

# Railway Ties

Keeping You onTRACK



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## Iron Horse Junction

**Lightning Slinger** is the nickname for the railroad telegraph operator. This section has news from the office.

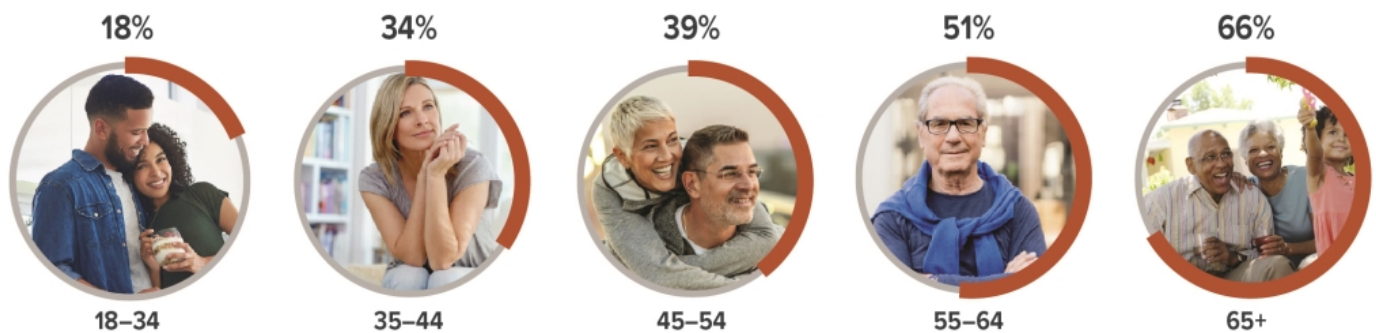
**Emeralds** are a name given to the green lights along the tracks letting the engineer know it safe to proceed. This section has news from the home front.

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## Do You Have a Will?

Although 76% of U.S. adults say having a will is important, only 40% actually have one. The most common excuse is, "I just haven't gotten around to it." It's probably not surprising that older people are more likely to have a will, but the percentage who do is relatively low considering the importance of this legal document.

Percentage of U.S. adults who have a will, by age group



Source: Caring.com, 2019

# Iron Horse Junction

## The Lightning Slinger

We did well with face-to-face meetings in July. Most people still wanted to meet via Zoom or by phone, but a handful came to the office for meetings. Everyone wears masks and we clean the conference room table and chairs after each meeting. If the restroom is used, that gets cleaned as well. Hopefully, something will happen soon that will end these precautions. Until then, we are committed to keeping everyone safe.

The July issue of the Investment Strategy Quarterly has been published and is available on our website. There is some interesting information on economy, China, oil prices, and the outlook for the stock market. The publication is well written, and you don't need a degree in finance to understand it. To find it, go to [ironhorsews.com](http://ironhorsews.com) then Client Center then Links of Interest then Investment Strategy Quarterly. We would love to hear some feedback.

You will also find three quarterly newsletters updated on our website in Client Center. This quarter's "Financial Journeys" has articles on long-term care, the Blue Zone (longevity), and income and taxes. "Business Dimensions" has a survival guide for entrepreneurs along with articles on charitable giving and bulletproofing your brand. The "Successful Women" newsletter has articles on life insurance for women, cash facts and myths, and some tips from successful women on a variety of topics.

The Coronavirus has resulted in us expanding our use of e-signature documents. We now have many documents that can be signed using e-signature, so we will ask you if this method is acceptable if a document signature is needed. This is an encrypted system with a separate validation process to ensure your information is safe. Let us know if you have questions.

## Emeralds

School starts soon and the Lambert family's teachers are ready. They each have some concerns on how the school year will go. Our daughter Lindsey is teaching special needs pre-school. It is difficult at best to teach these children online, so those parents who decide not to send their children to school, will have to be extra involved to help their children with schoolwork. Our son Alex and his wife Yao teach at the high school level which is easier. Alex teaches chemistry and the lab work will be a challenge for online students. Yao teaches math and will have the easiest time of the three. All are a bit concerned about teaching in the classroom in this virus environment. Suki and I are keeping all teachers in our prayers that they and the students stay well.

Our granddaughter Saffron (Saffie) is doing great. She has two bottom front teeth now. Saffie has not started crawling yet but pulls herself up to a standing position on her own. She may walk before she crawls. Saffie has also learned to wave bye-bye which is quite cute and likes to sing when her kids shows are on. Her singing sounds a little like a pterodactyl, but she keeps a good beat to the music. Since Lindsey will start teaching soon, Saffie will be at our house during the day. Of course, she is at our house during the day most days already. Mimi (Suki) is ready.

I have a personal Facebook page if anyone is interested. I post "Hey Lindsey" dad jokes on Wednesdays and Saturdays to prove to Lindsey that my jokes are funny. From time to time I'll post other stuff I think is funny. You will also see pictures of our family (mostly of Saffie recently). There is no business stuff on my personal page, and I do not post political stuff or rant about this or that. Instead, I like to laugh at jokes and see pictures and read about family stuff. I do not have many FB friends but if you send me a request, I will accept.

# Four Things to Consider Before Refinancing Your Home

Mortgage refinancing applications surged in the second week of March 2020, jumping by 79% — the largest weekly increase since November 2008. As a result, the Mortgage Bankers Association nearly doubled its 2020 refinance originations forecast to \$1.2 trillion, the strongest refinance volume since 2012.<sup>1</sup>

Low mortgage interest rates have prompted many homeowners to think about refinancing, but there's a lot to consider before filling out a loan application.

## 1. What is your goal?

Determine why you want to refinance. Is it primarily to reduce your monthly payments? Do you want to shorten your loan term to save interest and possibly pay off your mortgage earlier? Are you interested in refinancing from one type of mortgage to another (e.g., from an adjustable-rate mortgage to a fixed-rate mortgage)? Answering these questions will help you determine whether refinancing makes sense and which type of loan might best suit your needs.

