Mark Huber, retired CFP, Author

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Copyright Notice

Copyright © Mark Huber. All Rights Reserved.

Unauthorized duplication or distribution of this material in any form is strictly prohibited.

Legal Notices and Disclaimer

"The UnCanadian Way to Get Rid Of Your Mortgage And Create Wealth" is not an exhaustive work on the subject.

You are urged to read all available materials on the subject, learn as much as possible about the topic and tailor the information to your individual needs.

The purpose of this book is to educate and entertain.

The author, publisher, and distributor of this product assume no responsibility for the use or misuse of this product, or for any injury, damage and/or financial loss sustained to persons or property as a result of using this report.

While every effort has been made to ensure reliability of the information within, the liability, negligence or otherwise, or from any use, misuse or abuse of the operation of any methods, strategies, instructions or ideas contained in the material herein is the sole responsibility of the reader.

The reader is encouraged to seek competent legal, tax and accounting advice before engaging in any activity that may or not be suggested by this material.

Mark Huber, retired CFP, Author

Acknowledgements

I would like to thank everyone I have spoken to over the past 28 years, who ever asked me a question about their mortgage. Their questions helped me realize that I have valuable information to share. Each and every question asked of me was another good reason to write **"The UnCanadian Way to Get Rid Of Your Mortgage And Create Wealth"**

To my lovely wife, for her unfaltering love and support as she too shared this eventful journey with me.

Last, but not least, I thank you, Dear Reader, for taking the time to download and making time to read this book. My desire is that you will find the ideas and strategies presented enormously beneficial to you in assisting you in your wealth creation endeavors and assuring you financial peace of mind.

With Very Best Wishes for YOUR Success,

Mark Huber, retired CFP, Author

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Table of Contents

Copyright Notice, Legal Notices and Disclaimer……………………………………2

Acknowledgements……………………………………………………………………3

Dedication………………………………………………………………………………5

Introduction……………………………………………………………………………6

Chapter 1: Are You A High Risk Investor?……………………………………………9

Chapter 2: How Do You Treat Your Mortgage?………………………………………11

Chapter 3: The Power of Leverage……………………………………………………17

Chapter 4: The Story of Lisa and Lori…………………………………………………21

Chapter 5: The Top 10 Myths & Realities Of Canadian Mortgages…………23

Chapter 6: Your Mortgage – "The Canadian Way"……………………………27

Chapter 7: Your Mortgage – "The UnCanadian Way"…………………………36

Chapter 8: Are You One Of Them?……………………………………………………55

Chapter 9: Is a Reverse Mortgage In Your Future?……………………………57

Chapter 10: Don't Miss Out on Your Fortune………………………………………62

About The Author………………………………………………………………………63

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

This book is dedicated to all those who have
a dream to pursue,
the vision to plan,
the courage to run,
the expectation to perfect,
and the persistence to win!

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Introduction

They say that everyone has a book inside them. Well, they're right. And this one has been bursting to get out for over 28 years!

This book is designed to show you how to…

- Understand how important what you do with your mortgage is to your future investment and retirement success
- Learn about a process that will forever change the way you look at your mortgage again
- Learn how to transform your mortgage from being "just a loan" into a strategic financial instrument – benefiting you NOT the bank
- How to effectively put the lazy, idle dollars trapped in your home to work for you
- Discover perfectly legal tax breaks - and treat yourself to some surprising windfalls
- Reach your "freedom point" - your financial independence - long before "retirement age"!

Have you ever imagined what you could do if you didn't have a mortgage?

This book dares to question the conventional wisdom on mortgages and personal finance that most people and those in the financial services industry accept.

We will show you how to seize financial opportunities you never knew existed. With this book as your guide, you'll never view your house, your mortgage, your assets, your investments and your retirement plans the same way again.

With the insights you are about to gain, I hope you will choose not to always follow the crowd, but to find the best path on your journey toward financial independence.

Learn the real rules of wise wealth creation. Maximize your wealth by reading AND implementing what is to follow.

Happy reading! I wish you health, happiness and much prosperity!

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

And the Survey says…

No Plan of Attack

66% of Canadians surveyed want to retire before they are 65.

79% who are not yet retired do NOT have a retirement plan.

59% of those not yet retired say they are behind in saving for retirement.

13% say that retirement savings are their most important financial priority.

33% say they are still trying to keep their heads above water.

27% plan to rely on income from their own investments.

10% plan to live off the proceeds of a house sale by making use of the equity in their homes.

Source: 14th Annual RBC RRSP Survey, 2005

It is because of these types of statistics (among other things) that I felt compelled to author this book. Clearly, these people do not want to fail in life. However, it is conclusive that not only are they NOT planning but they are planning under generations of false assumptions.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Don't let the title of this book fool you. **This is NOT an unpatriotic book by any means.**

I am a proud supporter of "The Canadian Dream". However, as you shall soon see, I suggest doing things differently – "The UnCanadian Way"!

This book is about to expose the way Canadians have for generations dealt with their mortgages and why you should immediately change the way you are dealing with yours.

Keep an open mind as you read along.

Remember, you are where you are because of your conditioning, beliefs, thoughts and actions.

It is our conditioning, beliefs, thoughts and actions that give us the results we have. If we don't like those results and wish to change them – then our beliefs and actions must change!

I wish I had a book like this when I was I was starting out because we have all been misinformed.

There IS a better way to dealing with our mortgage than has been taught to us by our parents, friends, bankers and those in the financial services industry.

When you begin to change how you traditionally have managed your mortgage you will enjoy tax deductions you didn't have before and investment portfolio amounts you thought could only be for the wealthy.

Your cash flow will increase and you will see the results pour directly into your bank account.

Do you want to capture your share of the "wealth" pie? Then pay close attention to what I'm about to reveal. Without a doubt it's the best-kept secret that will help you acquire the unlimited success and wealth you've always deserved.

In fact, it's the secret that has launched the net worth of hundreds of thousands of business legends like Bill Gates and Steve Jobs AND individuals such as you and I alike.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

In fact, you are probably already using this strategy and not even be aware of it because you are underutilizing the worlds greatest wealth creation secret.

No, it's not a new invention, manufacturing system, management system, marketing strategy, distribution channel, or technological advance. This secret drills much deeper.

The secret I'm talking about is the only reliable way to grow your personal fortune.

What is this secret? **Money at work!**

Here it is:

Your ability to create wealth is limited only by your ability to borrow money. In a word - Credit.

You are going to learn of a system for replacing unenlightened debt (your mortgage) with enlightened debt (tax deductible).

Let me show you how.

But first, lets back up a bit and set the stage.

Chapter 1: Are You a High Risk Investor?

What would you say is I came along and offered you an investment opportunity where the typical "holding period" for you would be 20-25 years? Where it was mandatory for you to put at least 5-25% into the deal and then borrow the rest of the money to maximums of $300,000, $400,000 or $500,000 (or more). Where the interest rates that would be charged on the loan would fluctuate over time and where the interest on the loan is not even tax deductible on your tax return.

What I am offering you is an investment that is relatively illiquid (meaning, not particularly easy to sell-especially in some market conditions) and is situated in a narrowly defined geographic area (i.e. your neighborhood).

Furthermore, this investment's value will vary over time and there is no real easy (or free) way to accurately tell how much money you are making on this investment at any given time unless you pay to have the investment professionally appraised.

Ultimately, you will not really know how well your investment has performed over time until you finally sell.

Oh, and let's not forget the up keep and maintenance of this investment.

In the ideal cases, the annual maintenance is routine and is nothing much more than mowing the lawn, occasionally cleaning the gutters and painting the interior/exterior every 5-8 years.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

However, in some circumstances much more radical and expensive services are necessary like installing a new furnace, re roofing the shingled roof OR "heaven forbid" dealing with a "leaky condo" situation – which could bring the investment value way, WAY down!

Does any of this above sound familiar? Does this sound "risk free"?

Are you still interested in committing to this type of an investment?

I am not trying to be silly here, however, what I am describing is an investment type that we all do without really thinking about - real estate.

Now the answer to the question: Are you a high-risk investor?

I say yes!

And yet we all do this.

Why do we do this? Well, besides providing shelter and a place to raise a family – to make money! How many people like to brag about the tons of money they made in real estate? I do! And I know that you do as well.

However, the money we make in the housing market has no relation whatsoever to the money we put into the house initially or subsequently. Also, the bank does not ask to participate in the resulting profits. (Well, nor should they because they made a ton of money from you in the form of interest along the way).

What's your biggest asset? Your home. Your biggest debt? Your home.

If you were so risk averse that you would only pay cash – you would still be saving your money towards your first home. (In fact, there are still many places in Europe where this is still the "norm" today). Can you imagine?

So let's analyze this. It's "risk capital" or leverage that has provided us with an asset valued many times over our annual salary.

So, if we are comfortable with this form of wealth creation strategy (and it's a great one believe me) why is there hesitation with doing the same thing again…and again…

Why would you not be just as interested (or more so) in an investment or (group of investments) that are liquid (easy to sell on any given day) AND have the potential for a above average returns AND where some of those returns are tax preferred AND where the interest carrying costs to buy this type of investment IS tax deductible.

Now I can just hear you say, "Well, that's different -real estate is a safe investment".

Is it really? It's an asset class just like stocks or bonds.

Listen to me when I say this. The reason people make money in real estate is that they are in it for 20-30 years! The thing about real estate is that you can't open the

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

paper up each morning and see what happened to the "appraised value" while you slept.

The markets (and this includes real estate) don't make us lose money – it's our "reaction" to the markets that make us lose. Fear and greed! Usually investors end up reading the popular media and react to the reported news. Based on fear and greed they will usually do the wrong thing at the wrong time! That's how you lose money!

If the real estate market is off 20% I never hear anybody saying that they are going to put their home on the market!

If fact the opposite happens. Usually, (if they want it badly enough) they scrape some money together and borrow the rest and pick up another piece of property! Now that's smart investing!

Now why this same strategy is not practiced by more people with other asset classes is really still a mystery to me.

Furthermore, whether or not you have a home that is paid off, your investment return on your property will go up or down dependent on two factors ONLY - the real estate market in your local area and inflation NOT on whether the home is newly mortgaged, mid way mortgaged or mortgage free.

Back to "leverage" for a moment.

We are so blessed to live in a country like Canada.

We have a great and prosperous nation that is full of riches and opportunity – for everyone! It's all there - just waiting for those who want it passionately enough to reach out and begin their own wealth creation process

With so much opportunity financial options and solid financial vehicles available – people would rather moan about the fact that they are their house taxes just went up again (even though the value of their home has sky rocked upwards as well – especially here in Vancouver, British Columbia). They complain that they didn't get a big pay raise this year and that their personal income taxes are higher than in years past and they are having a difficult time keeping up with their credit card payments! I have little sympathy for these types.

The thinking that got you into your problems is not the thinking that will get you out of them!

Chapter 2: How Do You Treat Your Mortgage?

Are you working hard to achieve *"The Canadian Dream?"* Are you closer to it that you were 10 years ago? 5 years ago? You know the one. The dream of owning

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

your own home – and owning it outright with no more mortgage payments or lien encumbering the deed to your property.

Can you imagine how much more money you would have if you weren't required to send a check to the bank every month for that big, fat mortgage payment to keep a roof over your head? Imagine the sense of liberation you will have after 25 long years (a grand total of 300 months!) of monthly mortgage payments! It would feel as if a thousand pound weight just rolled off your shoulders! All your money and the house will finally be yours! You would be loaded – filthy rich!

And why do you want to be debt free? Well, you may say, "A mortgage is a debt and debt is a bad thing!" Right? Do you do everything in your power to make it go away? Have you signed up at the bank for their double bi weekly accelerated payments? Do you try to make the annual allowable 20% penalty free principal payments? After all, it's the smartest thing to do, right? Well, right?

But hold on a minute!

It is crucial that you understand what is really happening here. You need to figure out what you are doing but more importantly why you are doing it! Wouldn't you agree that your burning desire to get rid of your mortgage is not about economics or finance? It's about emotion.

You "love" the idea of owning your own home. You "hate" having to pay your mortgage payment. If you are like most, you may even "fear" your mortgage. Your drive to pay off your mortgage early is fueled by emotion, not by good financial sense! After all, a mortgage is just a financial tool not an emotional state of mind, so why are you making decisions regarding your mortgage based upon emotion? And why do you feel the way you do about your mortgage? Could it be that your perception of mortgages is a learned perception, influenced by your parents and grandparents?

We have all been mislead and it's costing you a fortune!

Think about this. Just about everything you have ever learned about money, you learned from Mom and Dad or a relative or maybe even your banker.

Remember when you told them that you were planning to buy your first home and the first thing they said was: "Better make a big down payment, and keep that mortgage payment low!"

"You should pay extra on the mortgage to pay it off just as soon as you can! You don't want to be a slave to that mortgage for the next 25 years!"

This is precisely what my parents said to me.

My parents were wrong!

Because, as a result of their advice, I lost thousands of dollars by paying extra toward my mortgage in order to "beat" the interest and pay off my mortgage early.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

We were taught that mortgages are "bad" as they require us to work extra hard to pay them off early, or that we should avoid them completely if at all possible. But what they never told us is why they felt this way about mortgages! It is important that you first understand their perspective in order to clearly understand why their financial advice is bad for you.

Let's take a look at mortgages through the eyes of our parents and grandparents.

