

The MID by the numbers

How much a difference does the mortgage interest deduction make? A lot, especially for lower- and middle-income people.

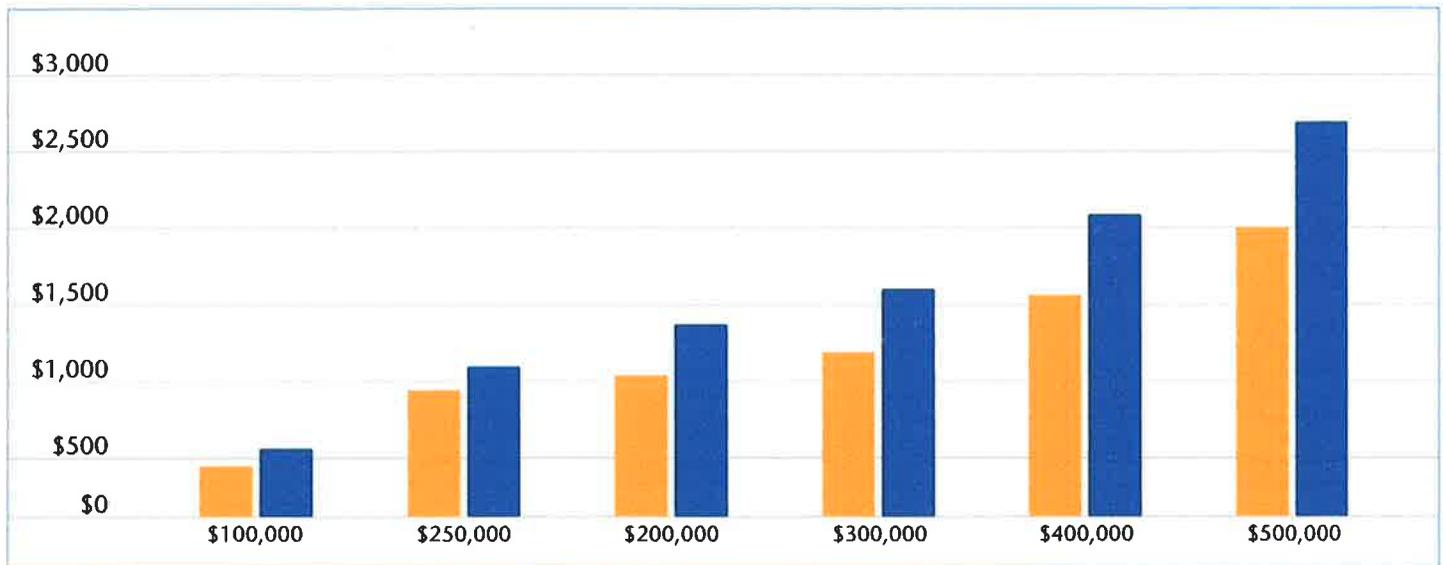
With the MID in place, a \$1,500 mortgage payment isn't really \$1,500, because (especially in the first decade of the loan) the majority of that is interest — and deductible.

So, how much difference? Here's sampling of the effect of the MID on four loans, from \$100,000 to \$500,000.

65%

...of families who take the mortgage interest deduction earn less than \$100,000 per year

Actual monthly cost with MID vs. without MID



Loan amount	Actual monthly cost with MID	Monthly payment without MID	Difference	First-year savings with MID	Total savings with MID
\$100,000	\$433	\$536	\$103	\$1,242	\$23,314
\$200,000	\$823	\$1,074	\$251	\$3,011	\$52,223
\$250,000	\$1,052	\$1,342	\$290	\$3,477	\$65,279
\$300,000	\$1,147	\$1,610	\$464	\$4,172	\$78,335
\$400,000	\$1,601	\$2,147	\$546	\$6,556	\$123,098
\$500,000	\$2,001	\$2,684	\$683	\$8,195	\$153,872

Notes:

1. Assuming the buyer is in the 25% tax bracket for the \$100,000 loan, the 28% bracket for the \$200,000, \$250,000, and \$300,000 loans, and the 33% bracket for the \$400,000 and \$500,000 loans, and itemizes deductions.
2. To keep things simple, assuming a 30-year, fixed-rate mortgage at 5.00%.
3. All figures rounded and approximate.