## 2. When should you refinance?

A general guideline is not to refinance unless interest rates are at least 2% lower than the rate on your current mortgage. However, even a 1% to 1.5% differential may be worthwhile to some homeowners.

To determine this, you should factor in the length of time you plan to stay in your current home, the costs associated with a new loan, and the amount of equity you have in your home. Calculate your break-even point (when you'll begin to save money after paying fees for closing costs). Ideally, you should be able to recover your refinancing costs within one year or less.

While refinancing a 30-year mortgage may reduce your monthly payments, it will start a new 30-year period and may increase the total amount you must pay off (factoring in what you have paid on your current loan). On the other hand, refinancing from a 30-year to 15-year loan may increase monthly payments but can greatly reduce the amount you pay over the life of the loan.

## 3. What are the costs?

Refinancing can often save you money over the life of your mortgage loan, but this savings can come at a price. Generally, you'll need to pay up-front fees. Typical costs include the application fee, appraisal fee, credit report fee, attorney/legal fees, loan origination fee, survey costs, taxes, title search, and title insurance. Some loans may have a prepayment penalty if you pay off your loan early.

## 4. What are the steps in the process?

Start by checking your credit score and history. Just as you needed to get approval for your original home loan, you'll need to qualify for a refinance. A higher credit score may lead to a better refinance rate.

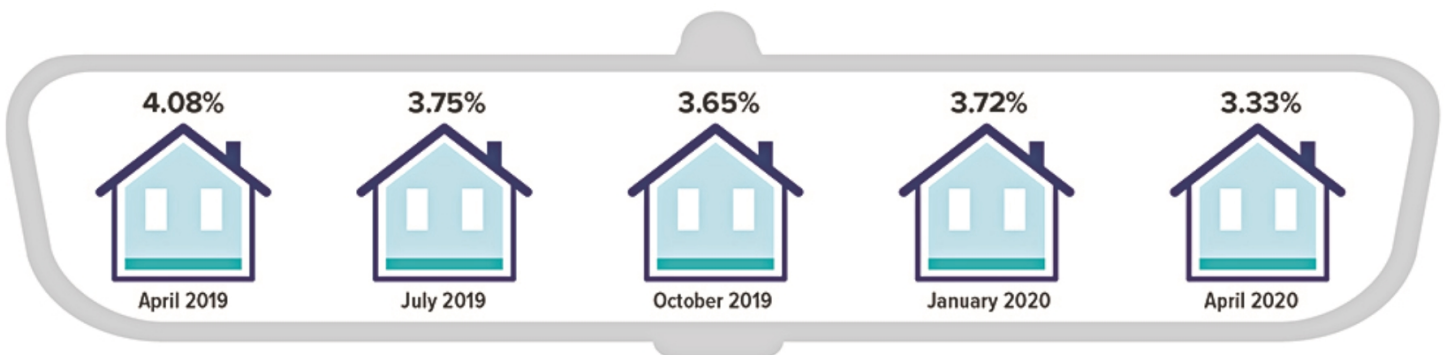
Next, shop around. Compare interest rates, loan terms, and refinancing costs offered by multiple lenders to make sure you're getting the best deal. Once you've chosen a lender, you will submit financial documents (such as tax returns, bank statements, and proof of homeowners insurance) and fill out an application. You may also be asked for additional documentation or a home appraisal.

1) Mortgage Bankers Association, March 11, 2020

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## Rear-View Look at Mortgage Rates

In a single year, the average rate for a 30-year mortgage fell by 0.75%. Low mortgage interest rates often prompt homeowners to refinance.



Source: Freddie Mac, 2020 (data as of first week of April 2020)

# Three Things to Consider Before Your Next Trip

The health and economic crisis created by the coronavirus (COVID-19) pandemic will have a long-lasting impact on how we all will travel going forward. And though it may be difficult to think about planning a trip during these uncertain times, here are some things to consider if you do decide to travel.

## **1. Check your travel provider's cancellation policy.**

As a result of the coronavirus pandemic, many airlines and hotels have relaxed their cancellation policies by waiving traditional cancellation and change fees. The type of reimbursements will vary, depending on your travel provider, but may range from full refunds to vouchers/credit for future travel. It's important to contact your travel provider directly to find out their individual cancellation policies before booking.

**2. Be aware of travel advisories.** During the height of the coronavirus pandemic, global travel advisories were at an all-time high, and domestic travel advisories were issued for certain geographic areas within the United States. Your first step before planning any travel should be to check the travel advisories for your destination. Be sure to visit the U.S. Department of State website at [state.gov](https://state.gov), along with your state and local government, for up-to-date travel warnings.

**3. Read the fine print.** Before you purchase a trip cancellation/interruption insurance policy, read the fine print to determine what is specifically covered.

Typically, it will reimburse you only if you cancel your travel plans before you leave or cut your trip short due to an "unforeseen event" such as illness or death of a family member. Most policies with cancellation and interruption coverage will exclude a "known event" such as COVID-19 once it's declared an epidemic or pandemic.

If you are concerned about having to cancel or cut short a trip due to the coronavirus pandemic, one option you may have is to purchase additional "cancel for any reason" (CFAR) coverage. This is usually an add-on benefit to certain traditional trip insurance policies and allows you to cancel your trip for any reason up to a certain date before your departure (typically 48 to 72 hours) and will reimburse a percentage of your trip cost.

CFAR coverage can cost quite a bit more than a basic trip cancellation/interruption policy and may have additional eligibility requirements. In addition, you usually have to purchase CFAR coverage soon after purchasing your original policy (typically within two to three weeks).

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