Let's time travel back to the 1920s where homes typically cost around $5,000 – and under. That sounds like pocket change until you consider that the average annual household income in 1925 was only $1,434. Just like today, very few could afford to purchase their homes outright, so they borrowed money from the banks to buy their homes.

Times have changed drastically since then and so have lending laws.

Back then, banks had the right to demand full repayment of mortgage loans at any given time! If you failed to repay your loan when it was called due, the bank had the right to seize your property, force you out of your home and sell it to satisfy the debt.

On October 29, 1929, when the US stock market crashed, millions of investors lost huge sums of money. To make matters worse, the money they lost was not theirs to begin with – it was borrowed money. Back in the '20s, investors commonly purchased stocks with money borrowed from stockbrokers, from what was called a "margin account." Under laws and rules in effect at that time, you could purchase $100 worth of stock for a payment of just $10 to your broker; your broker would then put up the other $90. When the Crash hit, 30% of the value of everyone's stock portfolios was sheered right off the top. A typical brokerage account previously worth $100 was now worth only $70. The investor was left holding the bag, having borrowed $90 to buy the stock! The Crash led to a "margin call" where the broker would demand that the investor come up with more cash because his account had exceeded the "margin limits."

If the investor couldn't cough up the cash, the broker would begin selling off the investor's stocks until enough cash was generated to meet the margin call. This is the last thing an investor wanted the broker to do! Stocks were already down in value 30% - this was the worst time to sell! To avoid having his stocks sold, the investor would go to his bank and withdraw enough cash to meet the broker's margin call. The investor had to move fast, because under stock exchange rules, margin calls were required to be fulfilled within 24 hours (nothing like a little pressure, eh?) In the days following the Crash of '29, swarms of investors went to banks to make cash withdraws. Within a very short period of time, the banks' cash supplies were depleted.

When the banks ran out of cash, word spread like wildfire and panic set in. Bank depositors stampeded the banks, demanding their money, but the banks were unable to meet their demands because the cash supply had completely dried up. To get more cash, banks started calling their loans due. They sent word to their borrowers demanding they satisfy the full balances owing on their loans immediately.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

The homeowners didn't have the cash, so the banks foreclosed on the homeowners' properties, forcing millions of families from their homes and into the streets.

The banks' plan of raising cash by calling mortgage notes due backfired. Nobody had the money to buy the homes repossessed by the banks, so the banks were essentially left holding real estate no one could afford. Unable to meet the demands for cash by their depositors, US banks began closing their doors, many of them to never open again. The Crash caused a domino effect – investors couldn't meet margin calls, brokers couldn't find buyers for the stocks and with no one willing to buy, brokers had to continuously drop the stocks' prices.

More than half of US banks failed. Tens of millions of Americans lost their jobs as companies declared bankruptcy. Millions were rendered homeless. Thousands committed suicide.

This domino effect of financial catastrophe spilled over countries boarders and virtually no one was immune to the havoc that ensued.

Who weathered the Crash of '29 without feeling the fury of its devastating impact?

Those who owned their homes free from mortgage. These few fortunate individuals were immune from the banks' collapse. With no loans to repay, they succeeded in keeping their homes. They may have had no work and little food to eat, but they kept a roof over their families' heads as their neighbors went broke and were forced into homelessness.

My grandparents lived through the Depression, and were raised with the Depression mind set that mortgages were a bad thing. This belief was passed down to my parents, who then passed it along to me. And yet, a small group of Americans (the wealthy!) insist on carrying home mortgages even when they can afford not to. Why would they voluntarily place themselves at such risk? Don't they know what they are doing? The truth may surprise you. They wealthy know exactly what they are doing.

These people are among America's elite: the wealthiest 1% of the population. Not only do they know what they are doing, they understand why they are doing it. The wealthy understand things about how money works which most of the middle class do not.

America took her hard knocks in the '30s and learned her lessons well. Both the US and Canada have never seen such financial devastation as happened in the '30s. However, it cannot happen again because of the safeguards for consumers that have long since been put into place by both Canadian and US governments. This is not to say that a Depression cannot occur again – but that a Depression like the 1930s cannot occur again.

Should financial disaster strike, the causes will be significantly different.

Let's consider some of the safeguards for consumers today:

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

1. Banks are no longer able to cancel your mortgage. This means that if you have a mortgage, you are no longer at risk that the bank will suddenly mandate that you pay the loan in full or take your home. If you are current on your loan payments each month, no bank can force you to pay off the entire remaining balance upon demand.

2. Consumers can no longer buy stocks with only 10% down. The maximum margin limit is 50%. It is zero for speculative investments (such as internet stocks.)

3. The Canadian Deposit Insurance Corporation. CDIC is a Canadian Federal Crown Corporation, created in 1967. Before this, consumers were unprotected in the event their bank went bust – this is no longer the case. Today, consumer accounts up to $100,000 are protected, providing consumers with security they did not have in the '30s. Since the birth of the CDIC, no one has lost their life savings due to bank failure because they are now protected by government guarantees and insurance.

There have been 43 financial institution failures since it was formed. The last was in 1996 when Calgary-based Security Home Mortgage Corporation closed its doors. About 2,600 Canadians had deposited $42 million in the firm. All but $10,000 of the deposits were insured and CDIC paid back all insured deposits within three weeks of Security Home Mortgage's closure.

4. The major lesson that governments learned after the stock market crash of 1929 is that the best way to prevent economical disaster is to grant banks all the cash they need, rather than withhold currency like the US government did in 1929. Back then, the government believed that flooding the banks with cash would result in inflation. Instead, the government created the worst depression in history. Hard lesson learned - but learned all the same.

5. Competition in the mortgage industry has dramatically increased. If Bank "A" won't provide you with the loan you seek, odds are in your favor that Bank "B" will. Additionally, new, innovative loan programs now exist, which make mortgages more affordable and flexible than ever before, significantly reducing the likelihood of consumer default.

For those of you who are still hell bent on getting rid of your mortgage, let's talk about that. Let's paint the most extreme picture of financial disaster imaginable.

If something so cataclysmic happened to our world – whatever that may be, our financial markets would ultimately crumble. And by markets I mean all markets – real estate, mortgage, stock and bond markets, currency, etc. If that happened, the real estate that we own would be rendered worthless. (The equity we had built up in our home would not be available to us in anyway shape or form.) The mortgage market would be in tatters. (No one would be coming to collect on the mortgage because even though there is still a financial obligation nothing would have value anymore and everyone would be out of work). The GICs in our friendly bank would be worthless because the financial institutions and/or governments "guaranteeing" them would not be around. In fact, there would be looting and pillaging in all urban centers here and abroad as everyone tried to get food! "The law of the jungle" would be the order of the day.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Now if this sounds as extreme and far fetched to you as it does to me, our reality probably will continue on as it has for generations. There will continue to be wars, famines, pandemics and all the things that make up the fabric of our modern day era.

However, as individuals we will continue to dream and work to accomplish those dreams. We will look for love, and love and be loved. In fact, we will live and die…and the cycle will repeat itself again and again and again as it has for millennia.

However, what we do during our brief stay on this earth will have a profound effect on us and those we love and have in our lives AND for generations to come.

We have the ability to dream big dreams and make those dreams into our realities. Or we can dream and never quite seem to get a grasp the brass ring to achieve the good life.

The choice is ours to make. We have the intelligence, we have the knowledge all we must now do is TAKE ACTION.

So what's stopping us? Our personal belief system…

It is a known and proven fact that**: "The fear of financial loss is greater than the desire for financial gain!"**

So what is the point of all this?

Well, those who tell you to pay off your mortgage are basing their beliefs and advice upon their fears! They fear that having a mortgage might cause them to lose the roof over their heads. These fears were well justified – fifty years ago. Today, however, these fears are largely unfounded.

You will note, I said largely – but not entirely. Still remaining are additional aspects of mortgage loans we haven't discussed yet. Two of them are:

1. The challenge of affording monthly mortgage payments;
2. The interest to be saved by not making that monthly payment.

Do you worry that you might not be able to make your mortgage payment each month? Is your job in jeopardy because of the instability of today's job market? This can be a very real problem, because the bank can foreclose on your home in the event that mortgage payments are not made on time. If you were suddenly to lose your job, you may not be able to make your house payment and you could potentially lose your home.

Wouldn't it then make sense to eliminate your mortgage? Believe it or not, the answer is NO!

Even though on the surface it does not make sense, the truth is that the less money you have, and the more worried you are about the possibility of losing your job, the more important it is that you keep a mortgage on your home! I realize that this

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

sounds absurd, but it is true, and it is imperative for your own financial health that you grasp and understand this point as gospel truth!

Here's why!

If you have little money, and even less job security, the safest way to keep your home is to have a mortgage securely in place. Your mortgage is actually a loan against your income - it is not a loan against the value of your home – it is just secured against your home.

Remember, the purpose of this material is for me to share with you the secrets of the wealthy – what they know that you don't – so that you may benefit from this knowledge and become wealthy as well. After all, you want to right?

There are those in life who have so much money that having a mortgage doesn't matter one way or another to them. But for the average person who does not have an unlimited cash supply or a huge net worth, mortgages are absolutely critical.

Why?

Because it allows leverage to work on your behalf to create wealth for you and your family.

Chapter 3: The Power Of Leverage!

"Give me a lever big enough and I will move the world!"

This cry by Archimedes, the classical Greek scientist and inventor has echoed across the millenniums. So far, there has not been a lever big enough, as Archimedes cried, to move the world. However, we all practice leverage albeit on a smaller scale - on a daily basis! We just couldn't function efficiently in life without it!

There's no question that leverage is a world changing and uplifting force, and this book, **"The UnCanadian Way To Get Rid Of Your Mortgage And Create Wealth"** just may be the fulcrum upon which a great shift will take place in your life and allow you to create the wealth and experience your life's goals and dreams – quickly and efficiently – and years sooner.

First, I want to define leverage in one of my favorite ways.

L everage
E xacts
V ery
E xtreme
R esults
A lmost
G ained
E ffortlessly

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

And that's the key!

Great successes are gained almost effortlessly when prepared individuals meet opportunity AND take action!

To any one who asks me "How can I make more money, become wealthy and live successfully?" I answer, "Easily."

How can I make more money is a good question, and like all good questions it has many answers.

However, there are really only two ways to make money:

Wealth is created by –

People at work (you work for it) and **Money at work** (it works for you)

How can you make more money, have wealth, and become more successful?

Borrow it!

Good debt is debt that produces a financial benefit--it's an investment.

Leverage is when you use some of the equity in your assets, or the assets of other people, to buy more assets. The power of leverage is the greatest tool of wealth building known to man.

It's debt that is used to purchase assets, specifically those assets that put money into your pocket every month. Debt used to acquire a rental property, an investment portfolio or a business is good debt especially when the income from those assets cover some or all of the expenses of the debt every month. With good debt, the investment pays for itself over time.

A catchy phrase I've heard a number of times to describe the difference between good debt and bad debt is:

***Good debt feeds you while bad debt bleeds you*.**

Which category of debt would charge cards fall into? Which category of debt would borrowing for a business or for real estate or for investment purposes fall into?

Ask yourself this, how much of each type of debt do you have? Is it bleeding you or feeding you?

As all millionaires know it's easier to borrow $1 million than it is to earn it on the job or save it. And when you borrow those funds to buy assets that both pay for themselves and appreciate, you've discovered the secret method of true wealth creation.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Just for fun, calculate how many years it will take you to earn $1 million at your current salary. Divide 1,000,000 by your current salary.

$1 Million
____________ = Years to earn $1,000,000
Current salary

Example: If you earn $55,000 a year it will take you 18.18 years!

$1 Million
____________ = 18.18 years
$55,000

Years ago, when I was just beginning my career I was earning $30,000 a year. It would have taken me 33 years to earn $1 million. Clearly this isn't the way to building great and lasting wealth.

However, here's another way to look at this. Let's assume that you began your working career at age 20 and retire at age 65. Let's also assume that your beginning salary is $30,000 indexed to inflation of 2% so that nearing retirement you are pulling in somewhere in the neighborhood of $70,000. Do you realize that you will have earned just over $2,230,000!

That's allot of money! Now the next question is, how much of that will you have saved?

Conventional wisdom says that you should save 10% of all you make. So you should have saved $223,000 over the course of your working career. Now let me ask you this. Are you on track? How many people do you know are saving 10% of what they make? Probably none. Why? Well, one reason that I see is that people are plowing as much into their mortgage as fast as possible. This leaves them with little or no money left for savings and investing for their futures. Sound familiar?

Remember earlier where we said that there are only 2 ways that wealth is created:

People at work (you work for it) and money at work (it works for you)

We have just dramatically illustrated "people at work". We all realize that there are only a certain number of hours that we can physically work – say, 40 hours a week. That's the amount of time we work and that's the amount of time our employer pays us for.

No wonder it's so difficult for many to get ahead. We cannot (or refuse to) physically work more. Any additional money most Canadians have after bills and the mortgage is paid for may or may not make it into some type of savings or investment program. No wonder it's difficult for many Canadians to get ahead.

Now let's look at the concept of money at work (where it works for you).

