5.18	5.12	5.07	5.00	4.81	4.46	4.36	4.20
6.00%	5.91	5.75	5.50	5.40	5.34	5.29	5.21	5.02	4.66	4.55	4.38
6.25%	6.15	5.99	5.73	5.63	5.56	5.51	5.43	5.22	4.85	4.74	4.56
6.50%	6.40	6.23	5.95	5.85	5.78	5.73	5.65	5.43	5.05	4.93	4.75
6.75%	6.65	6.47	6.18	6.08	6.01	5.95	5.87	5.64	5.24	5.12	4.93
7.00%	6.89	6.71	6.41	6.31	6.23	6.17	6.08	5.85	5.43	5.31	5.11
7.25%	7.14	6.95	6.64	6.53	6.45	6.39	6.30	6.06	5.63	5.50	5.29
7.50%	7.39	7.19	6.87	6.76	6.67	6.61	6.52	6.27	5.82	5.69	5.48
7.75%	7.63	7.43	7.10	6.98	6.90	6.83	6.73	6.48	6.02	5.88	5.66
8.00%	7.88	7.67	7.33	7.21	7.12	7.05	6.95	6.69	6.21	6.06	5.84
8.25%	8.12	7.91	7.56	7.43	7.34	7.27	7.17	6.90	6.41	6.25	6.02
8.50%	8.37	8.15	7.79	7.66	7.56	7.49	7.39	7.10	6.60	6.44	6.21
8.75%	8.62	8.39	8.02	7.88	7.79	7.71	7.60	7.31	6.79	6.63	6.39
9.00%	8.86	8.63	8.24	8.11	8.01	7.93	7.82	7.52	6.99	6.82	6.57
9.25%	9.11	8.87	8.47	8.33	8.23	8.15	8.04	7.73	7.18	7.01	6.75
9.50%	9.36	9.11	8.70	8.56	8.45	8.38	8.25	7.94	7.38	7.20	6.94
9.75%	9.60	9.35	8.93	8.78	8.68	8.60	8.47	8.15	7.57	7.39	7.12
10.00%	9.85	9.59	9.16	9.01	8.90	8.82	8.69	8.36	7.76	7.58	7.30
10.25%	10.09	9.83	9.39	9.23	9.12	9.04	8.91	8.57	7.96	7.77	7.48
10.50%	10.34	10.07	9.62	9.46	9.34	9.26	9.12	8.78	8.15	7.96	7.67
10.75%	10.59	10.31	9.85	9.68	9.57	9.48	9.34	8.99	8.35	8.15	7.85
11.00%	10.83	10.55	10.08	9.91	9.79	9.70	9.56	9.19	8.54	8.34	8.03
11.25%	11.08	10.79	10.31	10.13	10.01	9.92	9.78	9.40	8.73	8.53	8.21
11.50%	11.32	11.03	10.53	10.36	10.23	10.14	9.99	9.61	8.93	8.72	8.40
11.75%	11.57	11.27	10.76	10.58	10.46	10.36	10.21	9.82	9.12	8.91	8.58
12.00%	11.82	11.51	10.99	10.81	10.68	10.58	10.43	10.03	9.32	9.10	8.76
12.25%	12.06	11.75	11.22	11.03	10.90	10.80	10.64	10.24	9.51	9.29	8.94
12.50%	12.31	11.99	11.45	11.26	11.12	11.02	10.86	10.45	9.71	9.48	9.13
12.75%	12.56	12.23	11.68	11.48	11.34	11.24	11.08	10.66	9.90	9.67	9.31
13.00%	12.80	12.47	11.91	11.71	11.57	11.46	11.30	10.87	10.09	9.86	9.49

* The actual net interest rate will vary with a couple's situation. The chart assumes a joint return is filed claiming 2 dependent children (4 total exemptions) with mortgage payments equal to 35% of gross income and other itemized deductions equal to 6% of income. The tax rates used are in effect as of January 1, 2007.

