

## Advanced Mortgage Strategies

With

Peter Kinch

April 07

Alberta REIN



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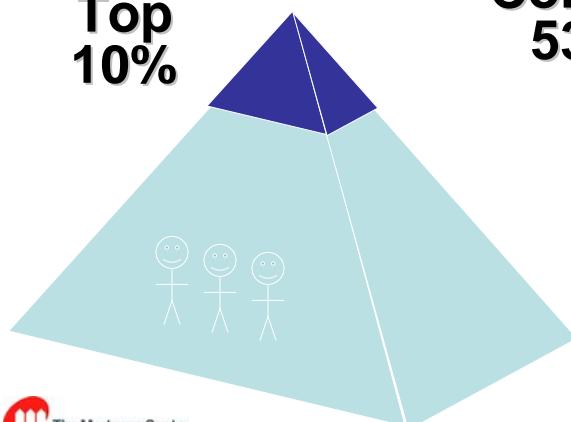
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## The Wealth Pyramid

Top  
10%

Control  
53%



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## Smith Manoeuvre

Using any cash you can  
to pay down your principle balance.

Convert bad debt into good debt.

Debt Swap!



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## Choose the Right Tool

*A Re-Advanceable Mortgage*  
Powerful Finance Tool ...



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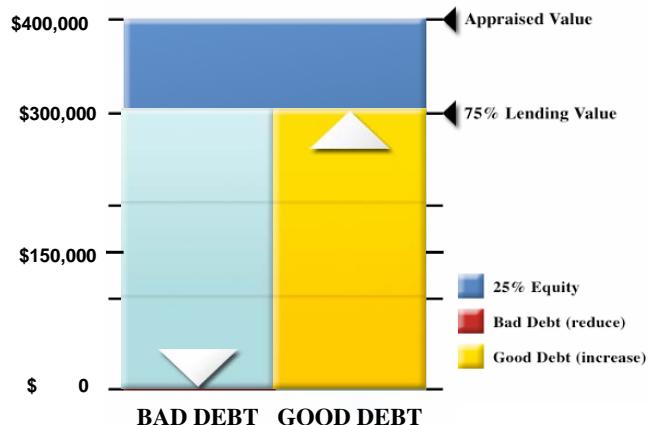
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## Re-Advanceable Mortgages Debt swap



