

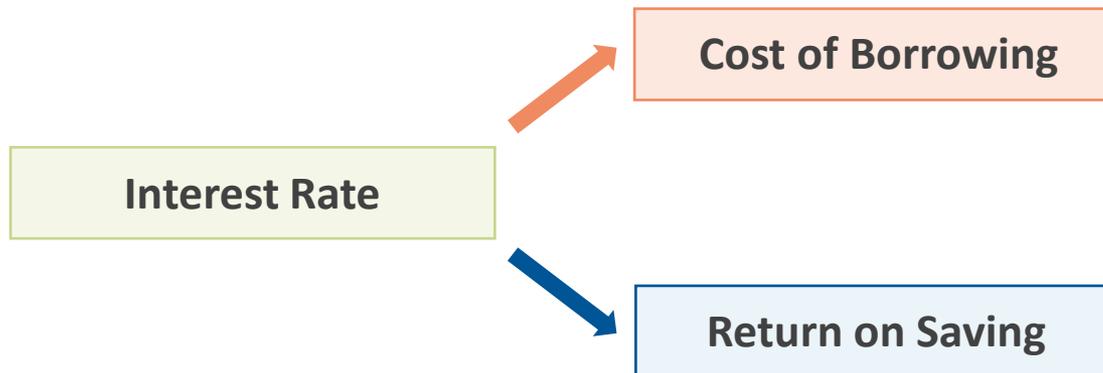
Interest Rates: How It Affects Home Purchases and Investments

Presented by:
Jack Mancinotti, CFP®



What Is an Interest Rate?

- The cost of borrowing money.
- The reward for lending money.



Examples of Interest Rates

Credit card = 22%

Unsecured loan = 8%

Mortgage loan = 5%

Base Rate = 2%

Saving account 2.5%

10 year gov't gilt 1.6%

Current account 0.5%

What Drives Interest Rates?