After-Tax Interest Rate for **SINGLE FILING****

Loan Interest Rate	SINGLE INDIVIDUALS**										
	Gross Income (in thousands)										
	\$20	\$25	\$30	\$35	\$40	\$45	\$50	\$60	\$70	\$100	\$150
	Net Interest Rate										
4.00%	3.76	3.66	3.60	3.56	3.53	3.39	3.27	3.08	3.05	2.95	2.88
4.25%	3.99	3.89	3.83	3.78	3.75	3.60	3.47	3.28	3.24	3.14	3.06
4.50%	4.23	4.12	4.05	4.00	3.97	3.81	3.67	3.47	3.43	3.32	3.24
4.75%	4.46	4.35	4.28	4.23	4.19	4.02	3.88	3.66	3.62	3.51	3.42
5.00%	4.69	4.58	4.50	4.45	4.41	4.24	4.08	3.85	3.81	3.69	3.60
5.25%	4.93	4.81	4.73	4.67	4.63	4.45	4.29	4.05	4.00	3.88	3.78
5.50%	5.16	5.04	4.95	4.89	4.85	4.66	4.49	4.24	4.19	4.06	3.96
5.75%	5.40	5.27	5.18	5.12	5.07	4.87	4.69	4.43	4.38	4.25	4.14
6.00%	5.63	5.50	5.40	5.34	5.29	5.08	4.90	4.63	4.57	4.43	4.32
6.25%	5.87	5.73	5.63	5.56	5.51	5.30	5.10	4.82	4.76	4.62	4.50
6.50%	6.10	5.95	5.85	5.78	5.73	5.51	5.31	5.01	4.95	4.80	4.68
6.75%	6.34	6.18	6.08	6.01	5.95	5.72	5.51	5.20	5.14	4.98	4.86
7.00%	6.57	6.41	6.31	6.23	6.17	5.93	5.72	5.40	5.33	5.17	5.04
7.25%	6.81	6.64	6.53	6.45	6.39	6.14	5.92	5.59	5.52	5.35	5.22
7.50%	7.04	6.87	6.76	6.67	6.61	6.35	6.12	5.78	5.71	5.54	5.40
7.75%	7.28	7.10	6.98	6.90	6.83	6.57	6.33	5.97	5.90	5.72	5.58
8.00%	7.51	7.33	7.21	7.12	7.05	6.78	6.53	6.17	6.09	5.91	5.76
8.25%	7.75	7.56	7.43	7.34	7.27	6.99	6.74	6.36	6.28	6.09	5.94
8.50%	7.98	7.79	7.66	7.56	7.49	7.20	6.94	6.55	6.47	6.28	6.12
8.75%	8.22	8.02	7.88	7.79	7.71	7.41	7.14	6.74	6.67	6.46	6.30
9.00%	8.45	8.24	8.11	8.01	7.93	7.63	7.35	6.94	6.86	6.65	6.48
9.25%	8.69	8.47	8.33	8.23	8.15	7.84	7.55	7.13	7.05	6.83	6.66
9.50%	8.92	8.70	8.56	8.45	8.38	8.05	7.76	7.32	7.24	7.02	6.84
9.75%	9.15	8.93	8.78	8.68	8.60	8.26	7.96	7.52	7.43	7.20	7.02
10.00%	9.39	9.16	9.01	8.90	8.82	8.47	8.16	7.71	7.62	7.38	7.20
10.25%	9.62	9.39	9.23	9.12	9.04	8.68	8.37	7.90	7.81	7.57	7.38
10.50%	9.86	9.62	9.46	9.34	9.26	8.90	8.57	8.09	8.00	7.75	7.56
10.75%	10.09	9.85	9.68	9.57	9.48	9.11	8.78	8.29	8.19	7.94	7.74
11.00%	10.33	10.08	9.91	9.79	9.70	9.32	8.98	8.48	8.38	8.12	7.92
11.25%	10.56	10.31	10.13	10.01	9.92	9.53	9.18	8.67	8.57	8.31	8.10
11.50%	10.80	10.53	10.36	10.23	10.14	9.74	9.39	8.86	8.76	8.49	8.28
11.75%	11.03	10.76	10.58	10.46	10.36	9.96	9.59	9.06	8.95	8.68	8.46
12.00%	11.27	10.99	10.81	10.68	10.58	10.17	9.80	9.25	9.14	8.86	8.64
12.25%	11.50	11.22	11.03	10.90	10.80	10.38	10.00	9.44	9.33	9.05	8.82
12.50%	11.74	11.45	11.26	11.12	11.02	10.59	10.21	9.64	9.52	9.23	9.00
12.75%	11.97	11.68	11.48	11.34	11.24	10.80	10.41	9.83	9.71	9.41	9.18
13.00%	12.21	11.91	11.71	11.57	11.46	11.01	10.61	10.02	9.90	9.60	9.36

** The actual net interest rate will vary with an individual's situation. The chart assumes a single return is filed claiming no dependents (1 exemption) with mortgage payments equal to 35% of gross income and other itemized deductions equal to 6% of income. The tax rates used are in effect as of January 1, 2007.