## Sophisticated Investor Options

*How to accelerate the process?*

*2 Acceleration Strategies*

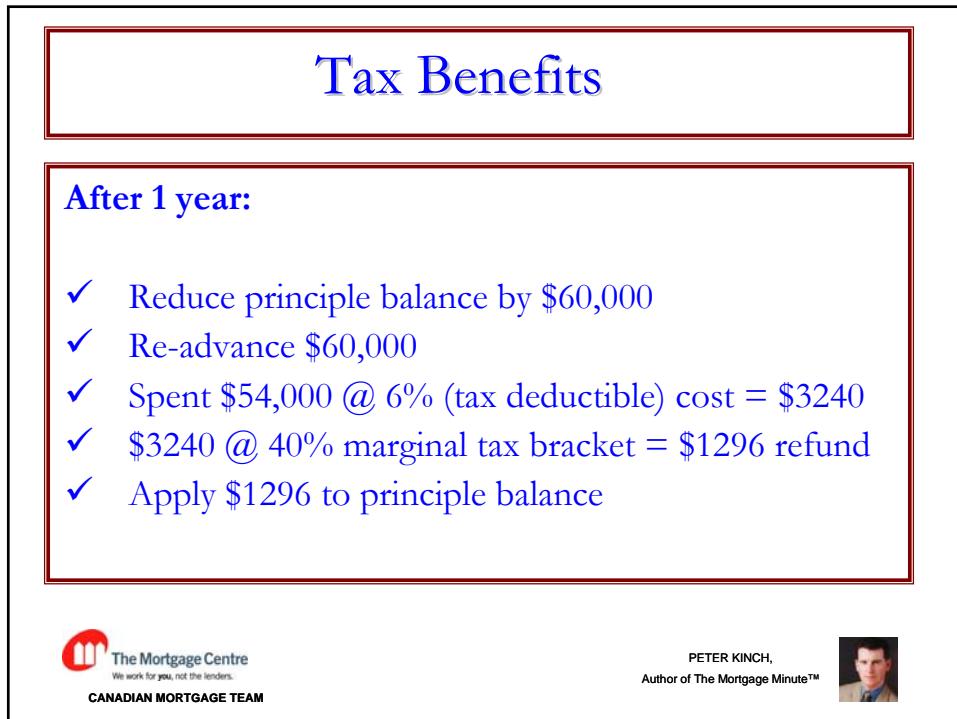
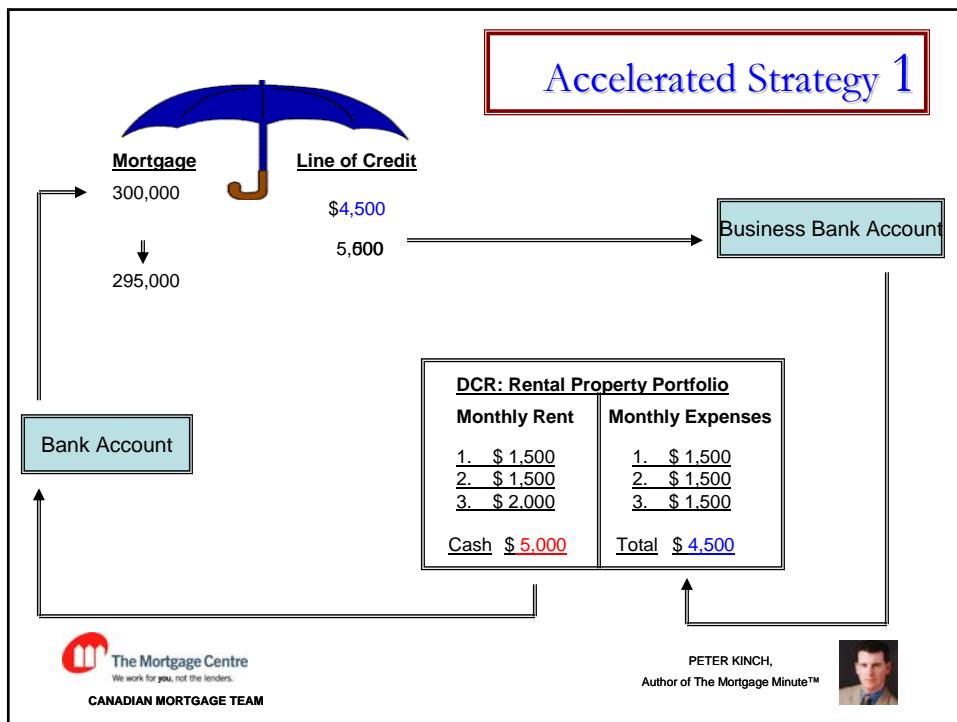


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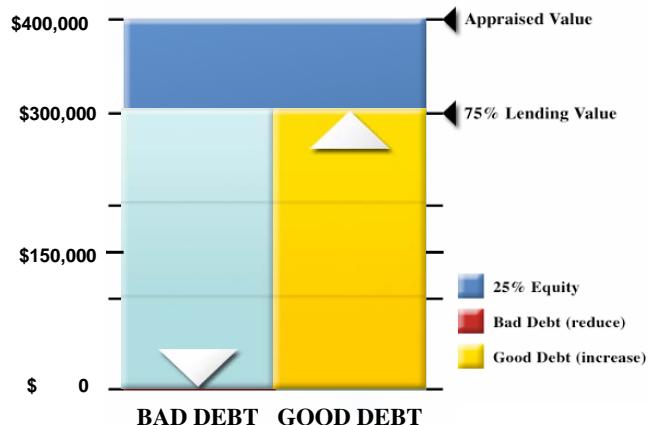
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## Re-Advanceable Mortgages Debt swap



What if I increased my Mortgage Payment by \$5,000 per month?

