

# Your home can be source of retirement income

## ROY THOMAS

✉ roythomas@roythomas.ca

Increasingly, the family home is being considered a critical part of your retirement planning.

Many retirees are sitting on a tax-free investment

worth hundreds of thousands of dollars.

And while it is providing you a place to live there is also a cost.

Many retirees would benefit by being able to access the equity in their home to use as income to

fund their retirement.

The most obvious option is to sell the property but then you need to find another place to live.

You could downsize into a smaller and less expensive home or condo and this

**Home income - Page 4**

## Home income

continued from Page 3

would allow you to use some of the equity as income.

This would also save on some of the ongoing expenses like utilities, property taxes and maintenance.

The equity leftover could be used to pay ongoing living expenses or invested to produce a monthly income.

Another option to borrow against the property using a traditional mortgage or a Home Equity Line of Credit (HELOC).

The downside here is two things. Your ability to borrow is based on your ability to repay the mortgage or at least pay the monthly interest.

Your current income may limit your ability to borrow.

Another option and one that is growing in popularity is a Reverse Mortgage.

Previously considered as an option of last resort, the reverse mortgage product has evolved.

For certain people it's an effective option to produce retirement income while allowing you to remain in your home.

Depending on your age you can borrow between 10-50 per cent of your properties current value.

People as young as 55 can qualify and the older you are the more you can borrow.

No monthly payments are required as long as you live in the house.

The debt is only repaid upon your passing or if you decide to sell.

The money you receive is non-taxable and can be taken as a lump sum payment or as a monthly source of income.

To qualify, there is no

credit check or income verification. It's based on age and property value. The interest rate can be as low as prime + 1.25 per cent.

A very interesting new feature is they can now be used as part of a purchase.

Let's look at a situation where you are selling your \$400,000 home and downsizing to a \$200,000 condo.

Assume you can qualify for a 25 per cent reverse mortgage (\$50,000), you pay \$150,000 in cash.

You now own the condo with no payments and have \$250,000 left over to invest

to produce a monthly income.

If you currently own a home there are now multiple options of how your home can be used to produce income.

There is no need to have your retirement suffer because you have equity trapped in your home.

Roy Thomas, SRES, is a Senior's Real Estate Specialist and a REALTOR® with Sutton Group-Professional Realty. Licensed since 1991, much of Roy's practice is helping retirees with their later-in-life moves. Roy can be reached at 902-430-8700, by email at roythomas@roythomas.ca or online at [www.halifaxseniorliving.ca](http://www.halifaxseniorliving.ca).

## Does The Thought of Downsizing Leave You Overwhelmed and Uncertain?

### Downsizing Made Easy

Let this handy guide walk you thru the 5 EASY STEPS to a successful Downsizing.



## FREE 50 Page Guide

To order your **Free Copy** Please call

**902-430-8700**

or order online at

[www.HalifaxSeniorLiving.ca](http://www.HalifaxSeniorLiving.ca)



**Roy Thomas, SRES**

**Seniors Real Estate Specialist  
#1 in Senior's Real Estate  
Helping families since 1991**

**Sutton Group  
Professional Realty**



\*Free copy is only available to residents of Halifax, Dartmouth, Bedford, Sackville, and surrounding areas. If you live outside this area and would like a copy we will be happy to send you a copy for