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

If you were to go out and borrow $350,000 as a loan and have the repayment of that loan as an "interest only" payment. Assuming a 6% interest cost you would have a monthly commitment of $1,750 or $21,000 a year. Sounds like allot right? Well, sure. However, if you invested that money getting an annual return of 8% before taxes (which is easily achievable long term) Your investment portfolio would have the following values every 5 years:

5 yr. value = $521,446
10 yr. value = $776,874
15 yr. value = $1,157,422.52
20 yr. value = $1,724,380.97
25 yr. value = $2,569,061.59

Once the $350,000 is paid off, this is your pre tax profit every 5 years.

5 yr. value = $171,446
10 yr. profit = $426,874
15 yr. value = $807,422.52
20 yr. value = $1,374,380.97
25 yr. value = $2,219,061.59

Oh, and because the loan was for investment purposes (unlike your home mortgage interest) the interest carrying costs are fully tax deductible to you each and every year.

In fact, over the 25 year life of the loan (assuming a constant carrying cost of 6%) the total annual tax deductible interest costs for you would be $525,000! If you are in the 40% marginal tax bracket you would have realized tax refunds totaling $210,000. So your net borrowing costs really are $315,000. On which you have a pretax portfolio valued at $2,219,000.

But you say, how is someone going to give me a loan of that amount on an "interest only" basis. Well, there are many financial institutions who are only to happy to have you pledge your investment as the necessary collateral for the loan and extend the "interest only" loan to you.

This my friends is having your money at work for you! This is leverage pure and simple!

It is constantly working and building value for you irrespective of whether you are eating, sleeping or on vacation.

However, does any of the above look somewhat familiar to you?

Of course. It could very well be your home and your mortgage. You are using leverage even as we speak.

And that's why I'm writing you today.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

The use of leverage is not exclusive to any country. It is practiced around the world.

The basic premise (in my opinion) is not to have excess equity tied up in your home.

I have seen to many situations arise where this is the case and that there is little - if any - financial resources at hand to get over problem periods such as loss of a job or a sudden sickness, etc.

One must have a game plan to methodically use your money to increase liquidity in your financial world by using other investments that will give growth as good as or better than real estate.

It should never be all or nothing. Have real estate AND other investments at the same time.

The following story takes place every day around us – just the names of the characters change…

Chapter 4: The Story of Lisa and Lori

Lisa and Lori each earn $55,000 a year from their respective jobs. Both have $35,000 in savings. They live in Vancouver, British Columbia so a starter condo sets them back to the tune of $350,000.

Lori wants to get rid of her mortgage as soon as possible. She spent some time on her banks Web Site with their "Mortgage Freedom Calculator". Based on her inputs she decided on using her entire life savings of $35,000 as a 10% down payment, and chose a 5 year closed mortgage at 6% with an 18-year amortization. Her mortgage of $315,000 means that her monthly payment is $2,375. She will reach her goal of being mortgage free in 18 years – 7 years earlier than the standard 25 year amortization and saving a whopping $107,804 in interest costs alone!

Lisa on the other hand chooses the same 5 year closed mortgage term at 6% but with a 25-year amortization. She goes for the 5% "down" option with $17,500 of her $35,000 savings and finances the remaining balance of $332,500. Lisa's monthly mortgage payment is $2,127. The monthly difference between the two mortgage payments is $248. (Let's say $250 to keep it simple). Lisa's mortgage balance is higher than Lori's, $332,500 compared to $315,000 but her monthly payment is just $2,127 because she went with the 25 year amortization.

Where as, Lori is sending that extra $250 each month to her mortgage lender, Lisa invests these savings of $250 each month for five years, earning 8% before taxes per year.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

The result: At the end of five years, Lisa has a total in savings of $17,599. Lori has no savings.

Suddenly and without warning, both women are "re-engineered" out of their positions due to corporate downsizing. This comes as no big surprise given the instability in today's job market. So, who will survive? Is Lori or Lisa in a better position? Well, let's see…

Lori used all of her money as a down payment, so she now has no savings to rely on. However, she has $57,369 worth of equity built up in her house because she started with such a large down payment and has been making larger monthly payments since the beginning of her mortgage.

Unfortunately, that won't help her to put food on the table and she now has no money coming in.

The only thing that Lori can do to support herself is to use her credit cards, thereby creating consumer debt for which she cannot afford to pay because she has no income.

As she is now unemployed, she cannot refinance because her bank denied her application for a home equity line of credit due to lack of stable income! If Lori is to access her home equity in order to support herself, she will have to sell her home. This would force her to do the one thing she wanted to avoid to begin with – lose her home.

Sadly, Lori discovered the biggest secret of home ownership the hard way: <u>Your mortgage is actually a loan against your income - it is not a loan against the value of your home.</u> With no income, you are powerless to borrow money against your equity. Lori must land another job, and fast! Not something that is easy to do in an unstable job market. Not only can she not afford to feed herself, Lori is about to lose the roof over her head!

Now, let's see how Lisa is doing. Lisa has only $33,793 in equity built up BUT she has $17,599 in savings! She will be able to make her monthly mortgage payment with ease, even with no job. In fact, she has enough money saved to make her monthly mortgage payment for 8 months! No worries here!

Lisa sleeps soundly at night without worry that she will lose her home.

Here is the irony: Lori wanted to avoid a large mortgage and did everything she was able to pay off her mortgage quickly. To her dismay, she has discovered that her plan backfired in her face. Rather than protect her home, she now faces losing it!

The moral of the story? You should never hand a large down payment to the bank. You should never be in a hurry to pay off your mortgage. The less money that you have and the less secure your income, the more important the idea of carrying a mortgage is to your financial wellbeing.

Now here's an interesting angle on an alternate savings program. Lisa could have taken out a $50,000 investment loan and with an "interest only" payment - based on

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

6% interest she could have used her $250 a month to service this – instead of just saving it. The beauty of this program is that the interest cost is tax deductible! In this case, to the tune of $3,000 each year. She gets to deduct this amount from her taxes - just as if she had put the money into an RRSP.

However, the real beauty is that she has more money immediately working for her AND her investment portfolio is not bound by the restrictive rules and taxes that come with RRSP investments.

Furthermore, each and every year she gets to "write off" the $3,000 so at the end of 5 years she has written off a total of $15,000 (and all things being equal received refunds totaling $6,000).

And how has the investment done? Well, if she were to achieve 8% a year in a conservatively managed balanced fund her investment portfolio would be worth in the neighborhood of $73,466.

Let's say that because of her job loss she prudently decides to cash out $50,000 from her portfolio to pay off the loan. She is still left with $23,466 remaining in her non registered portfolio. This is $5,867 MORE than the more traditional Canadian way of saving monthly.

In fact it is essentially 23 months of $250 a month saved - MORE!

Lisa still has the $33,793 in equity built up in her home as before, however now if she wants to dip into her savings (which is the investment portfolio) she does not have to fear the tax burden as if the money were in RRSPs.
Now, who do now think is the smarter of the two? Lori or Lisa? Which one are you? Which one do you want to be?

The example above reinforces what I have been stating for some time now. Do you know what it is? Don't tie up all your financial resources in your home!

A critical point that you must be aware of and clearly understand right now if you are ever to generate wealth: **Nobody ever got rich by saving money! Paying off debt is not the same as accumulating assets!** Many people believe that it would be to their financial benefit to eliminate their mortgage. They think that if they don't have to make a monthly mortgage payment, they are in much better financial shape than the guy who does have a mortgage. In my opinion, this belief is completely erroneous and you need to understand why.

Chapter 5: The Top 10 Myths & Realities Of Canadian Mortgages

#1 Myth: The best way to pay off your home early is to pay extra principal payments on your mortgage.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

#1 Reality: Avoid this myth at all costs. This is one myth that ensnares millions of Canadians and that is perpetuated by the lending institutions. Applying extra principle payments to your mortgage is not the wisest, quickest or most cost-effective way of paying off your house. Extra mortgage payments are great for the banks. It increases their income stream from you – to immediately be turned around and lent out again to someone else who wants a mortgage. In point of fact, the banks really don't want to you pay off your mortgage faster. Oh, they say that they do – but they really don't. Why? Well, simply as you pay down or pay off your mortgage with them they need to replace your income stream with another mortgage that will pay them an income stream. Look at it another way. Their "asset base" is income producing mortgages. There is no way they want to see an erosion of their asset base. Banks are in the business of lending money out at higher rates all the while giving depositors lower rates. They keep the "point spread" – it's called profit. The banks play this game very successfully – and very profitably.

Last, but certainly not least of all, your extra payments severely reduces your cash flow - while increasing theirs.

I believe that a mortgage should be viewed as nothing more than a disciplined, forced savings plan. Essentially, you have bought something of value (your house) and are now paying of the loan (the mortgage) on the "pay back installment plan". That being said, if you must persist with the notion that making extra payments is an "investment" where should the investment be tied up? Are you better served with illiquid home equity or a liquid investment account? All that aside. Where's the emergency/opportunity account that you have heard about that prudent Canadians should have in reserve?

Have you ever tried to borrow money to make mortgage payments when you have lost your job?

#2 Myth: Your home equity has a rate of return

#2 Reality: Your home value grows as a function of real estate appreciation. However, the money you have in your home (your equity) has *no* rate of return. No matter where your property is located, the return on equity is always the same-ZERO! It's like keeping your money in a 0% interest return account.

#3 Myth: The equity in your home enhances your net worth.

#3 Reality: The equity in your home does not enhance your net worth at all. All that home equity is about is the amount of principal you have paid off of your mortgage. However, separated from your home, it has the ability to dramatically enhance your net worth over time. Increase your net worth by separating your house from your home equity and put those idle dollars to work. Why do I say idle dollars? Maybe you skipped over #2 Myth above. If you did – re read. **Your equity is 'trapped" in your home**

Whether you have a home, free and clear or mortgaged to the hilt-the value of your home is going to appreciate (or depreciate) irrespective of your mortgage.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

#4 Myth: Financial security is having your house paid off.

#4 Reality: Wrong. Financial security is usually obtained with adequate liquid assets in a safe environment to cover any liabilities and generate positive cash flow to cover living expenses indefinitely. Through careful planning (the reason for this book), your home equity can be properly used and managed to increase your net spendable retirement income by as much as 40 to 50 percent.

Have you heard the phrase, "House Rich but Cash Poor?" Well many Canadian retirees are living that phrase as we speak. Maybe you know some? They didn't plan to be but because they paid off the house to the exclusion of most other types of savings, they lost 15-20 years of growth on those investments and now many are forced to draw out the equity in their homes to generate retirement income for themselves by using a reverse mortgage. Great business for the banks but not so great for the retiree because this strategy is like putting on a straight jacket. It gives no cost of living protection to the retiree and freezes out the heirs for any meaningful legacy that the parents may have wished to leave them. And the interest on their loan continues to grow – and it isn't even tax deductible! In fact, they are being charged to access their money – which they were charged on the first time around! What a racket!

#5 Myth: Once your house is paid off, maximize your RRSP contributions – even if you have to borrow. You will be in a lower tax bracket when you retire.

#5 Reality: Wrong. Many retirees in Canada are painfully finding out that they are in a tax bracket at least as high, if not higher, than during their earning years. Why? Fewer deductions and exemptions. In fact, many with sizable RRSP assets are experiencing the Old Age Security (OAS) "clawback".

#6 Myth: All debt is bad.

#6 Reality: The real question to ask yourself is: "Is your debt working for you?" A certain type of debt, when managed wisely, can be desirable. It is important to make the distinction between bad and good debt. Bad debt is **not** tax deductible. Good debt **is** tax deductible. So the question you now must ask: "How can I get more good debt working for me?" **Are you borrowing to conserve or consume? Are you managing assets or managing debt?** You must learn to manage the equity in your home to be truly successful.

#7 Myth: Mortgage interest is an expense that should be eliminated as soon as possible.

#7 Reality: Mortgage interest—foe or friend? Good debt or bad debt. If you are like most Canadians working diligently to eliminate your mortgage interest expense

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

through the traditional methods you are in fact eliminating one of your best partners in accumulating wealth and financial security. Partner up with the CCRA (Revenue Canada) to create wealth for yourself and your family. (In a few minutes, I'll show you a better way to pay off your mortgage years earlier than you thought you could with no additional call on your cash flow - and make it tax deductible to boot – all with the blessing of the CCRA).

#8 Myth: Borrowing funds at a particular interest rate, then investing them at the same or lower interest rate, holds no potential growth returns.

#8 Reality: You can earn a tremendous profit - regardless of the relative interest rates - by positioning your money in tax-preferred investments that earn a return greater than the real "net after tax cost" of obtaining that money. Use your home equity to turbo charge your wealth growth rate! If you are borrowing at 7% and if you are in the 40% marginal tax bracket, you are effectively paying 4.20% on the loans interest. Not bad, eh? So, in this example, you will be ahead of the game because I am sure you can find investments that will produce better than 4.20%. Right? If you are not doing better than 4.20% you better fire yourself as your advisor and find another.

#9 Myth: I can do much better in real estate than the stock market.

#9 Reality: And you know why? You will probably be in your home or at least trading up in the real estate market for 20-30 years. The average hold for an investment fund is 2.4 years! Individual securities even less time. The reason? Well there are many, but the main one is that individuals become overly emotional when it comes to their investment accounts. They can follow the values in the daily paper – or actually watch the gyrations in "real time" on the Internet. Constantly seeking higher returns, investors are increasingly willing to pull the plug too soon and buy into something that has already gone up in value. Whereas, the mantra for real estate is still valid for other investments – buy low – sell high. In fact, just because you home may fall in value does not mean that you run outside and put a "For Sale" sign on the lawn does it? No, in fact that may be a great time to add to your real estate holdings. None the less, the accepted "wisdom" is that you will always do well in real estate. Well, tell that to the homeowners who because of high interest rates (and I should think – no liquid assets to see them through) walked away from their houses in the early '80's.

