

**SPECIAL REPORT**

# ***7 Facts You Need to Know About Reverse Mortgages***

Courtesy of Jim Cook, MBA, CMA, AMP  
Mortgage Broker with Mortgage Intelligence  
819 Queen St., Downtown Kincardine, Ont.  
**519-396-6800**

**MyMortgagePlace.ca**



Jim Cook Mortgage Broker Lic M08001302

®Registered trademark of Mortgage Intelligence Inc.  
© 2009, Mortgage Intelligence Inc., all rights reserved.  
FSCO Lic.10428

Mortgage Intelligence Central Office  
5770 Hurontario Street, Suite 600,  
Mississauga, ON L5R 3G5

Here's the **FREE** report you requested:

## **7 Facts You Need to Know About Reverse Mortgages ...**

... to help you enjoy a comfortable,  
worry-free retirement!

Chances are you've been dreaming about this moment throughout your working life—**BEING RETIRED** and having the time and money to:

- Travel
- Fix up the family home
- Indulge in hobbies like gardening
- Visit your grandchildren
- Spend weekends at the cottage
- Help your children buy a home
- Pay off debts
- Help your grandchildren with tuition fees
- Not have to worry about anything!

But now that you're over 60, you may have been caught off guard by the expenses associated with retirement, such as property taxes, rising energy and utility expenses, and the overall cost of living which seems to get higher every year. Sure, you have your pension income, but it may not be enough to make ends meet.

Most Canadian seniors have 80% of their assets tied up in their house. But accessing that equity can sometimes be difficult. Sometimes, banks won't give you a mortgage because you don't have enough income to make monthly payments.

So what are your options?

Well, you could downsize and sell your house. But isn't that where you always dreamed you'd spend your retirement? Leaving the home where you raised your family, put down roots and made lifelong friends would be heart-breaking. Besides, selling and moving can be very expensive once you've paid real estate fees, moving expenses, legal fees, etc. There's got to be another solution!

### **You don't have to leave the family home!**

There **IS** another solution, and for many seniors it's a reverse mortgage.

*A REVERSE MORTGAGE is a specialized financial product for people 60 and over who own their own home. It lets you stay in your home while benefiting from the value you've built up in that property over the years. Compared to a regular mortgage, a reverse mortgage can offer substantial monthly cash savings, so you have all the income you need to live the retirement of your dreams.*

As your local mortgage advisor, I can discuss these options with you. However, since I'm not tied to any one lender or type of product, before recommending a reverse mortgage, I'll do a thorough analysis of your situation, needs and goals. Only then will I make an unbiased recommendation about which product is right for you, which could be an innovative line-of-credit or another home lending product that may fit your specific needs even better.

Let's see if you're one of the many Canadian seniors who could benefit from a reverse mortgage. Here are the 7 facts you need to know:

**FACT #1: Regular mortgages require you to pay a lender.  
A reverse mortgage pays you!**

If you and your spouse are 60 or older and you own your home as your principal residence, you may be eligible to receive up to 40% of your home's current appraised value in cash. The specific amount you'll receive is based on your age, your spouse's age, the location and type of home you have, and your home's current appraised value. No matter how much you receive, you never have to make monthly principal or interest payments (until you move), so you get the money you need without reducing your cash flow!

**FACT #2: There are no income, asset, employment or credit requirements.**

Since the amount you receive is secured against your home, qualifying is easy and hassle-free—even if you're living on a very limited retirement income.

**FACT #3: You can receive the money whichever way works best for your lifestyle.**

With a reverse mortgage, you can choose a single lump sum payment or ongoing monthly, quarterly, semi-annual or annual income. You can even choose a lump sum to begin with, followed by ongoing advances over time.

**FACT #4: A reverse mortgage can be used to clear up all your remaining debts.**

Maybe you still have a mortgage remaining on your house and the payments are cutting into your lifestyle. Maybe you have monthly credit card bills piling up. A reverse mortgage can be the ideal solution. In most cases, you can use the funds to eliminate mortgage payments and credit card debts, and still have enough left over so you can enjoy life more and not have to worry about money.

**FACT #5: Your income taxes and pension are unaffected.**

As a retired person, one of your major concerns is how much you'll be paying in taxes each year, since that can really affect your cash flow. Fortunately, the money you receive from a reverse mortgage isn't considered income—even if it's invested in an account or annuity with monthly withdrawals. This is because the home equity you're accessing has already been taxed, since you purchased your home with after-tax dollars. Not only don't you have to pay taxes on your reverse mortgage proceeds, they

won't bump you up into the next tax bracket. And since they're not considered income, they won't affect your Old Age Security (OAS) or Guaranteed Income Supplement (GIS) payments.

**FACT #6: It's ALWAYS your home!**

You'll never be asked to move or sell your home to repay your reverse mortgage, as long as you maintain the property and stay up-to-date with property taxes, fire insurance and condominium or maintenance fees. Your equity and estate is fully protected since the reverse mortgage amount can never exceed your home value. Sure, the equity in your home will decrease over the years as you receive payments, but your home's value could increase even more quickly over the same period.

**FACT #7: The interest on your reverse mortgage can sometimes be tax deductible.**

If you use the money you receive to make non-registered investments such as GICs and mutual funds, the interest costs on your reverse mortgage can be written off at tax time. This can help offset the taxes you owe on your income, RRIF or RRSP withdrawals.

There you have it—7 facts about reverse mortgages.

## The next step is discussing your specific needs and goals.

If you're interested in whether a reverse mortgage is a potential solution for you, I invite you to contact us today at:

(905) 689-3213  
tony.antaya@migroup.ca

As I said, some seniors could benefit from a reverse mortgage. However, I wouldn't be doing my job as an independent mortgage advisor if I didn't also have other solutions to offer you. Once we've discussed your needs and goals, I'll be able to make a fully informed, entirely unbiased recommendation that's in your best interest.

For instance, if you simply want money for a vacation or new car, a reverse mortgage can be a very expensive way to get it. If you want the money for investments, keep in mind that the cost of the reverse mortgage may be more than you can safely earn. In cases like these, I may be able to tailor a home equity loan or line of credit to meet your needs in a much more cost-effective manner. The only way to know for sure is to talk to me today!

P.S. Please don't enter into a reverse mortgage agreement with a lender before talking to your lawyer and a qualified, knowledgeable financial planner.