Assuming the mortgage is \$300,000 @ 5.2%

Regular Mortgage Payments	\$ 1,787.75
Add Rental Income /month	\$ 5,000.00
Total Mortgage Payment	<hr/> \$ 6,787.75

**Pay off your mortgage in 4.17 years instead of 25 years!**



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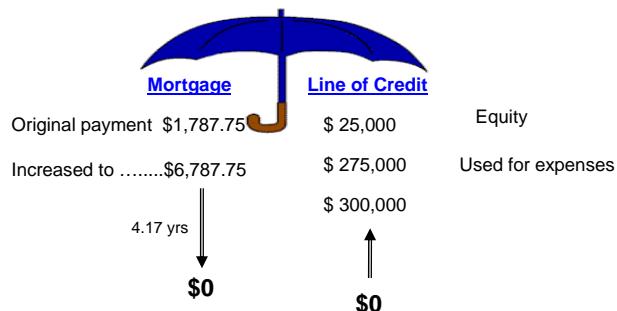
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## ... BUT WAIT...

### Mortgage is Paid off - LOC is Increased

4.17 years later or 50 months



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## Mortgage is Paid off but LOC is increased Debt Swap

4.17 years later or 50 months

- \$ 275,000 x Bank Prime = Total Interest Paid
- Assuming Bank Prime 6% = \$16,500 interest payment (tax deductible)
- Free Money**
- \$16,500 @ 40% (marginal tax bracket) = **\$ 6,600 tax refund**
- @ 25% (marginal tax bracket) = **\$ 4,125 tax refund**

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## Accelerated Strategy 2

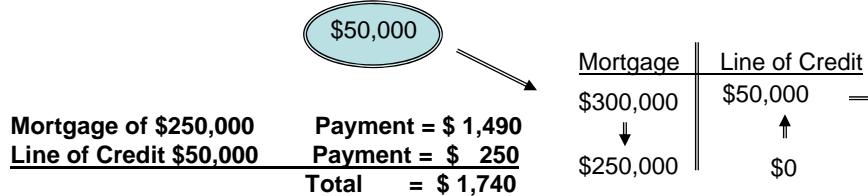
### What do you do with \$50,000 down payment?

#### Typical scenario:



**Mortgage of \$300,000      Payment = \$1787.75**

#### Re-Advanceable Strategy:



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## Tax Deductible Component

$\$50,000 \times 6\% = \$ 3,000 \text{ per year}$

$\$3,000 \div 12 = \$250.00 \text{ per month}$

**$\$3,000.00 \text{ is TAX DEDUCTIBLE}$**



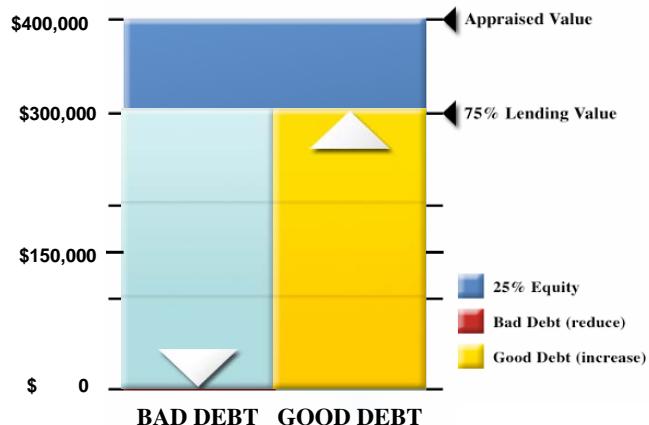
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## Re-Advanceable Mortgages Debt swap



## Major Points

- Use any cash you can to pay down principle balance to convert bad debt into good debt.
- Re-invest good debt to increase wealth to generate a tax refund which is free money.



Thank you for attending

CONTACT INFORMATION

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