#10 Myth: Only lucky people with lots of money or discretionary dollars, taking high risks and achieving high rates of return, get wealthy.

#10 Reality: Reposition Your Assets and Attitude. Reposition your home equity to enhance your net worth. Reposition your current expenditures and investments in order to gain positive leverage. Returns of just 6 to 8 percent interest can create tremendous wealth.

Your attitude will be the most important factor in determining the altitude of your wealth.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

How you handle your mortgage can either derail or enhance not only your retirement plans but also the time it takes to get there.

Chapter 6: Your Mortgage - "The Canadian Way"

If the following looks familiar – it should be because this is exactly what you see when you sit in front of your computer or banker and grapple with the best way to tackle your mortgage…

For a mortgage of $400,000.00 at an interest rate of 7.250%*****, amortized over 25 years, your monthly payment is approximately $2,863.68.

All lenders have several different payment options that offer to help you pay less interest and repay your mortgage faster.

No doubt you have seen tables similar to the one below that illustrates how by changing your payment frequency you can "save" money.

Payment Frequency	Amount	Amortization Years	Total Interest Paid	Savings vs. Monthly Payment

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Monthly	$2,863.68	25.0	$458,811	$0
Bi-Weekly	$1,321.70	25.1	$456,658	$2,153
Weekly	$660.85	25.1	$456,064	$2,747
Bi-Weekly Rapid	$1,431.84	20.4	$356,404	$102,407
Weekly Rapid	$715.92	20.3	$355,249	$103,562

***** Assumes constant interest rate throughout amortization period.

What this chart does not tell you however, is that though the total amount of interest paid on this amount will be a staggering of $458,811 of non tax deductible interest that will ultimately be paid on a mortgage loan $400,000 for, get this, a total of $858,811 in total payments to the bank over 25 years.

This means that you will have to earn well in excess of $1 million – before tax, just to pay off your mortgage in the allotted time frame!

Now if those numbers alone don't convince you that a mortgage is a bad thing, you simply want to look up it's meaning in the dictionary. It comes from the Latin *mortus* meaning death and *gage* meaning pledged or a grip. So you're actually in a death grip instead of a mortgage. You think I'm kidding? Look it up. And the next time you call your banker, refer to it as your death grip and see what kind of a response you get.

And yes, while you may consider your home as a cornerstone for your financial independence your mortgage can also act as inhibitor of true wealth creation for yourself and your family. Why? Because it acts like a "Hoover" vacuum – sucking up everything in it's path - leaving little behind!

On the following page you will see **Figure 1.** A typical, "The Canadian Way" 25 yr. Amortization on a $400,000 Mortgage

This illustrates the amortization schedule of a $400,000 mortgage over 25 years with a constant 7.25% interest rate. Our "The Canadian Way" couple puts 20% "down" on a $500,000 Vancouver home and finances the rest - $400,000 to be exact.

This happened when he was age 35 and she - age 30. By doing nothing else but paying $2,863.68 monthly, he will be age 60 and she - age 55, when they will finally be mortgage free - having paid a total of $458,811 in interest costs to service their $400,000 mortgage - but still "sitting pretty" in a $2.0 million dollar home!

Note: Even though the $100,000 "down payment" the couple contributed is "equity" in their home, I have chosen to leave it out of the following illustrations for simplicity purposes. Doing this in no way impacts any of the concepts or calculations to follow other than to keep things simple.

To keep it simple. As the mortgage is being paid down you can see their "equity" building up on an annual basis. But the amount of equity has no bearing whatsoever on the ultimate value of the home, or in fact, the selling/purchase price of the home.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Less equity just means that there must be a larger mortgage obligation being serviced and ultimately less "free and clear" profit on the ultimate selling figure.

In point of fact, in the 25th year the home of $2.0 million with a total financing cost $458,811 in interest costs to service the $400,000 mortgage combined totals $858,811 or $1.141 million "profit".

Remember, this number because we will reference it again and compare it to the other illustrations to come…

Figure 1. - $1.141 million "profit".

Figure 1. A typical, "The Canadian Way" 25 yr. Amortization on $400,000 Mortgage

Age(s)	Year	Accumulating Trapped Equity in Home at 0% return!	$2,863.68/mo. Mortgage avg. 7.25%	Market Value (Vancouver, BC)	Annual Real Estate Returns
35/30	2007	$ -	$ 400,000.00	$ 500,000.00	
36/31	2008	$ 5,471.00	$ 394,529.00	$ 535,000.00	7
37/32	2009	$ 12,414.00	$ 387,586.00	$ 581,545.00	8.7
38/33	2010	$ 19,317.00	$ 380,683.00	$ 635,047.14	9.2
39/34	2011	$ 26,090.00	$ 373,910.00	$ 705,537.37	11.1

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

40/35	**2012**	$	34,688.00	$	365,312.00	$	767,624.66	8.8
41/36	**2013**	$	43,234.00	$	356,766.00	$	868,951.12	13.2
42/37	**2014**	$	52,411.00	$	347,589.00	$	903,709.16	4
43/38	**2015**	$	62,266.00	$	337,734.00	$	899,190.62	-0.5
44/39	**2016**	$	72,848.00	$	327,152.00	$	872,214.90	-3
45/40	**2017**	$	84,212.00	$	315,788.00	$	805,054.35	-7.7
46/41	**2018**	$	96,414.00	$	303,586.00	$	819,545.33	1.8
47/42	**2019**	$	109,516.00	$	290,484.00	$	860,522.59	5
48/43	**2020**	$	123,586.00	$	276,414.00	$	894,082.98	3.9
49/44	**2021**	$	138,690.00	$	261,310.00	$	1,038,030.33	16.1
50/45	**2022**	$	154,918.00	$	245,082.00	$	1,013,117.61	-2.4
51/46	**2023**	$	172,339.00	$	227,661.00	$	1,035,406.19	2.2
52/47	**2024**	$	191,046.00	$	208,954.00	$	1,132,734.38	9.4
53/48	**2025**	$	211,134.00	$	188,866.00	$	1,217,689.45	7.5
54/49	**2026**	$	232,705.00	$	167,295.00	$	1,271,267.79	4.4
55/50	**2027**	$	255,868.00	$	144,132.00	$	1,341,187.52	5.5
56/51	**2028**	$	280,741.00	$	119,259.00	$	1,427,023.52	6.4
57/52	**2029**	$	307,449.00	$	92,551.00	$	1,592,558.25	11.6
58/53	**2030**	$	336,129.00	$	63,871.00	$	1,704,037.33	7
59/54	**2031**	$	366,926.00	$	33,074.00	$	1,852,288.57	8.7
60/55	**2032**	$	400,000.00	**Mortgage Is Paid Off !**		$	2,022,699.12	9.2
		$	**400,000.00**		**$458,811**			**5.88%***
		Ttl. Equity Built Up			Ttl. Interest Paid			Avg. Ann. Comp. Return

*** Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

On the following page you will see **Figure 2.** **"The Canadian Way"** – using accelerated payments.

This illustrates the amortization schedule of the same $400,000.

However, in this example our couple opted again for "The Canadian Way" and so to "save" $103,566 on the $400,000 mortgage paid an additional $238.64/mo. or $2,863.68/yr. extra each year for 20 years to their lender.

Essentially, they increased their monthly commitment from $2,863.68 up to $3,102.32/mo.

So, by forking out a combined total of $57,273.60 ($238.64/mo. X 20 years) extra from their cash flow they were proud to have "saved" $103,566 (only having paid a total of $355,249 in interest costs) and have retired their mortgage 5 years earlier!

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Figure 2. **"The Canadian Way" – Using accelerated payments.**

Age(s)	Year	Accumulating Trapped Equity in Home at 0% return!	Accel. Payment of $3,102.32/mo. Mortgage avg. 7.25%	Market Value (Vancouver, BC)	Annual Real Estate Returns
35/30	**2007**	$ -	$ 400,000.00	**$ 500,000.00**	
36/31	**2008**	$ 9,358.00	$ 390,642.00	$ 535,000.00	7
37/32	**2009**	$ 19,407.00	$ 380,593.00	$ 581,545.00	8.7
38/33	**2010**	$ 30,197.00	$ 369,803.00	$ 635,047.14	9.2
39/34	**2011**	$ 41,785.00	$ 358,215.00	$ 705,537.37	11.1

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

40/35	**2012**	$	54,227.00	$	345,773.00	$	767,624.66	8.8
41/36	**2013**	$	67,588.00	$	332,412.00	$	868,951.12	13.2
42/37	**2014**	$	81,935.00	$	318,065.00	$	903,709.16	4
43/38	**2015**	$	97,341.00	$	302,659.00	$	899,190.62	-0.5
44/39	**2016**	$	113,884.00	$	286,116.00	$	872,214.90	-3
45/40	**2017**	$	131,648.00	$	268,352.00	$	805,054.35	-7.7
46/41	**2018**	$	150,724.00	$	249,276.00	$	819,545.33	1.8
47/42	**2019**	$	171,207.00	$	228,793.00	$	860,522.59	5
48/43	**2020**	$	193,203.00	$	206,797.00	$	894,082.98	3.9
49/44	**2021**	$	216,822.00	$	183,178.00	$	1,038,030.33	16.1
50/45	**2022**	$	242,185.00	$	157,815.00	$	1,013,117.61	-2.4
51/46	**2023**	$	269,419.00	$	130,581.00	$	1,035,406.19	2.2
52/47	**2024**	$	298,664.00	$	101,336.00	$	1,132,734.38	9.4
53/48	**2025**	$	330,068.00	$	69,932.00	$	1,217,689.45	7.5
54/49	**2026**	$	363,790.00	$	36,210.00	$	1,271,267.79	4.4
55/50	**2027**	$	400,000.00	**Mortgage Is Paid Off !**		$	1,341,187.52	5.5
56/51	**2028**	$	400,000.00			$	1,427,023.52	6.4
57/52	**2029**	$	400,000.00			$	1,592,558.25	11.6
58/53	**2030**	$	400,000.00			$	1,704,037.33	7
59/54	**2031**	$	400,000.00			$	1,852,288.57	8.7
60/55	**2032**	$	400,000.00			$	2,022,699.12	9.2
		$	**400,000.00**	**$**	**355,249.00**			**5.88%***
		Ttl. Equity Built Up		Ttl. Interest Paid				Avg. Ann. Comp. Return

*** Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Now, to their credit they did admit that, "it was tough going at times. Especially when the kids went on to college".

And yes, they don't have as much in the way of RRSPs as they would like because there were times when they had to cash out some of their RRSPs due to unexpected emergencies and cash flow crunches – like the time when "Bob" was laid off for 6 months!

But, hey – they'll probably downsize and move somewhere to get a place they can afford and bank the difference to see them through retirement?

Now I ask you, is this such a good deal for them? For you?

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Simply put, as mortgage holders, we have been lent a sum of money to get our name on the title of an asset (a house) that we control but do not own "free and clear". We have agreed to a commitment with a lender that we will hand over a portion of our monthly cash flow for the privilege of living in this asset. And at such time in the future when our obligation to the lender has ended because of the agreed upon return of original capital lent PLUS interest costs on the loan - we will now have the asset as "free and clear".

Now, besides committing more from our monthly cash flow (like above) to pay off the mortgage early, "The Canadian Way" additionally suggests utilizing the annual "penalty free" pre payment of principal feature for up to 20% to get rid of the mortgage faster and save on interest costs.

However, the monthly "over payments" as well as this additional equity injection on your part that is building up in your home is in fact yielding the same return as a 0% interest earning bank account. That's right! Nothing!

Additionally, this equity has no bearing whatsoever on the appraised value of your home. Nada!

Furthermore, because you have been directing a ton of cash "The Canadian Way", towards repaying your mortgage as fast as possible you will often find yourselves with cash flow problems. (Who knew that the roof needed replacing in the same year that little Johnny needed new braces!)

Possibly you didn't get the pay raise you thought that you were entitled to and so had to slap some "must have" purchases on your charge cards. (But hey, those Manolo Blahnik shoes at $600 a pair still make you feel better – right?). However as time goes by the balances on your charge cards ratchet upwards. So where's the money going to come from?

Well, you'll just have to "tap" your home's equity by "refinancing".

The cost? Prevailing market interest rates.

Talk about adding insult to injury.

You get to borrow back your very own hard earned "after tax" money! And for this "privilege" you pay the bank interest on the loan to get at what was your own money in the first place!

But hey…it's "The Canadian Way"! Right?!

So why are you in such a hurry to increase your hard to get equity that pays you nothing – 0% (and costs market interest rates and often legal and other fees just to access) by making accelerated mortgage payments and doing the 20% penalty free "dump in's" each year?

And what's their home worth when they are ages 60 and 55? Well, $2.0 million. No more and no less than if they had just carried on with the original amortization schedule as in the previous illustration in **Figure 1.**

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Now in this case, in the 25th year the home value of $2.0 million with a total financing cost $355,249 in interest costs to service the $400,000 mortgage combined totals $755,249 or $1.244 million "profit".

However, if is only half of the "equation".

Let's assume that this couple were able to exercise some discipline over their cash flow and instead of spending "like drunken sailors" they actually "re directed" the $3,102 monthly mortgage payment towards savings…Or, to "play catch up" they could get an investment loan for $500,000 and have the $3,102 pay for the interest costs.

But just to keep it simple let's assume that the couple continues saving the $3,102 monthly into an investment portfolio. This translates to saving $37,224 a year so that over 5 years they will have contributed $186,120 of their cash flow (that had originally been directed to their mortgage) into investments and will have a "pre tax" portfolio valued at $210,456.13.

Their total savings of $186,120 given an average compound return of 8.24% in their investment portfolio in 5 years has a market value of $201,456.13.

If they were to cash it all it all in 5 years - when they are ages 60 and 55 respectively – they will realize after tax proceeds of a total of $198,388.90!

This is the combination of the $186,120 they saved and the after tax profit added on to this of $12,268.90…

		Annual Savings				Accruing Profit	A.T. Profit
55/50	**2027**	**Mortgage Paid Off**					
56/51	**2028**	$ 37,224.00	9	$	40,574.00	$ 3,350.00	$ 2,680.00
57/52	**2029**	$ 37,224.00	10.3	$	81,632.07	$ 7,184.07	$ 5,747.26
58/53	**2030**	$ 37,224.00	7.4	$	121,610.65	$ 9,938.65	$ 7,950.92
59/54	**2031**	$ 37,224.00	4.7	$	160,584.18	$ 11,688.18	$ 9,350.54
60/55	**2032**	$ 37,224.00	9.8	$	201,456.13	$ 15,336.13	$ 12,268.90
		$186,120.00	**8.24%**	**$**	**201,456.13**	**$ 15,336.13**	**$ 12,268.90**
		Saved	Avg. Ann.		Portfolio Value	Total Gross Profit	Net After Tax

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

	Comp. Return	Profit

So to complete the exercise for this example: The $1.244 million "profit" on the home with the savings and growth on those savings for 5 years added together give $1.442 million "profit"

Figure 2. - $1.443 million "profit".

Remember, what the figure was in example 1? Here is to compare:

Figure 1. - $1.141 million "profit".

In actual fact, it's rather doubtful that this couple will have anywhere near this $1.443 million "profit" amount of money available to them. Why?

Because the kids have been accepted into University programs and they need a new car and they are finally getting serious about paying off the charge card debt that had been dogging them for so many years. Why?

Because they had made a firm decision to pay off their mortgage as soon as possible and save themselves all those interest charges.

And this makes economic sense how?

Well, you say, to pay off your mortgage sooner of course!

You may well add…

"Got to pay off the mortgage. Can't afford RRSP's. Have no money for building up an "emergency fund" either. (Emergencies – ha, that's what charge cards are for – right?!)". Sound familiar?

And on and on it goes…

In my opinion, it's best not to get into this position in the first place!

Yet most Canadians follow this method of dealing with their mortgage. And sadly, most Canadians do not ultimately create the wealth they wish.

You will never be financially well off on the money you save – You will only be financially well off on the money your money MAKES on the money you save!!

That equity you are building up in your home is NOT earning you one thin dime. It has no bearing whatsoever on the value of your home. All that it is giving you is "peace of mind". Pretty tough to take that to the bank or to retire on. You need money for those kinds of things.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

In my experience, I have seen that most Canadians have a home, a mortgage and some RRSPs – and that's about it!

Sound familiar? Yes, of course! Why?

You bet! It's what most Canadians do. Why? Because that is what they were told to do!

After all, it's the prudent way! It's well – "The Canadian Way"!

Again, I ask you…this has helped them how?

Think about this for a moment.

Are you doing the same? If so, you could very well be looking into your future.

If what you see is making you uncomfortable, hopefully there is still time to change things…

Is there another way? Yes there is! It's "The UnCanadian Way".

Is it a better way? I think so.

Now follow along with me.

Chapter 7: Your Mortgage - "The UnCanadian Way"

Instead of committing the $238.64 extra a month towards the mortgage. Get "creative"! Don't just save it!

Why? Because, if you believe that leverage in real estate is the way to go. Believe that the same notion will create wealth for you in other asset classes and investments.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Why? Because it allows you to have more money working for you immediately!

More money working for you immediately makes for more money getting the returns you want and need to "kick start" your wealth creation process.

Question: Would you be happier with a 10% return on $1,000 or $100,000? Of course, the $100,000. Why? Because that equates to $10,000 of profit rather than $100! (More zeros are always a good thing – trust me).

You know, it's kind of funny when you think about it. How do any of us make investment decisions? We review past performance to get a sense of what we may expect in the future. Yet, the various political and economic events of the past – all of which impact investments and their respective returns – will NEVER be repeated in the future. This is why we are often disappointed with our investment performance.

However, if we craft quality portfolios with proper asset allocation and annual rebalancing - we will be richly rewarded. Patience and discipline ARE rewarded!

As long as you don't get impatient and begin trying to time markets and making emotional investment decisions based on what fund or security performed best last year - you will do well.

Look how well we do in real estate. Do you know why? Because we have a debt obligation – called a mortgage – that keeps us tied to that asset class for 25 years!

In Canada, when you borrow money to purchase a rental property, to invest in a business, to start a business, to invest in securities such as stocks or bonds or investment funds – as long as there is a reasonable expectation of profit, the Canadian Tax Act allows all Canadians to write off the associated interest carrying costs on the loan involved for that purpose! (This does not apply to your Canadian principal residence however).

The beauty of this type of program is that the associated interest costs on this loan ARE tax deductible! Not only are they tax deductible (just as if you had contributed to your RRSP) but you have more money immediately working for you, you have liquidity and you have a non registered portfolio.

You know, it doesn't get much better than this. Why more Canadians are not taking advantage of this opportunity and doing this is a mystery to me. Oh, no, I remember now. They don't have the money to do this because everything they have is going towards their mortgage! And after all - debt is bad. It's best not to have it but if you must, pay it off as fast as possible, even if it means being able to save less in general or contributing to RRSPs or other programs that will bring tax relief. Does this sound familiar? Maybe you are practicing something along these lines even as we speak.

Note: When using a LOC (line of credit) for investment purposes NEVER EVER use it for personal purposes as well. Keep your investment LOC and personal LOC SEPARATE AT ALL TIMES!!!

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Additionally, the amount of money you can deduct for "borrowing to invest" is not capped or mandated by the Canadian government in any way. As long as you have the cash flow to continue to service the interest payments as required – you are "good to go".

This "un capped" tax relief afforded to Canadians with "borrowing to invest" is unlike that given by the Canadian governments RRSP program. With RRSPs the government mandates and in fact monitors this tax relief program. There are restrictions and caps in place and if not adhered to penalties can be assessed.

In the following, **Figure 3.** we begin by illustrating a "borrowing to invest" program for $40,000. Assuming a 7.25% interest rate – the monthly payment on an "interest only" loan will be, yup, you guessed it - $238.64 a month. Well, actually $241 a month – but why quibble over a few dollars. It's the concept that is important – so pay attention and follow along.

It starts to get good!

For starters, had the $238.64 gone straight onto the mortgage each month by way of the "rapid accelerated" mortgage pay down scheme – those monies would NOT have been tax deductible because mortgage interest in Canada is NOT tax deductible as it is for our American "cousins"…

However, now because a loan was taken out for the express purpose of investing the interest carrying charges ARE tax deductible!

Note: For simplicity, I am illustrating an asset class that is easy to obtain and where past historical reference points are also easy to obtain for illustrative purposes. Remember, and here's that age old caveat: "past performance is not guaranteed and for that matter unlikely to be repeated as illustrated"

That being said, it does give us something "tangible" to review with and do some "what if" scenarios.

In fact, you can borrow to invest in rental property, businesses directly into stocks and bonds, etc. However, don't forget that for some of those investments the "buy in" can be a lot larger than the $40,000 we are illustrating…

OK. Now back to it!

If this strategy were maintained for 25 years, a total of $72,500 of interest costs on the loan of $40,000 would have been deducted. This would have given rise to a total of $29,000 in tax refund checks. After the $40,000 loan would have been paid back to the lender and taxes paid one would have a portfolio valued at $186,910 – "free and clear"!

In fact, I have done the calculations on a "year by year" basis to illustrate the net effect and "free and clear" portfolio value after taxes are paid and the loan is discharged.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Note: Again for simplicity I am illustrating taxes on the non registered portfolios as being calculated and payable on 100% of the profits arising from "capital gains". This greatly simplifies matters. For example, a "balanced fund" would typically have taxable growth made up of a combination of interest, dividends and capital gains. That my friends gets far to complicated to calculate and is far beyond the nature and scope of this book! Remember, we are here to learn. My intent is to keep it simple and get agreement on the underlying concepts – the numbers will always take care of themselves. Now, currently 50% of capital gains are taxable at an investors "marginal tax" rate. Therefore, in the illustrations I am using a 40% tax rate on 50% of the "gain" – which is correct.

Figure 3. "The UnCanadian Way" – Borrowing To Invest

Age(s)	Investment LOC	Deductible Interest Cost 7.25% ($241/mo.)	40% Marginal Tax Bracket Annual Refund	Annual Fund Returns	(loan owing) Balanced Portfolio	(loan repaid) Balanced Portfolio	Net Profit After Tax Balanced Portfolio

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

35/30	$ -				$ 40,000.00	$ -	-
36/31	$ 40,000.00	$ 2,900.00	$ 1,160.00	6.2	$ 42,480.00	$ 2,480.00	$ 1,984.00
37/32	$ 40,000.00	$ 2,900.00	$ 1,160.00	22.8	$ 52,165.44	$ 12,165.44	$ 9,732.35
38/33	$ 40,000.00	$ 2,900.00	$ 1,160.00	7.4	$ 56,025.68	$ 16,025.68	$ 12,820.55
39/34	$ 40,000.00	$ 2,900.00	$ 1,160.00	4.7	$ 58,658.89	$ 18,658.89	$ 14,927.11
40/35	$ 40,000.00	$ 2,900.00	$ 1,160.00	9.8	$ 64,407.46	$ 24,407.46	$ 19,525.97
41/36	$ 40,000.00	$ 2,900.00	$ 1,160.00	14	$ 73,424.51	$ 33,424.51	$ 26,739.60
42/37	$ 40,000.00	$ 2,900.00	$ 1,160.00	-2.4	$ 71,662.32	$ 31,662.32	$ 25,329.85
43/38	$ 40,000.00	$ 2,900.00	$ 1,160.00	15.1	$ 82,483.33	$ 42,483.33	$ 33,986.66
44/39	$ 40,000.00	$ 2,900.00	$ 1,160.00	5.6	$ 87,102.39	$ 47,102.39	$ 37,681.91
45/40	$ 40,000.00	$ 2,900.00	$ 1,160.00	20.7	$ 105,132.59	$ 65,132.59	$ 52,106.07
46/41	$ 40,000.00	$ 2,900.00	$ 1,160.00	-2.6	$ 102,399.14	$ 62,399.14	$ 49,919.31
47/42	$ 40,000.00	$ 2,900.00	$ 1,160.00	14.9	$ 117,656.61	$ 77,656.61	$ 62,125.29
48/43	$ 40,000.00	$ 2,900.00	$ 1,160.00	16	$ 136,481.67	$ 96,481.67	$ 77,185.34
49/44	$ 40,000.00	$ 2,900.00	$ 1,160.00	10.8	$ 151,221.69	$ 111,221.69	$ 88,977.35
50/45	$ 40,000.00	$ 2,900.00	$ 1,160.00	3.4	$ 156,363.23	$ 116,363.23	$ 93,090.58
51/46	$ 40,000.00	$ 2,900.00	$ 1,160.00	7.2	$ 167,621.38	$ 127,621.38	$ 102,097.11
52/47	$ 40,000.00	$ 2,900.00	$ 1,160.00	9.9	$ 184,215.90	$ 144,215.90	$ 115,372.72
53/48	$ 40,000.00	$ 2,900.00	$ 1,160.00	-0.5	$ 183,294.82	$ 143,294.82	$ 114,635.86
54/49	$ 40,000.00	$ 2,900.00	$ 1,160.00	-5.2	$ 173,763.49	$ 133,763.49	$ 107,010.79
55/50	$ 40,000.00	$ 2,900.00	$ 1,160.00	12.3	$ 195,136.40	$ 155,136.40	$ 124,109.12
56/51	$ 40,000.00	$ 2,900.00	$ 1,160.00	9	$ 212,698.67	$ 172,698.67	$ 138,158.94
57/52	$ 40,000.00	$ 2,900.00	$ 1,160.00	10.3	$ 234,606.64	$ 194,606.64	$ 155,685.31
58/53	$ 40,000.00	$ 2,900.00	$ 1,160.00	7.4	$ 251,967.53	$ 209,487.53	$ 167,590.02
59/54	$ 40,000.00	$ 2,900.00	$ 1,160.00	4.7	$ 263,810.00	$ 211,644.56	$ 169,315.65
60/55	$ 40,000.00	$ 2,900.00	$ 1,160.00	9.8	$ 289,663.38	$ 233,637.70	$ 186,910.16
	$ 40,000.00	**$ 72,500.00**	**$ 29,000.00**	**8.45%***		$40K loan repaid in any given year	"Net After Tax" Profit
	Ttl. Amount Borrowed	Ttl. Deductible	Ttl. Refunds Interest Costs	Avg. Ann. Comp. Return			

* **Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Interestingly enough, $119,259 (seen below) is the amount of the mortgage that remains in year #21 of:

Figure 1. A typical, "The Canadian Way" 25 yr. Amortization on $400,000 Mortgage

56/51	**2028**	$ 280,741.00	**$ 119,259.00**	$ 1,427,023.52	6.4

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

And also interesting, is that the portfolio in year #21 of:

Figure 3. **"The UnCanadian Way" – Borrowing To Invest**

56/51	$ 40,000.00	$ 2,900.00	$ 1,160.00	9	$ 212,698.67	$ 172,698.67	**$138,158.94**

is valued at $138,158.94 – "free and clear".

