



# Maximize Your Future

*Get the Most Out of Your Mortgage*

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## A Guide for Investors and How to Make Your Mortgage Tax Deductible

Whether you are a savvy investor or are looking to pay your mortgage off sooner by making your mortgage tax deductible, with the **MAXIMIZE YOUR FUTURE** program, we are able to work with you to develop a strategy in order to achieve your desired results. We have partners in the industry that are experienced in this type of investing and financial planning and we will work together through the process. Below is a quick outline of one of the programs that we work with in order to develop your plan. This particular plan is called THE SMITH MANOEUVRE.

## Get Free Tax Refunds

### Turn your mortgage debt into good debt

**Do you have the wrong kind of debt? The kind that is not tax deductible?** Most of us do. The wealthy have debt too. The difference is, they routinely turn their loans into "good debt" by making the interest tax deductible, with the help of accountants and lawyers. So while the wealthy are transforming their house mortgage loans into free tax refunds, the rest of us are paying off huge amounts of mortgage interest with after-tax income. Until now. THE SMITH MANOEUVRE has introduced a new, simple, and powerful method that extends those tax-saving benefits to the rest of Canadians. It is now easy for you to start turning your bad debt into good debt, right away.

## Invest More, Earlier

### The sooner you invest, the better off you'll be

**Are you investing enough, soon enough?** Most Canadians aren't. After ever-rising taxes and the cost of making ends meet, most of us don't have the resources to put away 10% of our income and max out our RRSPs every year. The benefits of compound interest, which are essential to our long-term financial well-being, remain elusive. But there is a way to change that. It's done by transforming mortgage interest into tax refunds. Next to winning the lottery, nothing improves your cash flow more efficiently than the act of reducing your income tax - and doing it by making your mortgage tax-deductible. THE SMITH MANOEUVRE is a remarkably efficient way for you and your family to raise large amounts of new money, through free tax refunds, so that you can start building a larger nest egg, sooner.

## Pay Off the Mortgage

### Get rid of it sooner than you think

**Is your mortgage killing you softly?** A \$200,000 mortgage at 7% over 25 years will set you back about \$220,000 in interest costs. That's after-tax income, which means you'll have to earn about \$700,000 to pay off your home. No wonder it's difficult to save for the future. But if you make it tax deductible using THE SMITH MANOEUVRE, you will recover a good chunk of that interest in the form of yearly tax refunds. Use the tax department's money to pay down your mortgage faster, and you'll see it melt away many years sooner than you imagined possible.

## Meet the Brown Family

The Browns are a typical Canadian family. Jim works as an electrician, and Joan as a part-time legal assistant and mother. One day, the Browns heard about THE SMITH MANOEUVRE. They met with a Mortgage Professional, arranged to convert their mortgage to a tax-deductible loan, and started to collect yearly tax refunds: free, new money for their family to invest. Here's what the Browns had to work with:

- \$50,000 total family gross income
- 30% marginal tax rate
- \$100,000 mortgage loan amount
- 25 year amortization period, 5 year term
- 7.0% interest rate of the mortgage
- 5% interest rate of borrowing to invest
- 25% equity in their home
- 10% assumed annual average rate of return on investments
- \$200 monthly purchase of Canada Savings Bonds
- \$5,000 current value of accumulated CSBs.

### COMPARE THE RESULTS

THE USUAL WAY OF INVESTING	THE SMITH MANOEUVRE WAY:
Pay off the mortgage to zero; invest when able to for 25 years at 10%	Convert the bad debt to good debt, re-borrow to invest, generate tax deductions to apply against the mortgage to increase deductible borrowing for investment, for 25 years, at 10%
The Brown's net worth after 25 years: \$319,541	<b>The Brown's net worth after 25 years: \$566,541</b>

Using THE SMITH MANOEUVRE, The Browns will improve their net worth by \$247,000, or 77%.

## Meet the Black Family

The Blacks, another Canadian family, were paying too much to the tax man, and not saving enough for their future. Stuart is a systems analyst, and Val works as a marketing executive. The Blacks decided to use the Smith Manoeuvre to reduce their tax load and increase their investments. Working with their Mortgage Professional and Financial Planner, they converted their mortgage to a tax-deductible loan and used enhanced methodologies of THE SMITH MANOEUVRE to make dramatic improvements to their financial portfolio. Here's what the Blacks had to work with:

- \$100,000 total family gross income
- 40% marginal tax rate
- \$200,000 mortgage loan amount
- 25 year amortization period, 5 year term
- 7.0% interest rate of the mortgage
- 5% interest rate of borrowing to invest
- 25% equity in their home
- 10% assumed annual average rate of return on investments
- \$500 monthly Savings
- \$50,000 value of current investments

### COMPARE THE RESULTS

THE USUAL WAY OF INVESTING	THE SMITH MANOEUVRE WAY:
Pay off the mortgage to zero; invest when able to for 25 years at 10%	Convert the bad debt to good debt, re-borrow to invest, generate tax deductions to apply against the mortgage to increase deductible borrowing for investment, for 25 years, at 10%
The Black's net worth after 25 years: \$1,205,152	<b>The Black's net worth after 25 years: \$1,962,770</b>

Using THE SMITH MANOEUVRE, The Blacks will improve their net worth by \$757,618, or 62%.



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