Economic Conditions



Inflation



Central Bank Policies



Government Debt



Global Economic Factors



Creditworthiness

Types of Interest Rates That Matter

10 Areas Impacted by Fed Rate Changes

Housing market

Home mortgages & refinancing

Student loans & refinancing

Savings accounts

CDs & other short-term investments

Stock market investments

Real estate investing

Commercial loans, personal loans & LOCs

Auto loans

Credit card debt

Impact on Home Purchases

Higher rates = higher monthly payments

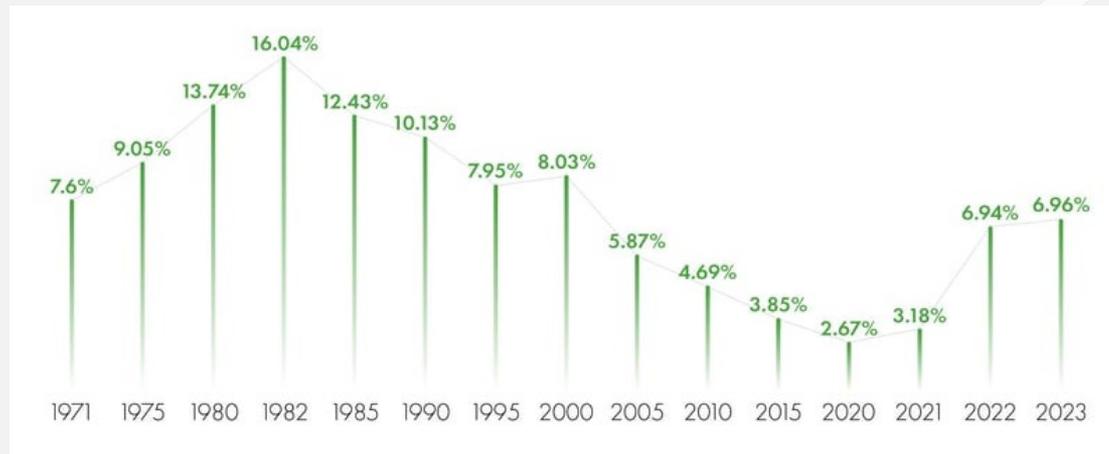
- Reduced affordability & buying power

Lower rates = refinancing opportunities

- Effect on housing demand & home prices

Mortgage Interest Rates Through 2023

30-YEAR FIXED RATE AVERAGE SINCE 1971
– FREDDIE MAC



Interest Rates & Inflation: The Tug of War



Inflation high

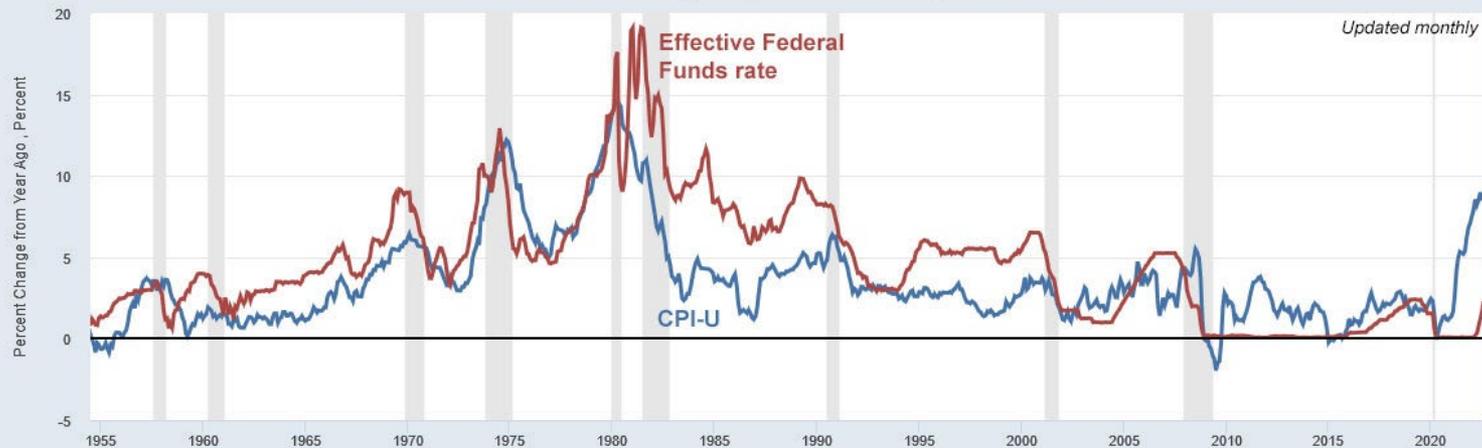
Fed raises rates



Inflation low

Fed lowers rates

FRED Federal Funds rate vs. U.S. inflation, July 1954 to July 2022



Shaded areas indicate U.S. recessions.

Sources: BLS; Board of Governors

fred.stlouisfed.org

How Rates Affect Mortgage Payments

LOWER MORTGAGE RATES

Boost Your Buying Power

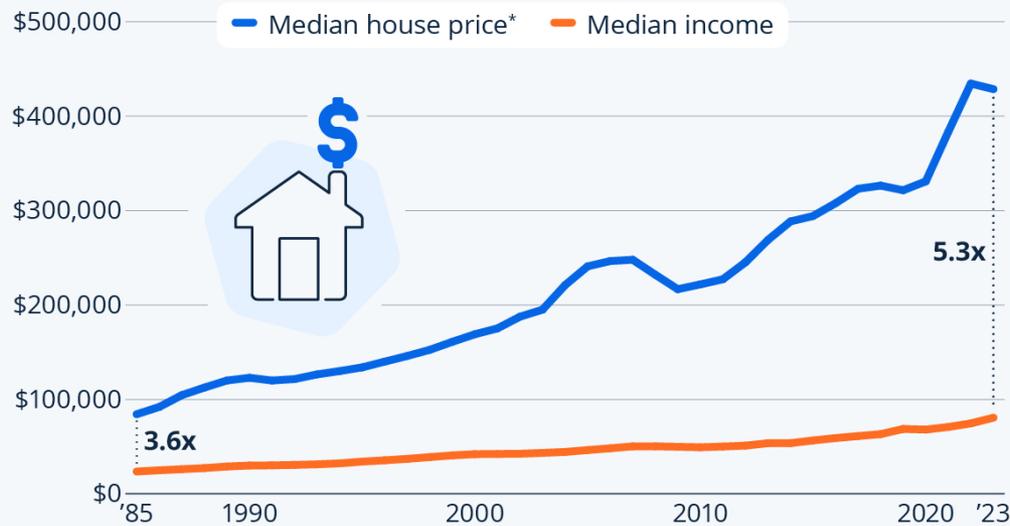
Rates are trending down, and that's great news for your bottom line. As rates drop, your monthly payment on your next home will too.

