



Wealth

by HomeEquity Bank



Down Payment Gift CHIP Reverse Mortgage

Overview

HomeEquity Bank's CHIP Reverse Mortgage solutions enables a range of financial planning options for Financial Advisors and Canadian homeowners aged 55+. Our Wealth Management solutions are designed to unlock the tremendous value trapped in the Home Equity Asset Class to provide Clients with a smart and secure option to finance a wide range of investment opportunities, while leaving tax-efficient investment portfolios intact and productive.

Situation

Meet Mike, a retired business owner who has a 30-year-old daughter, Susan who has just completed her nursing education and is returning to her hometown to begin her new career. Returning to Kelowna to live is proving to be financially difficult. Mike recognizes the importance of home ownership and wants to help Susan build a solid financial foundation.

So, he reached out to his trusted Financial Advisor who has provided him valuable financial guidance to see if there were any options for him to help his daughter purchase a condo now.

Client Profile

Homeowner

Male Age 70

Home Value

\$1,300,000

Investment Portfolio

- RSP \$600,000
- TFSA \$105,000
- Non-Registered \$250,000

Financing Required

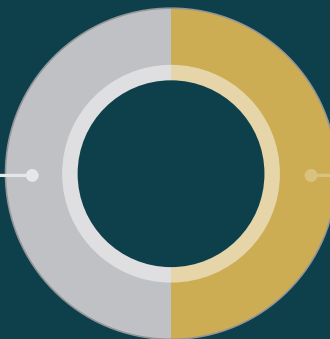
- \$250,000 (\$200K for down payment + \$50K for renovations)

Solution Options



Traditional Financial Plan

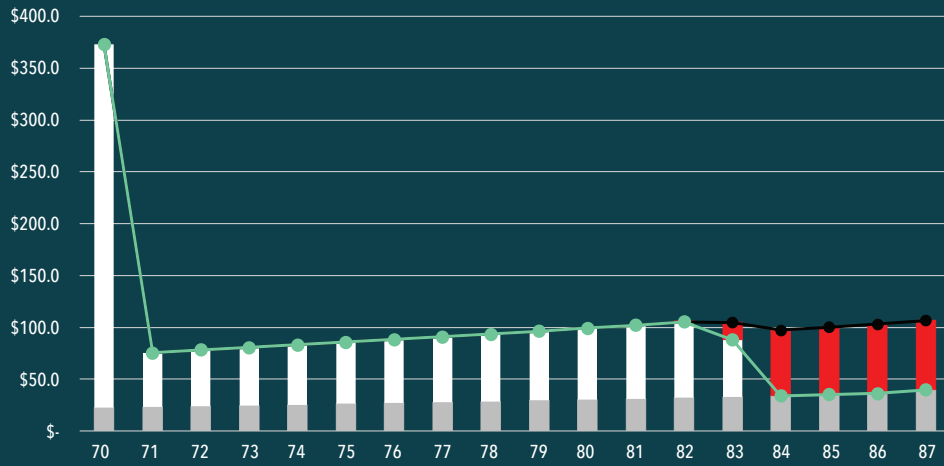
- » Liquidate a combination of registered and non-registered investments to provide the condo down payment required
- » Reduce retirement lifestyle to account for the large decrease in investment assets and projected cashflow shortfall in later years



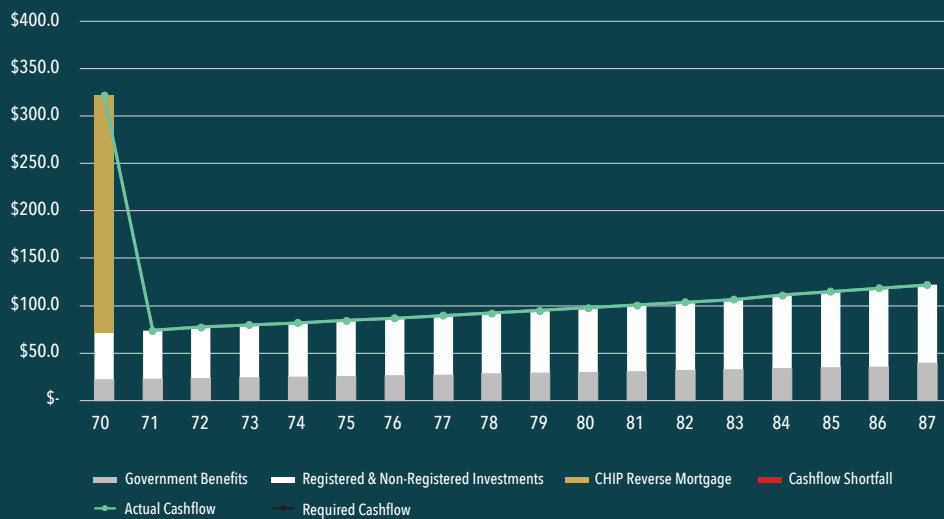
CHIP Reverse Mortgage Enabled Plan

- ✓ Unlock a lump sum amount of tax-free home equity to provide the condo down payment required
- ✓ Preserve the registered and non-registered investment portfolios to ensure stable cashflow throughout retirement

Traditional Financial Plan



CHIP Reverse Mortgage Enabled Financial Plan



Decision

Mike chose the **CHIP Reverse Mortgage** solution to gift his daughter the down payment she needs to purchase her first home and **continued to follow the original retirement income plan** he established with his Financial Advisor years earlier.

CHIP Reverse Mortgage
Tax-Free Funds

\$250,000 Initial Advance
\$283,500 Unused & Available

Lump Sum Taxes Deferred
with CHIP Reverse Mortgage

\$42,100

Registered Investment
Assets Life Extension

4+ years longer

Assumptions: Inflation at 3.0% per annum, Investment Growth Rate at 3.5% per annum

Key Benefits

- ✓ The Client continues to remain in the home he loves, enjoy the lifestyle he earned and still benefits from his home's appreciation
- ✓ The Client's investment portfolio is sufficient to provide his required cashflow, avoiding a shortfall in later retirement
- ✓ The Client avoids a large withdraw from his investment portfolio, deferring over \$42K in taxes
- ✓ The Client's registered investments continue to grow for 4+ years longer compared to traditional financial planning
- ✓ The Client has access to \$283,500 in remaining CHIP Reverse Mortgage funds available for any unexpected future cashflow needs.



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Contact me today: