Paying off Mortgage Early vs. Investing
A historical view from 1986-2016
Including a Refinance of the mortgage in October 1993

Scenario 3: Start with Scenario 2, but refinance in October 1993

Average 30 year mortgage rate on October 1, 1993	6.91%
Amount of mortgage (remaining balance + $5000 closing costs)	118,579
New Payment	781.92
Number of Payments	360

Begin October 1, 1986 investing $500 per month in an S&P index fund

Beginning balance	0.00
Balance on October 1, 1993	60,076.06

The Pros on October 1, 1993

* A liquid investment worth $60,076.06

The Cons on October 1, 1993

* Still making those darn (but lower) mortgage payments

Assuming everything has gone as planned

Begin investing $750 (original $500 + reduction in payment on new mortgage) per month in S&P index fund beginning October 1993

Beginning balance	60,076.06
Balance on September 1, 2016	827,119.22

The Pros on September 1, 2016

* A liquid investment worth $827,119.22
* **$146,090.03 more in the bank than Scenario 1**
* **$141,553.37 more in the bank than Scenario 2**
* While there is still a balance of $52,912.55 on the mortgage, there is more than enough money saved to either write a check for the balance or continue the payments in case of emergency.

Sources

For weekly historical mortgage rates:
www.hsh.com/weekly-mortgage-rates.html

For a historical calculator for an investment in an S&P 500 mutual fund including deductions for taxes and management fees:
https://dqydj.com/sp-500-dividend-reinvestment-and-periodic-investment-calculator/