Accessing home equity to acquire a second property

Client Profile

Homeowners:
Female, Age 70 | Male, Age 72

Location:
Vancouver, BC

Home value:
$3,000,000

Home type:
Single, detached

Registered & non-registered investments:
$1,500,000

Capital required:
$800,000

Situation

Meet Clive and Michelle

- Clive and Michelle have spent decades building successful careers and are now focused on making the most of their retirement.
- While they have accumulated significant assets over the years, much of their wealth remains concentrated in their home and long-term investments.
- They would like to acquire a vacation property with income-generating potential that can be enjoyed by family today and eventually passed on to future generations as part of their long-term estate plan.
- Their financial professional has recommended using home equity to access the capital needed to acquire the property, while preserving the strategic flexibility to support future lifestyle, investment, and estate-planning goals.
- Potential rental income would provide an added benefit when the property is not being used.

Traditional Options

Sell investments

- May trigger tax implications, reducing the capital available for the purchase
- Disrupts their long-term investment strategy

Conventional mortgage financing

- Down payment required
- Regular mortgage payments introduce ongoing debt obligations throughout retirement

HELOC

- Monthly interest payments required, reducing monthly cashflow
- May reduce financial flexibility through future renewal and qualification requirements

HomeEquity Bank Enabled Plan

Using HomeEquity Bank Custom Solutions

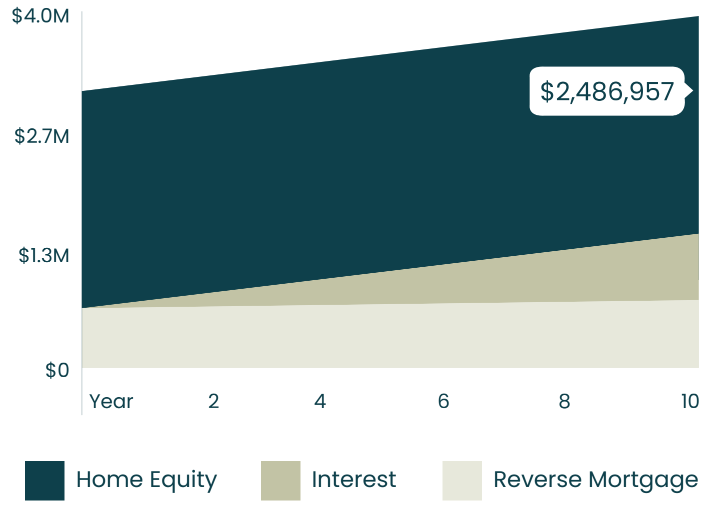
- ✓ Approved up to **$1,210,500**
- ✓ Planned initial access of **$800,000** to acquire the income-producing property
- ✓ **$410,500** remains available for future use without requalification

Their home equity over 10 years

Clive and Michelle's equity could increase by ~$290K over 10 years.

	Today	In 10 Years
Home Value	$3,000,000	$4,031,750
Reverse Mortgage	$800,000	$800,000
Interest	$0	$744,793
Remaining Home Equity	**$2,200,000**	**$2,486,957**

Assuming 3% home appreciation. Actual home equity may vary; this is not a projection or guarantee.



For illustration purposes only.

Outcome

- ✓ Tax-free access to home equity
- ✓ Preserved their investment portfolio and avoided potentially significant tax consequences
- ✓ **Kept an estimated $1M invested, preserving ~$629,000 in potential portfolio growth over 10 years.***
- ✓ Created a long-term family asset for personal enjoyment and future wealth transfer
- ✓ Accessed capital with no required monthly mortgage payments
- ✓ Significant home equity retained over the long term
- ✓ Potential to generate supplemental income from the property when desired

*Assumes approximately $1M in non-registered investments would need to be liquidated to provide $800,000 after tax, with the retained portfolio growing in line with FP Canada projection assumption guidelines. Actual tax impacts and portfolio values may vary; this is not a projection or guarantee.

To integrate reverse mortgage solutions into your business, speak with your **HomeEquity Bank BDM**. For more information, visit **HEBAdvisor.ca**.