So…what one could do is to cash out the portfolio and pay off the mortgage amount that remains!

Why not? That's what you wanted to do anyway. Right?

Pay off your mortgage early…and save yourself thousands of dollars in non tax deductible interest costs.

Yes, you have paid a total of $441,000 of mortgage interest costs – However, you are ONLY 1 year behind year #20 of:

Figure 2. **"The Canadian Way" – Using accelerated payments.**

55/50	**2027**	$ 400,000.00	$ -	$ 1,341,187.52	5.5

where you had paid off your mortgage using the accelerated payment schedule!

The thing to remember here with **Figure 3** – **"borrowing to invest"** is that you gave yourself both tax relief AND tax refund checks – to spend or save as you wished.

AND access to non registered (non RRSP) capital should you need money for emergencies or opportunities as they come along in life– and they do – both of them – and usually when we don't have ready capital to take action!

Can you see it now? It's all about creating options for yourself, now and into the future.

In fact, over the intervening years you were practicing this program you had more liquidity, tax deductions AND cash flow in your financial world than you had ever dreamed possible.

Now, 21 years later you are in the enviable position of paying off your mortgage early – or not! It's your call. But you just presented yourself with an option you never would have had to begin with.

Most people are still buying lottery tickets hoping their ship will come home for them or secretly hoping for an early inheritance even if it is by way of the untimely death of a loved one.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

I truly hope that this is making sense to you because it's the decisions we make now that have far reaching implications for us and our family. We will either be well on the road to riches, just a middle class Canadian and getting by - OR broke.

All it really boils down to is your mortgage and how are you managing – or mismanaging it.

Oh. And what's your house worth? Any more or less for either of these strategies?

No! Why?

Because as you can see the value of your home is going to do whatever it is going to do whether or not you are paying more on your mortgage or just the bare minimum. Whether your home is newly mortgaged, mortgage free, or somewhere in between.

The value of your property will be what it is based on ONLY 2 factors – inflation and your local property values (supply and demand).

Also, keep in mind that real estate is "illiquid" meaning that is often difficult to turn into cash quickly.

Again, let's assume that this couple were able to exercise some discipline over their cash flow and that they "re directed" the monthly mortgage payment of $2,863.68 and the loan "interest only cost of $241 towards savings…Or, to "play catch up" they could get an investment loan for $500,000 and have the $3,102 pay for the interest costs.

But just to keep it simple let's assume that the couple continues saving the $3,102 monthly into an investment portfolio. This translates to saving $37,224 a year so that over 4 years they will have contributed $148,896 of their cash flow (that had originally been directed to their mortgage and "borrow to invest" program) into investments and will have a "pre tax" portfolio valued at $156,750.10.

Their total savings of $148,896 given an average compound return of 8.05% in their investment portfolio in 4 years has a market value of $156,750.10.

If they were to cash it all it all in 4 years - when they are ages 60 and 55 respectively – they will realize after tax proceeds of a total of $155,179.28!

This is the combination of the $148,896 they saved and the after tax profit added on to this of $6,283.28…

		Annual Savings		_		Accruing Profit		A.T. Profit	
56/53	2028	Mortgage Paid Off							
57/52	2029	$ 37,224.00	10.3	$	40,574.00	$	3,350.00	$	2,680.00

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

58/53	**2030**	$ 37,224.00	7.4	$	77,798.00	$	3,350.00	$	2,680.00
59/54	**2031**	$ 37,224.00	4.7	$	117,776.58	$	6,104.58	$	4,883.66
60/55	**2032**	$ 37,224.00	9.8	$	156,750.10	$	7,854.10	$	6,283.28
		$148,896.00	**8.05%**	**$**	**156,750.10**	**$**	**7,854.10**	**$**	**6,283.28**
		Saved	Avg. Ann. Comp. Return		Portfolio Value		Total Profit		Net After Tax Profit

Now to complete the exercise for this example: You paid a total of $441,000 of interest costs, re paid the mortgage of $400,000 – the home is still valued at $2.0 million (net profit of $1.159 million) and with the $155,179.28 of after tax profit added together give $1.714 million "profit".

So:

Figure 3. - $1.714 "profit". **"The UnCanadian Way"** – "borrow to invest"

Figure 2. - $1.443 million "profit". **"The Canadian Way"** – using accelerated payments.

Figure 1. - $1.141 million "profit". **"The Canadian Way"** - 25 yr. Amortization

Are you like most Canadians? Do you want to "have your cake and eat it too?"

Well, I've just shown you how!

With over 28 years of experience in the financial services industry, I can say without hesitation that most Canadians are only 2 pay periods away from a financial "cash crunch". Most have their home, a mortgage (they are handling wrong) and some RRSPs – and that's it!

The only reason that Canadians have ANY money at all, is that they wanted a tax break badly enough to put some money into RRSPs. However, when push comes to shove those assets are all they have to fall back on.

So, are you beginning to "see the light"? Have you arrived at your personal "Ahha" moment yet?

If not let's continue. There's more good stuff to come!

Canadians love to whine about the amount of taxes we must pay in Canada and then do virtually nothing about it.

If it's tax relief you want you can begin an RRSP and contribute to it on a monthly basis.

In the following, **Figure 4.** we begin by illustrating an RRSP savings of $241 a month. The same amount of money used in our earlier scenarios…OK?

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

This will be the equivalent of saving $2,900 a year. Not allot, however, a worthy endeavor – and the pot increases very nicely over time.

Notice that the tax relief is $2,900 a year with the corresponding tax refund check of $1,160 annually.

Remember, you are benefiting here by giving yourself some annual tax relief and an annual refund AND a growing RRSP portfolio. This RRSP portfolio can be accessed if you need cash. Even though your RRSP is your very own private pension plan designed to fund your retirement it is available to be used – as you need it – or see fit.

Committing to this program for 25 years you will have contributed a total of $72,500 of your money (totally tax deductible) and turned that into an RRSP portfolio valued in the neighborhood of $222,882! Not bad!

In fact, if this program were left alone for 25 years this individual would have experienced a total of $72,500 in total tax relief and enjoyed a total of $29,000 in tax refund checks!

Of course, this all hinges on the fact that you have the discipline to save on a monthly basis.

It has been my experience that with young clients starting out the savings ethic is pretty good and lasts for a few years. Then they get married, begin a family and take on a mortgage. The monthly savings program invariably slides to a full and complete halt. Perhaps to be picked up again in later years – often never!

Sound familiar? It's this kind of stuff that runs through the fabric of Canadian culture.

It's because of this and other reasons that the outlook for Canadians at retirement is so bleak.

Figure 4. "The Canadian Way" – Contributing To An RRSP

-	-	40% Marginal	**Total RRSP is taxable**

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Age(s)	Year		RRSP Investment Balanced Portfolio	Deductible RRSP Contribution	Tax Bracket Annual Refund	40% Marginal Tax Bracket Net RSP After Tax
35/30	2007		$ 2,900.00			
36/31	2008	6.2	$ 5,979.80	$ 2,900.00	$ 1,160.00	$ 3,587.88
37/32	2009	22.8	$ 10,243.19	$ 2,900.00	$ 1,160.00	$ 6,145.92
38/33	2010	7.4	$ 13,901.19	$ 2,900.00	$ 1,160.00	$ 8,340.71
39/34	2011	4.7	$ 17,454.55	$ 2,900.00	$ 1,160.00	$ 10,472.73
40/35	2012	9.8	$ 22,065.09	$ 2,900.00	$ 1,160.00	$ 13,239.06
41/36	2013	14	$ 28,054.21	$ 2,900.00	$ 1,160.00	$ 16,832.52
42/37	2014	-2.4	$ 30,280.90	$ 2,900.00	$ 1,160.00	$ 18,168.54
43/38	2015	15.1	$ 37,753.32	$ 2,900.00	$ 1,160.00	$ 22,651.99
44/39	2016	5.6	$ 42,767.51	$ 2,900.00	$ 1,160.00	$ 25,660.50
45/40	2017	20.7	$ 54,520.38	$ 2,900.00	$ 1,160.00	$ 32,712.23
46/41	2018	-2.6	$ 56,002.85	$ 2,900.00	$ 1,160.00	$ 33,601.71
47/42	2019	14.9	$ 67,247.28	$ 2,900.00	$ 1,160.00	$ 40,348.37
48/43	2020	16	$ 80,906.84	$ 2,900.00	$ 1,160.00	$ 48,544.10
49/44	2021	10.8	$ 92,544.78	$ 2,900.00	$ 1,160.00	$ 55,526.87
50/45	2022	3.4	$ 98,591.30	$ 2,900.00	$ 1,160.00	$ 59,154.78
51/46	2023	7.2	$ 108,589.87	$ 2,900.00	$ 1,160.00	$ 65,153.92
52/47	2024	9.9	$ 122,240.27	$ 2,900.00	$ 1,160.00	$ 73,344.16
53/48	2025	-0.5	$ 124,529.07	$ 2,900.00	$ 1,160.00	$ 74,717.44
54/49	2026	-5.2	$ 120,953.56	$ 2,900.00	$ 1,160.00	$ 72,572.14
55/50	2027	12.3	$ 138,730.85	$ 2,900.00	$ 1,160.00	$ 83,238.51
56/51	2028	9	$ 154,116.62	$ 2,900.00	$ 1,160.00	$ 92,469.97
57/52	2029	10.3	$ 172,890.64	$ 2,900.00	$ 1,160.00	$ 103,734.38
58/53	2030	7.4	$ 188,584.54	$ 2,900.00	$ 1,160.00	$ 113,150.73
59/54	2031	4.7	$ 200,348.02	$ 2,900.00	$ 1,160.00	$ 120,208.81
60/55	2032	9.8	$ 222,882.12	$ 2,900.00	$ 1,160.00	$ 133,729.27
		8.45%*		$ 72,500.00	$ 29,000.00	
		Avg. Ann. Comp. Return	No money borrowed	Ttl. Deductible	Ttl. Refunds	

* **Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

If at this point this individual wanted to cash out their entire "nest egg" after taxes they would be left with $133,729 – still a sizable amount of money!

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

As you can see, I have done the calculations on a "year by year" basis to illustrate the net effect and "free and clear" RRSP portfolio value after taxes are paid.

Note: When you cash out an RRSP – the whole amount (100%) withdrawn is taxed at your marginal tax rate – in our case we are using 40%. Irrespective of how the gains in your RRSP were derived – be it by interest, dividends or capital gains.

Remember, not so with our "borrow to invest" program where the tax is levied on only half (or 50%) of the gain (which we have illustrated as being capital gains and the tax treatment of capital gains is different from other types of returns such as generated by interest and dividends). The 50% taxable is then taxed at an individual's marginal tax rate – in our case - 40%.

In the following, **Figure 5.** we will summarize the "borrow to invest" vs. the RRSP savings program. To see which one comes out on top!

Figure 5. Summary of "Borrow To Invest" vs. Saving To An RRSP

Age(s)	Year	"Borrow To Invest" Investment Net Profit After Tax	Net RSP After Tax	"Borrow To Invest" Investment GREATER than RRSP By -

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

35/30	**2007**			
36/31	**2008**	$ 1,984.00	$ 3,587.88	$ (1,603.88)
37/32	**2009**	$ 9,732.35	$ 6,145.92	$ 3,586.44
38/33	**2010**	$ 12,820.55	$ 8,340.71	$ 4,479.83
39/34	**2011**	$ 14,927.11	$ 10,472.73	$ 4,454.38
40/35	**2012**	$ 19,525.97	$ 13,239.06	$ 6,286.91
41/36	**2013**	$ 26,739.60	$ 16,832.52	$ 9,907.08
42/37	**2014**	$ 25,329.85	$ 18,168.54	$ 7,161.31
43/38	**2015**	$ 33,986.66	$ 22,651.99	$ 11,334.67
44/39	**2016**	$ 37,681.91	$ 25,660.50	$ 12,021.41
45/40	**2017**	$ 52,106.07	$ 32,712.23	$ 19,393.84
46/41	**2018**	$ 49,919.31	$ 33,601.71	$ 16,317.60
47/42	**2019**	$ 62,125.29	$ 40,348.37	$ 21,776.93
48/43	**2020**	$ 77,185.34	$ 48,544.10	$ 28,641.23
49/44	**2021**	$ 88,977.35	$ 55,526.87	$ 33,450.49
50/45	**2022**	$ 93,090.58	$ 59,154.78	$ 33,935.80
51/46	**2023**	$ 102,097.11	$ 65,153.92	$ 36,943.18
52/47	**2024**	$ 115,372.72	$ 73,344.16	$ 42,028.56
53/48	**2025**	$ 114,635.86	$ 74,717.44	$ 39,918.41
54/49	**2026**	$ 107,010.79	$ 72,572.14	$ 34,438.66
55/50	**2027**	$ 124,109.12	$ 83,238.51	$ 40,870.61
56/51	**2028**	$ 138,158.94	$ 92,469.97	$ 45,688.97
57/52	**2029**	$ 155,685.31	$ 103,734.38	$ 51,950.93
58/53	**2030**	$ 167,590.02	$ 113,150.73	$ 54,439.30
59/54	**2031**	$ 169,315.65	$ 120,208.81	$ 49,106.84
60/55	**2032**	$ 186,910.16	$ 133,729.27	$ 53,180.89

*** Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Well, here you have it at last!

The definitive proof that for all years - except year one – the "borrow to invest" program surpassed the RRSP savings program.

