Your Home & Mortgage

FINANCIAL ROCK. *And Roll.*

We all want a solid financial rock under our feet when we retire. The problem is... it can be hard to save for retirement, especially if you are struggling to pay a mortgage, car loan and credit card debt.

The solution? *Roll it up.* You may be able to roll your existing high interest debt into your mortgage. You'll be shocked by what you can save in interest.

- Let's say you now have a $175,000 mortgage, a $25,000 car loan and $25,000 in credit cards. That's a total debt load of $225,000. As long as you've got the equity in your home, you can roll that debt into a new $233,000 mortgage (that includes a charge to break the existing mortgage: a fee that is often well worth the savings) and you could knock about $921 OFF your total monthly debt payment. That's huge.

Here's where you can start building your financial rock:

- Talk to us about adding an additional $25,000 to your mortgage so you can make an RRSP contribution (assuming you have contribution room). Even with the extra amount on your mortgage, your new monthly payment is STILL $803 per month less. Better still, you'll be eligible for a $10,000 tax refund for your contribution (assuming a 40% marginal tax bracket).

Now that you've got a lower monthly payment and maybe a tax refund, see if you can put some of that extra money against your mortgage principal or into an RESP or TFSA. Roll up your debt. Build your financial rock for retirement.

That's rock and roll, baby!

*3.5% current mortgage, 3% new mortgage, 25 year am. Credit cards 19.5% and car loan 7%, both at 5 year am. OAC. Subject to change. For illustration purposes only.

Never miss great tax-time freebies!

Here are two tax-time advantages available for upcoming first-time buyers and those who took the plunge in 2014.

1 **The 90-day boost.** If you're buying your first home now and it'll be at least 90 days before your move, let's talk. The Federal Home Buyers' Program (HBP) and a tax refund can boost the funds you have available for your purchase. First, make as big an RRSP contribution as you can – up to your contribution limit or $25,000 per person. You can even use your downpayment savings for this. Big RRSP contribution means a great 2014 refund. Then, after 90 days, you can go back into your RRSP and redeem your contribution under the HBP program. So you've got your original downpayment funds back PLUS a nice fat tax refund. You'll need to pay the withdrawn funds back on a repayment plan, but this strategy can make a substantial difference in the affordability of home ownership!

2 **$750 for first-time buyers.** Don't leave money on the table if you bought your first home last year! You may be able to take advantage of the Home Buyers Tax Credit (HBTC) when you file your tax return. The $5,000 non-refundable HBTC provides up to $750 in federal tax relief. You qualify if neither you nor your spouse (or common-law partner) have owned and lived in another home for the past five years. For more information, visit the Action Plan website at www.actionplan.gc.ca/en/initiative/first-time-home-buyers-tax-credit.

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