Participant Perspectives

Q4 2025

The Perils of Cosigning a Mortgage Loan

> **Parents should consider the pros and cons before cosigning a mortgage loan with their child.**

High mortgage interest rates and a steady rise in home prices in many regions of the country have made it more difficult for young people to take the first step on the housing ladder. Relatively high-earning couples in cities and regions that have experienced a rapid run-up in housing prices may even find themselves shut out of the marketplace. Some would-be first-time buyers can find it hard to come up with a down payment or only qualify for a mortgage that's insufficient to buy the type of home they want. Other potential homeowners might find it hard to qualify for a mortgage because of a less-than-stellar credit history.

Parents who are financially comfortable may consider helping their child qualify for a mortgage by cosigning a mortgage loan. If you are thinking of helping out a child by cosigning a mortgage loan, you should dig deep into the pluses and minuses of this approach.

CAN YOU AFFORD IT?

If you are approaching retirement and plan on living on a fixed income during retirement, cosigning a loan may put your future retirement lifestyle at risk. Even if you are in relatively good financial shape, you do not want the expense of making payments on another house if your child loses their job or becomes unable to work. Before signing on the dotted line, take the time to look closely at your own finances and your current debts to be sure that you can afford to assume the mortgage payments in a worst-case scenario.

UNDERSTAND THE DANGERS

Know that when you cosign a mortgage loan with your child, you are liable for the payments as they come due and can be sued by the lender for nonpayment if the loan becomes delinquent. That could happen if your child defaults because of an illness or some other external event and cannot afford the monthly mortgage payment.

IF YOU DECIDE TO BE A COSIGNER

If you are absolutely certain that you can assume the risk of cosigning a mortgage with a family member, keep it business-like and draw up a written loan agreement that specifies the terms of the loan. Both lender and borrower should sign and date this agreement. By putting the loan provisions in writing, you avoid the potential for misunderstanding or ambiguity and possible intra-family strife.

DON'T BE AFRAID TO SAY "NO"

Be careful not to let family bonds blind you to certain realities. For example, if making the loan will strain your budget, now or in the future, then you simply have to decline. If you have doubts about the likelihood of a family member repaying the loan, then say no.

Investing: The Numbers Tell a Story

> **Investors will want to look at these sets of numbers when deciding whether or not to buy a particular stock.**

It's said that every picture tells a story. But numbers also tell a story if you know what to look for. And that's especially true when it comes to assessing different stocks for their future growth potential. Investors can analyze various ratios and other measures to assist them in deciding whether or not to buy a particular stock. Here are four sets of numbers that are commonly used in assessing a stock.

PRICE-TO-EARNINGS RATIO

The price-to-earnings (P/E) ratio is calculated by dividing a stock's share price by its earnings per share. In general, the P/E ratio uses earnings from the last four quarters, which is why it is referred to as a "trailing" P/E. A projected or forward P/E uses an estimate of future earnings. The P/E ratio is also known as the multiple and it indicates how much investors are willing to pay for each dollar of a company's earnings.

The P/E ratio serves as a fairly simple way to measure the relative value of different stocks. In order to determine whether a P/E is high or low, compare it with the current P/Es of similar companies and of the overall market.

A price-earnings ratio that is higher than the market average is a sign that the market anticipates strong earnings growth. A stock with a high P/E ratio is usually expensive relative to other similar companies. A stock with a P/E ratio that is low may indicate the stock is undervalued. However, it may also indicate a lack of interest in the company by the market because the company's prospects appear poor.

PRICE-TO-BOOK VALUE RATIO

A stock's price-to-book value (P/B) ratio is the stock's current share price divided by the company's latest book value per share. Book value is the company's assets minus its liabilities.

The P/B ratio is an important tool that can help determine whether a stock might be undervalued. Since industries vary, investors may find it useful to compare P/B ratios of companies operating in the same industry.

DIVIDEND YIELD

A dividend is one way a company allows shareholders to share in its profits. And it enables investors to profit from owning a particular stock without having to sell shares. A dividend that increases steadily over time is a sign of the issuing company's financial strength and growing profits. However, financially healthy companies don't always issue dividends. Many fast-growing companies choose to reinvest their earnings in their own operations rather than pay shareholders a dividend.

To find a stock's dividend yield, you divide its annual dividend per share by the share price. Dividend yield changes every time the stock price changes. A very high dividend yield may indicate that the share price is falling and that the high dividend yield is not sustainable.

FREE CASH FLOW

Free cash flow is what's left after a company pays all its operating expenses and finances its capital expenditures. Examining a company's free cash flow is another shorthand method for evaluating a company's overall health. A company with significant levels of free cash flow may be in a strong position for future growth. The opposite occurs also: when free cash flow declines, the company may find it hard to sustain earnings growth and increase its debt load. These factors can signal a stagnant or falling stock price.

PROFESSIONALS CAN ANALYZE THE NUMBERS

Financial professionals study a variety of factors when assessing the prospects of different securities. If you plan on creating—or adding to—an investment portfolio, you may find it helpful to first discuss your options with your financial professional.

Tax-Smart Ways to Give to Charity

> **Charitable giving can be an important goal. A trust can help make it more efficient from a tax perspective.**

Giving to a cause you support can be an enriching experience. However, you want to make sure you make your contributions in a tax-smart way. Here's a brief look at ways you can make the most of your charitable giving.

GIVING CASH

Generally, you can deduct cash contributions to a qualified charity up to 60% of your adjusted gross income for the year. However, you can't deduct a cash contribution unless you keep a bank record, a receipt, or payroll deduction records that state the name of the charity and the date and the amount of the contribution. For cash gifts greater than $250, you will need a written acknowledgment from the charity to substantiate your charitable deduction.

DONATING APPRECIATED SECURITIES

Many individuals sell securities that have risen in value and then give the sale proceeds to a charity. However, if you sell appreciated securities, the capital gains could result in a significant tax liability. From a tax viewpoint, it's typically better to donate the securities directly to the charity. That way, you avoid realizing a capital gain and will enjoy a deduction for the stock's full market value, provided you held the shares for more than a year.

If you really like a certain stock and believe it still has potential for additional appreciation, you could donate your shares and eliminate the capital gains exposure and then buy them again at their market price. This strategy would give you a cost basis in the stock equal to the current value and still allow you the chance to enjoy future appreciation.

ESTABLISHING A TRUST

If you donate assets through a charitable remainder trust, you can continue to benefit from the gifted assets. A charitable remainder trust allows you to give assets to a trust for the charity of your choice and still retain cash flow from those assets during your lifetime. You simply transfer property to the trust. The trust then pays you, your spouse, or whomever you've selected as beneficiary distributions for life or for a set period. When the "trust terminates, the assets remaining in the trust are transferred to the named charity.

While the charity does not receive your gift until the trust expires, you can claim a federal income tax deduction for your contribution in the tax year you fund the trust. The deductible amount is the present value of your ultimate contribution to the charity.

Note that, starting in 2026, there are new rules as to how much you can deduct for charitable contributions. For those who itemize deductions, there is a new 0.5% adjusted gross income (AGI) floor for charitable contributions. That means that only donations exceeding that threshold will be deductible. But those who do not itemize deductions may deduct charitable contributions of up to $1,000 ($2,000 for joint filers) to qualified charities. That is in addition to the standard deduction.

Enza Financial, LLC

216.236.0700 | **enzafinancial.com**

M Financial Group | 1125 NW Couch Street, Suite 900 | Portland, OR 97209 | 800.656.6960 | fax 503.238.1815 | **mfin.com**