Why? <u>Because you had more money immediately working for you.</u>
Remember, that this individual took out a loan for $40,000 and was paying $241 a month (tax deductible) to service the "interest only" payments.

On the RRSP savings program, the individual was saving $241 a month (tax deductible) into their RRSP, but it would have taken them 9 years before they would have had $40,000 in their RRSP.

This is the power of leverage!

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

More money working effortlessly to create maximum results!

So…it's up to you. You can either work hard for the money OR you can have the money work hard for you! It's your call.

And please don't give me that, "but, it's risky".

If you are that "risk averse" you better be making plans to sell your mortgaged home! It's that simple!

Side Bar: While we are on the topic of RRSPs now is a good time to reference the **"First Time Home Buyers"** program. This program was lobbied hard for by the various Real Estate Boards of the day as a way to encourage and allow Canadians an opportunity to get into the real estate market.

As you no doubt are aware a Canadian may use up to $20,000 from their RRSPs to help out in the purchase of their first home.

Under this program the money used is not considered "deregistered" and is not subject to the tax it would otherwise attract. Under the terms of the program you must repay the amount you used over a 15 year period.

Any year you do not make a repayment it is added into your taxable income for income tax calculations.

I have never been a fan of this program because it not only decreases the amount of "liquid" capital reserves in the household. (Remember, most Canadians only have a small amount of RRSPs to begin with.)

The RRSP money to be paid back is not making any return until it is paid back into the plan – so there is the "opportunity cost" of these money's to consider.

The money is tied up in illiquid real estate equity making no return at all for the investor.

Many individuals now in the housing market may have shaky financial situations at best and when push comes to shove may end up losing their income for a while and if they get behind in their mortgage payments may in fact end up losing their home AND still face the prospect of having to "repay" their RRSP loan under the terms of the program and if not able to do so face additional taxable amounts added to their income tax assessments at tax time each and every year.

So, in the extreme situation one can lose their home AND $20,000 of RRSP money AND still face an additional tax burden for up to 15 years.

In my mind one should never marry your pension fund (and that is exactly what your RRSP is) with your home.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Remember the investment adage of not having all your eggs in one basket? I can't think of a better illustration than this one.

Now, let's move on because I still have more to share with you…

According to "Stats Canada" only 4% of Canadians will retire wealthy.

The other 95% will rely heavily on government social programs as the major supplement to their retirement income.

Remember earlier we said that these are the same people who during the course of their entire working life earned from $1,000,000 to $2,000,000.

That's allot of money! So where did it all go?

I am sure that many bought into the various bits of financial wisdom most Canadians accept as "gospel".

For example:

"Debt is bad."

"Pay off your house first." (Right, and end up in retirement "house rich and cash poor.")

"Look for a "safe and guaranteed return" on your investments." (This one is really the Canadian way!) How many investors are pleased about holding GICs at today's rates?

I call it, "going broke safely".

In my opinion, these "bits of wisdom" are not only wrong - BUT dangerous!
I continually see individuals who all their adult working lives have subscribed to and practiced these "pearls of wisdom". And let me tell you - it's not a pretty picture.

Remember that over 95% of Canadians end up financial failures - thinking the very same things you have always been taught.

My reason for being and the focus of my practice was to present not only viable alternatives but alternatives that the wealthy have used for generations. These alternatives are mathematically sound, provable and create real and lasting wealth.

So stop spending money on lottery tickets that will NEVER give you any kind of a return. Instead, begin saving that money into assets and investments that will begin creating real and lasting wealth for you.

Investing in income producing investments such as property, stocks and bonds have the same effect as producing royalty dividend checks for a music artist.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

The wealthy make their money work for them in this very same fashion. They invest their money into multiple financial vehicles that provide for continuous financial returns, growing larger over time.

Remember the old adage of "pay yourself first" and save "10% of what you make". (In my opinion, another "truism" that keeps individuals impoverished). While on the surface this may seem like a good and time tested strategy (which by itself too few adhere to). There IS a better way!

So much more to be gained through the power of leverage.

Now, let's "revisit" "The UnCanadian Way" to deal with your mortgage and "kick it up a notch".

Look at an example of a Canadian who has the commitment to real estate AND to creating real wealth.

In this case, the homeowner decides to make their real estate purchase using what is known as a HELOC – Home Equity Line of Credit. As the name implies this is a Line of Credit (LOC) – interest only payment loan secured by a charge on the property.

Typically, the interest cost on a HELOC are calculated as Bank of Canada rate plus a percentage. Essentially, this is a secured home equity LOC. Let's keep with our interest rate of 7.25%.

These types of mortgages have been around for years and are just now making appearances in Canada.

Oh, I can hear you howling now!!

"But you are not paying down the principal." "Just think of all the interest you are going to end up paying!" "You are never going to own your home." In fact, I am sure that you can think of hundreds of reasons why not to do this. But before you "slam" the pages of this book shut – just bear with me a little longer OK?

Most of us love to procrastinate and would rather spend now and worry about tomorrow – well, tomorrow.

That is why we need to either have the discipline to do what is good for us OR have that discipline forced upon us for our own good.

As human beings in a modern world we are increasingly being barraged with advertising encouraging us to stop being so resolute and cave in to indulge our desire for instant gratification. Because of advertising and our own natures we would rather spend it than save it.

Modern day advertising is seductive and plays to our desires of immediate gratification.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

"Why have equity in your home when you can take it out and buy a boat, a fur coat – any number of playthings".

In my opinion, for "interest only" mortgage loans, the 'risk', for the average person, is that they will spend every dime they aren't putting into mortgage payments, and when the roof starts to leak, won't have any money put aside to pay for a new one.

The other 'risk' for the average person is that they will use an interest-only loan as a speculative instrument and end up buying either an excess amount of housing (betting on price appreciation), or buying housing that they can't afford to pay for if they have a cash flow crunch.

That being said, with time AND discipline let's see just how well this individual will be doing as they pursue their dreams – with another variant of **"The UnCanadian Way".**

Now bear in mind that when a lender feels that you have the cash flow to adequately service debt you will receive the credit you desire. And remember that access to credit is the only way to effortlessly create wealth.

Figure 6 illustrates the "interest only" mortgage option available to Canadian homeowners.

So, on a $400,000 "interest only" line of credit an individual will be paying $2,417 a month or $29,000 a year.

This is an immediate savings of $446.68 a month from the "original" from our original amortized mortgage payment of $2,863.68 a month that we used in **Figure 1.**

Why would this be a consideration? How about young families starting out? Just beginning their working careers, building their families and having the greatest need for "additional cash".

Remember, that the term "mortgage" means "gripe of death". At least with an "interest only" a young couple can get into the housing market and with discipline begin towards creating and managing equity outside of their home.

At any point in the future they can – and possibly should move to a conventional mortgage arrangement.

Figure 6. "The UnCanadian Way" – An "Interest Only" Mortgage

Accumulating	$2417/mo.	Annual

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Age(s)	Year	Trapped Equity in Home at 0% return!	Mortgage avg. 7.25%	"Interest Only" Mortgage Payment	Market Value (Vancouver, BC)	Real Estate Returns
35/30	2007	$ -	$ 400,000.00		$ 500,000.00	
36/31	2008	$ -	$ 400,000.00	$ 29,000.00	$ 535,000.00	7
37/32	2009	$ -	$ 400,000.00	$ 29,000.00	$ 581,545.00	8.7
38/33	2010	$ -	$ 400,000.00	$ 29,000.00	$ 635,047.14	9.2
39/34	2011	$ -	$ 400,000.00	$ 29,000.00	$ 705,537.37	11.1
40/35	2012	$ -	$ 400,000.00	$ 29,000.00	$ 767,624.66	8.8
41/36	2013	$ -	$ 400,000.00	$ 29,000.00	$ 868,951.12	13.2
42/37	2014	$ -	$ 400,000.00	$ 29,000.00	$ 903,709.16	4
43/38	2015	$ -	$ 400,000.00	$ 29,000.00	$ 899,190.62	-0.5
44/39	2016	$ -	$ 400,000.00	$ 29,000.00	$ 872,214.90	-3
45/40	2017	$ -	$ 400,000.00	$ 29,000.00	$ 805,054.35	-7.7
46/41	2018	$ -	$ 400,000.00	$ 29,000.00	$ 819,545.33	1.8
47/42	2019	$ -	$ 400,000.00	$ 29,000.00	$ 860,522.59	5
48/43	2020	$ -	$ 400,000.00	$ 29,000.00	$ 894,082.98	3.9
49/44	2021	$ -	$ 400,000.00	$ 29,000.00	$ 1,038,030.33	16.1
50/45	2022	$ -	$ 400,000.00	$ 29,000.00	$ 1,013,117.61	-2.4
51/46	2023	$ -	$ 400,000.00	$ 29,000.00	$ 1,035,406.19	2.2
52/47	2024	$ -	$ 400,000.00	$ 29,000.00	$ 1,132,734.38	9.4
53/48	2025	$ -	$ 400,000.00	$ 29,000.00	$ 1,217,689.45	7.5
54/49	2026	$ -	$ 400,000.00	$ 29,000.00	$ 1,271,267.79	4.4
55/50	2027	$ -	$ 400,000.00	$ 29,000.00	$ 1,341,187.52	5.5
56/51	2028	$ -	$ 400,000.00	$ 29,000.00	$ 1,427,023.52	6.4
57/52	2029	$ -	$ 400,000.00	$ 29,000.00	$ 1,592,558.25	11.6
58/53	2030	$ -	$ 400,000.00	$ 29,000.00	$ 1,704,037.33	7
59/54	2031	$ -	$ 400,000.00	$ 29,000.00	$ 1,852,288.57	8.7
60/55	2032	$ -	$ 400,000.00	$ 29,000.00	$ 2,022,699.12	9.2
		$ - Ttl. Equity Built Up		**$ 725,000.00** Ttl. Interest Paid		**5.88%*** Avg. Ann. Comp. Return

* **Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Discipline is the operative word here! They should not think that the lesser monthly mortgage cost means that they can go out and buy "toys" with the money – otherwise they could be headed down the wrong path…

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Even if they were never to convert their mortgage from "interest only" to "conventional" at the end of the 25 years they would have paid a total of $725,000 in interest costs. But their home has the same $2.0 million market value as in our other examples.

Paying back the loan of $400,000 from the proceeds of the sale of their home just means that they will have less by way of "profit" as opposed to the examples in **Figures 1. & 2.**

Now as in the other cases, in the 25th year the home of $2.0 million with a total financing cost $725,000 in interest costs to service the $400,000 mortgage combined totals $1,125,000 for a "free and clear" profit of $875,000 million "profit".

However, again this is only half the story!

Figure 7. to follow utilizes a "borrow too invest" program.

With the immediate savings of $446.68 a month from the "original" scenario of $2,863.68 a month on the $400,000 with the 25 year amortization schedule that we used in **Figure 1.**

And by using that extra $238.64 ($241) a month as the "rapid payment accelerator" which was the $3,102.32 in **Figure 2.** we now have $687.68 to work with!

So let's us the money wisely, creatively and industriously!

