

# Mortgage planning and you

These days, you see signs everywhere for mortgage brokers. Who are these people anyway, and what do they do?

Mortgage brokering is one of the fastest-evolving industries in the country. Today, only the best brokers provide a very high-value service known as: mortgage planning. And they're changing the way Canadians look at their biggest personal investment.

Back when independent mortgage brokers started gaining market share in the 1970's, they focused primarily on securing low rates and dealing with bad credit situations. Over time, though, they took on the role of consultant: finding the best mortgage rate while educating their clients on strategies to become mortgage-free faster. Today, we're beginning to see a breakaway group of top brokers who are going one step further on the advice spectrum. They're known as mortgage planners – they help clients incorporate their mortgage into their overall financial plan.

Demographics are helping to fuel this trend. It's estimated that over 50% of front-end boomers are not prepared financially for retirement. They are 'home' equity rich but will have a shortfall in their retirement income. As a result, they are looking to their home equity and mortgage planners to help close the gap.

Mortgage planning is not just for boomers though; there are strategies for buyers at every age and every stage. Credit advice is part of mortgage planning, for example; a planner can show buyers how to boost a low credit rating to ensure access to future wealth-building opportunities (and lower lending rates). There are different strategies for first-time and seasoned homebuyers. And for equity rich homeowners, one of the most popular strategies: tax-deducting a portion of mortgage interest by investing home equity in real estate or blue-chip investments to maximize overall long-term wealth accumulation. Wherever a client starts in the mortgage planning process, the goal is ensure they have a plan that carries them through to their next goal: a home purchase, real estate investment, cottage property purchase or debt paydown.

Mortgage planning shows you how your mortgage can be a powerful financial tool, giving you more options to consider than the traditional "pay-off-your-mortgage-as fast-as-you-can" approach... which, as it turns out, isn't always the smartest strategy. The focus of mortgage planning is to use low-interest mortgage debt to accumulate assets. It's important to note, though, that some homebuyers really need the discipline of a forced savings plan; for them, mortgage paydown remains a very prudent strategy. That's why mortgage planners develop plans for each person's specific situation and long-term goals.

A growing number of Canadians are beginning to accumulate assets by tapping their home equity for tax-deductible investments: a strategy that gets their money working double-time. They still get to enjoy their rising home equity... at the same time as they watch their other investments grow. These clients are effectively "mortgage free" when the value of their investments outstrips their mortgage. They've got the hardest-working mortgages anywhere!

But financial discipline is required if you're tapping home equity to invest. The planners at Mortgage Architects recommend equity extraction for wealth accumulation only if two key requirements are met: you have qualified advisors to help you oversee its investment and manage the risk; and, you have the discipline necessary to implement a long-term financial plan.

It's important to note that not all mortgage brokers are mortgage planners. If you are intrigued by mortgage planning, it's critical that you seek out an experienced planner. Mortgage Architects is an elite national firm that recruits only the very top mortgage professionals. To join, the highest professional standards must be met, including reputation and breadth and depth of experience. When it comes to mortgage planning, the planners at Mortgage Architects are leading the way.

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