Home Loan Amount	Fixed Mortgage Interest Rate	Monthly Mortgage P&I*	Monthly Savings Compared to 7.5%
\$250K	7.5%	\$1,748	—
	7.0%	\$1,663	\$85
	6.5%	\$1,580	\$165
	6.0%	\$1,499	\$249
	5.5%	\$1,419	\$329

Price of Homes vs Income

House Prices Outpaced Income Growth Over the Past 40 Years

Median household income and median house price in the United States
(in current U.S. dollars)



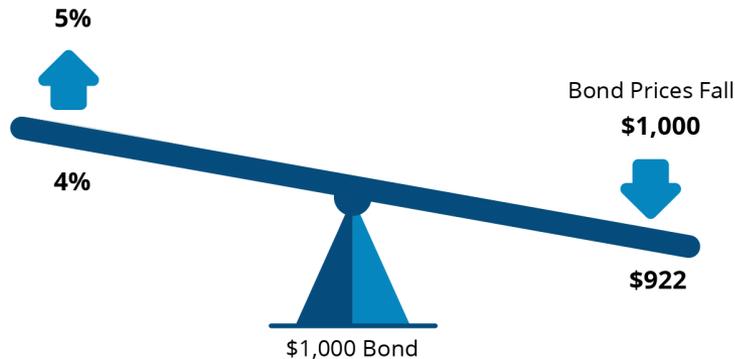
* Median sales price of new privately-owned houses

Sources: U.S. Census Bureau, U.S. Department of Housing and Urban Development

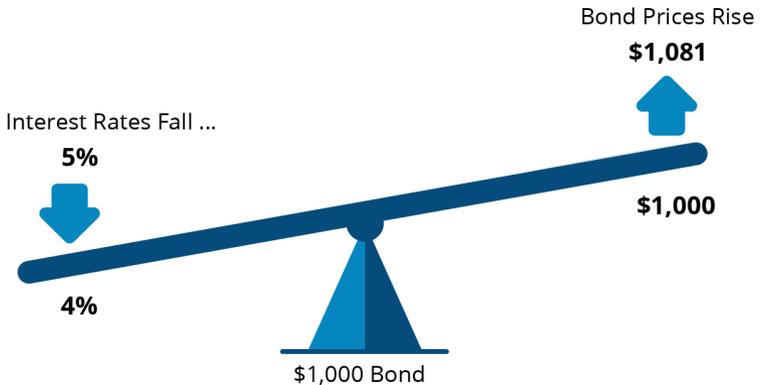


Interest Rates & Bond Investments

When Interest Rates Rise ...



When Interest Rates Fall ...



Inverse relationship between rates and bond prices

- **Duration risk increases** in rising rate environments
- **Higher rates = higher future income opportunities**
- Importance of **laddering** and **diversification**
- Role of **bonds** in portfolio stability

Warren Buffett: Interest Rates & Stock Valuations



Interest rates are to asset prices what gravity is to matter.

Warren Buffet



Higher rates

Lower valuations



Lower rates

Higher valuations

Focus on:

- Businesses with pricing power
- Long-term earning power
- Not short-term rate speculation

Message: Don't predict rates — buy strong businesses.

Buffet's Practical Investment Approach



It's far better to buy a wonderful company at a fair price
than a fair company at a wonderful price

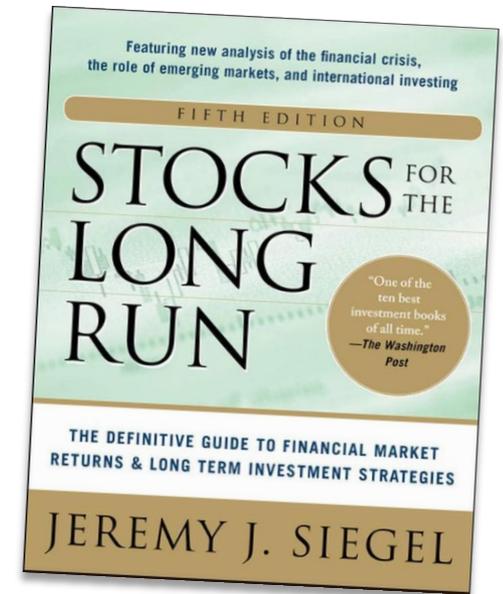
Warren Buffet



- Strong balance sheets and consistent cash flow.
- Avoid excessive leverage in rising rate environments.
- Think in decades, not quarters.
- Stay rational when markets overreact to rate changes.

Stocks for the Long Run (Jeremy Siegel)

- Stocks outperform bonds over long horizons
- Inflation hurts bonds more than stocks
- Equities are partial inflation hedges
- **Time horizon matters more than interest rate level**



Want to learn more about this book?

