

Suppose you want to buy a piece of property that costs one million dollars. You also have that amount in the bank.

Would you pay cash for the property or would you get a mortgage? Why or why not and explain your answer.

If I were buying a piece of property that costs one million dollars, I would honestly get a mortgage. In this case, because I'm young I would see the house as more of an investment. In case I do want to sell the home again. The possibility of harming my ability to build wealth is one of the main reasons for not paying full cash. When I think about paying for a house in full, to me it means living in that home forever, and although there are benefits to it if the home needs repairs and renovations, a mortgage allows me to maneuver and tap into more money. If I were able to, I would put down at least 50% and take out a 15-year mortgage, keeping half of my money and investments and allowing myself to not fully commit. Being able to also receive certain Tax Benefits allows me to lean more towards getting a mortgage. Although I would have to pay interest and closing costs, paying all in cash means losing lots of liquidity, and there may be a time in the future when I might need it. Overall, when it comes to this scenario, I would go towards getting a mortgage. In hopes I'm making the right choice for my investment and money in the future.