

Unlocking home equity to reduce monthly payment obligations before retirement



Client Profile

Homeowner: Female, Age 63

Location: Scarborough, ON

Home value: \$1,175,000

Home type: Semi-detached

Employment: Executive chef

Credit score: 712

Mortgage & debt:

\$522,000 mortgage + \$80,000 across two lines of credit with total debt profile of \$602K

Monthly obligations:

\$4,184 (\$3,519 debt + \$665 property expenses)

Monthly income: \$6,677

Assets: \$200,000 RRSP + \$90,000 TFSA + \$50,000 non-registered savings

Situation

Meet Elizabeth

- Elizabeth is still working and has built meaningful equity in her Scarborough home.
- However, her current mortgage and two lines of credit are creating monthly obligations that are higher than she is comfortable carrying as she approaches retirement.
- Her primary objective is to reduce her monthly debt payments and improve cashflow, so she can direct more of her income toward her retirement savings.
- She is looking for a right-sized solution that pays out her existing obligations without taking on more borrowing than she needs.
- She hopes to replace multiple payments with one lower, more manageable monthly payment.

Traditional Options

- One way for Elizabeth to achieve her objective of reducing monthly obligations and improving cashflow is to fully pay out her existing mortgage and lines of credit.
- Based on her age, home value, and location, she would typically qualify for approximately \$513,500 through a traditional reverse mortgage solution, which would not be sufficient to fully address her needs.

HomeEquity Bank Custom Solutions – HEB Advantage

- ✓ Based on her credit profile, property location, income, and liquid assets, Elizabeth qualifies through **HEB Advantage** for up to \$667,550, providing access to more of her home equity.
- ✓ While she qualifies for a higher amount, the recommended loan is sized to meet her needs rather than maximize borrowing. **The recommended HEB Advantage loan amount is \$606,500.**
- ✓ The recommended loan fully pays out her existing mortgage and lines of credit, simplifying multiple debt obligations into a single monthly-interest payment of \$1,100 for the first 10 years.
- ✓ Elizabeth continues to own and live in her home.

Her home equity after 10 years

Elizabeth's equity decreases nominally by \$72,392 over 10 years.

	Today	In 10 Years
Home Value	\$1,175,000	\$1,579,102
HEB Advantage Loan	\$606,500	\$606,500
Total Accrued Interest	\$0	\$476,494
Total Interest Payment	\$0	\$132,000
Remaining Home Equity	\$568,500	\$496,108

Based on 5-year term at 7.54%, and home appreciated at 3.0%.

Outcome

- ✓ Monthly obligations decrease from \$4,184 to \$1,765, improving monthly cashflow by approximately \$2,419 per month.
- ✓ After the initial 10-year payment period, no mandatory monthly payments are required, providing additional flexibility as Elizabeth moves further into retirement.
- ✓ Elizabeth gains access to the funds needed to achieve her objective through tax-free proceeds, while continuing to own and live in her home.
- ✓ Her investment portfolio remains intact and continues to grow.

To learn how HEB Advantage can support your clients, speak with your **HomeEquity Bank BDM** or visit **HEBAdvisor.ca** for more information.