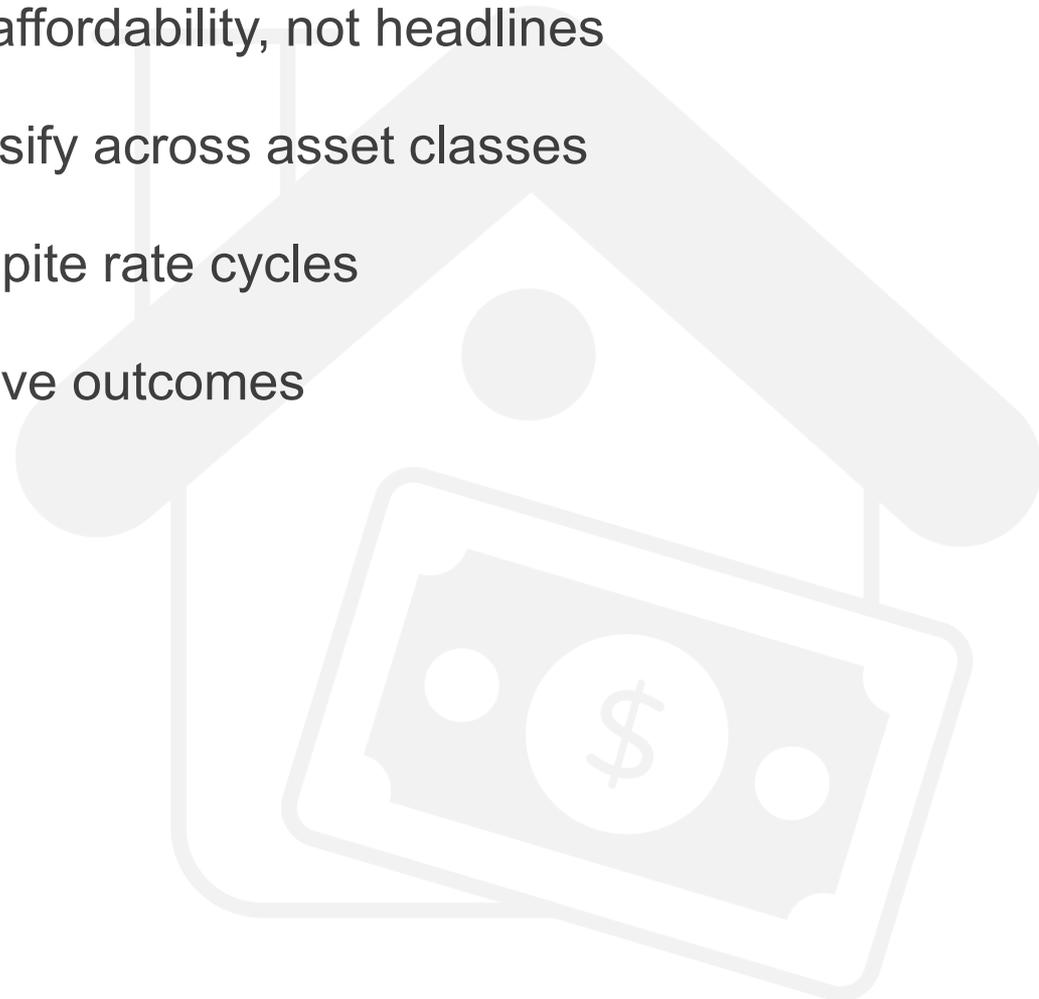
Scan to hear our discussion of
Stocks for the Long Run on our podcast.



Final Takeaways

Build a plan that can withstand changing rate environments

- **Home purchases:** focus on affordability, not headlines
- **Investment portfolios:** diversify across asset classes
- **Stay long-term focused** despite rate cycles
- **Discipline** and **allocation** drive outcomes



2026 Webinar Calendar

January 27

Foundations of Wealth:
Key Concepts for Building
Your Financial Base

February 24

Interest Rates: How it
Affects Home Purchases
and Investments

March 24

Pre-Tax and Roth
Contributions: Comparing
Your Options

April 28

Lessons from Market History:
Insights from Past Crises

May 26

The Psychology of Money:
How Behavior Shapes
Financial Choices

June 23

Creating Retirement Income:
Turning Savings into Paychecks

July 28

Estate Planning Basics:
Organizing and Protecting
Your Assets

August 25

Personal Insurance 101:
Exploring Coverage Types

September 29

Medicare Made Simple:
Navigating Your Choices

October 27

Social Security: What to Know
Before You Claim

November 19

Understanding the Stock
Market: Turning Knowledge
into Long-Term Wealth

December 17

Approaching Retirement:
Preparing for What's Ahead

Explore EAU Webinars
& Register Here!

OR VISIT

everhartadvisors.com/eauhub



 401(k) Helpline: 1-844-468-4015

 help@everhartadvisors.com

 everhartadvisors.com/eauhub

Questions?



CONTACT US

Everhart Advisors

 844-GOT-401K (844-468-4015)

 help@everhartadvisors.com