That amount of monthly cash flow allows an individual to service an "interest only" payment of $687.68 each month. Meaning a loan of $114,000 can be serviced…in the 25th year the loan can be discharged and after taxes are paid this individual has a "free and clear" portfolio profit of $532,693

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Figure 7. **"The UnCanadian Way" – A "Borrow To Invest" Program - Accelerated**

Age(s)	Investment LOC	Deductible Interest Cost 7.25% ($689/mo.)	40% Marginal Tax Bracket Annual Refund	Annual Fund Returns	(loan owing) Balanced Portfolio	(loan repaid) Balanced Portfolio	Net Profit After Tax Balanced Portfolio
35/30	$ 114,000.00				$ 114,000.00	$ -	-
36/31	$ 114,000.00	$ 8,268.00	$ 3,307.00	6.2	$ 121,068.00	$ 7,068.00	$ 5,654.40
37/32	$ 114,000.00	$ 8,268.00	$ 3,307.00	22.8	$ 148,671.50	$ 34,671.50	$ 27,737.20
38/33	$ 114,000.00	$ 8,268.00	$ 3,307.00	7.4	$ 159,673.20	$ 45,673.20	$ 36,538.56
39/34	$ 114,000.00	$ 8,268.00	$ 3,307.00	4.7	$ 167,177.84	$ 53,177.84	$ 42,542.27
40/35	$ 114,000.00	$ 8,268.00	$ 3,307.00	9.8	$ 183,561.26	$ 69,561.26	$ 55,649.01
41/36	$ 114,000.00	$ 8,268.00	$ 3,307.00	14	$ 209,259.84	$ 95,259.84	$ 76,207.87
42/37	$ 114,000.00	$ 8,268.00	$ 3,307.00	-2.4	$ 204,237.60	$ 90,237.60	$ 72,190.08
43/38	$ 114,000.00	$ 8,268.00	$ 3,307.00	15.1	$ 235,077.48	$ 121,077.48	$ 96,861.99
44/39	$ 114,000.00	$ 8,268.00	$ 3,307.00	5.6	$ 248,241.82	$ 134,241.82	$ 107,393.46
45/40	$ 114,000.00	$ 8,268.00	$ 3,307.00	20.7	$ 299,627.88	$ 185,627.88	$ 148,502.30
46/41	$ 114,000.00	$ 8,268.00	$ 3,307.00	-2.6	$ 291,837.55	$ 177,837.55	$ 142,270.04
47/42	$ 114,000.00	$ 8,268.00	$ 3,307.00	14.9	$ 335,321.35	$ 221,321.35	$ 177,057.08
48/43	$ 114,000.00	$ 8,268.00	$ 3,307.00	16	$ 388,972.76	$ 274,972.76	$ 219,978.21
49/44	$ 114,000.00	$ 8,268.00	$ 3,307.00	10.8	$ 430,981.82	$ 316,981.82	$ 253,585.46
50/45	$ 114,000.00	$ 8,268.00	$ 3,307.00	3.4	$ 445,635.21	$ 331,635.21	$ 265,308.16
51/46	$ 114,000.00	$ 8,268.00	$ 3,307.00	7.2	$ 477,720.94	$ 363,720.94	$ 290,976.75
52/47	$ 114,000.00	$ 8,268.00	$ 3,307.00	9.9	$ 525,015.31	$ 411,015.31	$ 328,812.25
53/48	$ 114,000.00	$ 8,268.00	$ 3,307.00	-0.5	$ 522,390.24	$ 408,390.24	$ 326,712.19
54/49	$ 114,000.00	$ 8,268.00	$ 3,307.00	-5.2	$ 495,225.94	$ 381,225.94	$ 304,980.76
55/50	$ 114,000.00	$ 8,268.00	$ 3,307.00	12.3	$ 556,138.74	$ 442,138.74	$ 353,710.99
56/51	$ 114,000.00	$ 8,268.00	$ 3,307.00	9	$ 606,191.22	$ 492,191.22	$ 393,752.98
57/52	$ 114,000.00	$ 8,268.00	$ 3,307.00	10.3	$ 668,628.92	$ 554,628.92	$ 443,703.13
58/53	$ 114,000.00	$ 8,268.00	$ 3,307.00	7.4	$ 718,107.46	$ 597,039.46	$ 477,631.57
59/54	$ 114,000.00	$ 8,268.00	$ 3,307.00	4.7	$ 751,858.51	$ 603,187.00	$ 482,549.60
60/55	$ 114,000.00	$ 8,268.00	$ 3,307.00	9.8	$ 825,540.64	$ 665,867.45	$ 532,693.96
	$ 114,000.00	$ 206,700.00	$ 82,675.00	8.45%*		$114K loan	$ 532,693.96
	Ttl. Amount Borrowed	Ttl. Deductible	Ttl. Refunds Interest Costs	Avg. Ann. Comp. Return		repaid in any given year	"Net After Tax" Profit

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

*** Disclaimer:** Data Compiled from Morningstar Canada. The rate of return or mathematical table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or asset allocation service or returns on investment in the mutual fund or from the use of the asset allocation service. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Furthermore over the 25 year interval this program had given rise to a total of $206,700 of tax deductible interest costs and a total of $82,675 in tax refund checks – to save or spend as the individual saw fit.

So, if we add the "free and clear" portfolio profit of $532,693 into the "profit picture" this individual has total household profit of $1,939,693 million!

Figure 7. - $1,939,693 million "profit". **"The UnCanadian Way"** – "borrow to invest" - accelerated

Vs:

Figure 3. - $1.714 million "profit". **"The UnCanadian Way"** – "borrow to invest"

Figure 2. - $1.443 million "profit". **"The Canadian Way"** – using accelerated payments.

Figure 1. - $1.141 million "profit". **"The Canadian Way"** - 25 yr. Amortization

So, even though this individual paid the most non tax deductible interest of the scenarios we have illustrated. This investor in fact created the most amount of tax relief and wealth for themselves and their families.

Wealthy individuals have large amounts of debt. But this debt supports massive amounts of investments that continue to grow larger as time goes by.

Do you see what is going on here? You are in the drivers seat! You get to call the shots at each step of the way! You are creating real and lasting wealth for yourself and your family.

I realize that this looks and sounds very extreme. However, there is nothing extreme about it at all.

If you believe that real estate will do well long term then by all means invest in it.

However, don't have so much of your money tied up in it just in case you are proven wrong Or you can invest in other assets that give as good as or better returns over time and where you can manufacture some tax relief and tax refund checks for yourself along the way.

Remember, it doesn't have to be one or the other. You should have a combination of both strategies and programs working for you!

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Both your cash flow and "comfort level" will dictate how much of each is appropriate for you.

Pay cash for depreciating assets – borrow for appreciating assets!

Did you get all that? What an easy and effortless way to create wealth!

We do it with real estate right? We borrow money with the promise to repay it and then let inflation and market forces dictate the value of our home over time. We have no control of that valuation, but we sure like what it does for us!

In fact, what is your home doing while all this is going on? Well, just look back to **Figure 1**. You can see that your home is steadily gaining value.

Now, look at **Figure 6.** – same thing!

Of course, there will be real estate market fluctuations – it is, after all a market just like any other market. However, with no help or assistance from you, your home will continue to do what it will do – continue to gain in value and grow wealth for you.

You see, your homes value is not a function of your mortgage – or lack of one. It is indifferent to whether or not you have a mortgage. But if you have a mortgage are you treating the mortgage as a debt to be paid off as soon as possible or are you using your mortgage as a strategic financial tool – to benefit you – not the bank!

Chapter 8: Are You One of Them?

According to a Decima Research poll, most Canadians believe that their homes will outperform all other investments over the next decade. Do you agree? Do you think that the value of your home will be the best-performing investment for you over the next 10 years?

The poll further found that 59% of working Canadians believed their real estate assets will grow more in value than their investment portfolios over the next 10 years.

In my opinion, that belief is wrong. Not only is it wrong but it is dangerous thinking.

Now, don't get me wrong. Buying a home has actually been a decent investment choice.

Over the past 15 years, a period that includes a brutal downturn in real estate, the average house price in Canada went from $156,000 in 1990 to $239,000 in February, 2005. That's a 53-per-cent gain (or a 3.55% annualized compound return). While hot spots like Calgary, Vancouver and Toronto have seen house prices double. (for an average annualized compound rate of return of 6.67%)

Yet, during this same period, the benchmark Canadian TSX stock index was up 212 per cent! (for an average annualized compound rate of return of 14.13%)

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Here are some other facts. Tack on another 5 years. A 20 year comparison between real estate and the Canadian stock market saw the average annual increase in real estate assets at 5.1%, compared to the TSX's average annual increase of 9.35%. Remember, the preceding examples where we have see these types of returns?

Now, which numbers do you like?

Do you really think that those numbers will be reversed over the next 10-20 years?

Is that a bet you are willing to take? I, for one am not!

Frankly the argument should never be which investment or asset class will ultimately give you the highest return. It should never be a one OR the other – have both.

I believe that it is far better to be 50% right than 100% wrong!

What I am talking about is managing your home equity effectively and efficiently so that it achieves YOUR goals – not someone else's. The most important elements of home equity management is maintaining liquidity, safety of principal and creating the opportunity for your home equity to grow in a separate side account, where it is immediately accessible for you in the event of emergencies or opportunities.

It is my belief that the majority of Canadians who continue on with the "Canadian Way" of using accelerated mortgage pay down strategies by committing more of their fixed monthly cash flow are setting themselves up for a future lifestyle that is nothing like what they had dreamed of.

The retirement these Canadians will be faced to live will be one where they are house rich and cash poor.

As far as retirement is concerned, their choices are now limited. They will have to sell their home, downsize and bank or invest the difference for funding their future retirement lifestyle needs.

Is this the life you envision for yourself? If not, and if you are like the majority of Canadians, without your intent (or perhaps knowledge) you are perfectly on track to having this as your reality!

Canadians are in such a rush to pay off their mortgage that they do this to the virtual exclusion of any other type of savings let alone tax relief afforded by contributing to RRSPs.

And in typical Canadian fashion, many will still say, "don't confuse me with the facts – my mind is made up".

While there is no doubt that rising house values are making homeowners feel wealthier, many are now combining this with their belief that real estate will be their asset class of choice for the foreseeable future and are gutting their savings and investment plans.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Chapter 9 : Is a Reverse Mortgage In Your Future?

To those Canadians who are "house rich and cash poor" their home is now their retirement lifeline. The family home that they have diligently paid the mortgage off on must now go on the auction block. They must sell the family home to get cash. They will downsize and bank or invest the difference. The "difference" is the money that must fund their "golden retirement" years. And they are hoping that the money is enough. Sound like fun?

This is a house that they called home for 30 or more years. They like the neighborhood, they like and know all their neighbors. There is a lifetime of fond memories tied up in the home. What a shame to sell. Yet what is the alternative?

Answer is yes. You are really going to like this one – it's called a "reverse mortgage".

A reverse mortgage is a strategy of pulling equity out of your home by way of a loan. It is not necessary to pay on this loan, however, interest is calculated at market rates and allowed to accrue – increasing the loan amount outstanding each and every year until the home is sold! How do you like this idea so far?

A reverse mortgage is available to Canadians living in large urban centers that are "serviced" by the promoter's of this program. They must own their own home and be age 60 or older.

The specific amount that can be obtained with this program is 10% to 40% of the current appraised value of your home, based on your age and that of your spouse, and the location and type of home you have.

You receive the money tax-free. (I should hope so! After all, it is your many years of after tax mortgage payments money to begin with.) And may spend it in any way you wish. (Wow, isn't that big of them.) No payments are required while you or your spouse live in your home. The full amount only becomes due when your home is sold, or if you move out.

If your heirs want to keep your home, they can repay the amount of the reverse mortgage loan from other funds. (How many kids would have this like of money? Want to know what it could be?) Read on – it gets even better.

Let's take out the standard example we have been working with in this book of your home being worth over 1 million dollars. To make it consistent with the ages we

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

have used let's say that your home will be worth $1.3 million when you reach age 60. OK?

Figure 13. – The Reverse Mortgage

Year	Age	Rate	"Reverse Mortgage" Loan	Your Home Growth at 6%	Value Left After "Reverse Mortgage" Loan Repaid
0	**60**	8.35%	$ 261,097.00	$ 1,300,000.00	$ 1,038,903.00
1	**61**	8.35%	$ 283,354.00	$ 1,378,000.00	$ 1,094,646.00
2	**62**	8.35%	$ 308,985.00	$ 1,460,680.00	$ 1,151,695.00
3	**63**	8.35%	$ 336,936.00	$ 1,548,321.00	$ 1,211,385.00
4	**64**	8.60%	$ 366,535.00	$ 1,641,220.00	$ 1,274,685.00
5	**65**	8.35%	$ 397,780.00	$ 1,739,693.00	$ 1,341,913.00
6	**66**	8.10%	$ 430,652.00	$ 1,844,075.00	$ 1,413,423.00
7	**67**	7.60%	$ 464,004.00	$ 1,954,719.00	$ 1,490,715.00
8	**68**	7.60%	$ 499,938.00	$ 2,072,002.00	$ 1,572,064.00
9	**69**	7.60%	$ 538,655.00	$ 2,196,323.00	$ 1,657,668.00
10	**70**	7.60%	$ 580,371.00	$ 2,328,102.00	$ 1,747,731.00
15	**75**	7.60%	$ 842,712.00	$ 3,115,526.00	$ 2,272,814.00
20	**80**	7.60%	$ 1,223,637.00	$ 4,169,276.00	$ 2,945,639.00

Wow! Would you look at those numbers. What do they mean? Well, based on the information back on the inputs I made on the Web Site at: http://www.chip.ca/ the maximum loan on your clear title home worth $1.3 million is $261,097!

The interest rates on the loan default to what you see – in the neighborhood of 8.30% and 7.60%. (Certainly higher than current mortgage rates.) To keep consistent, I plugged in a 6% growth rate for your home and we see the results of this strategy.

In year one, $22,000 of interest is being ADDED to the reverse mortgage loan outstanding and escalating to $42,000 in year 9. After that, it's anyone's guess because the calculator just shows year 15 and then year 20.

Bottom line analysis at year 20 when you are age 80 is that you are enjoying retirement in a home valued at $4,169,276.

However, maybe you are a little squeamish when you think that the loan against your home has ballooned to $1,223,637. But hey, if the kids really want the family home when you pass they can collectively pony up $1.2 million to pay off the loan. Right? Otherwise, your estate will sell the home for its appraised value of $4.1 million and leave $2.9 million in the estate for the kids to squabble over. Sound like a plan?

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

If this excites you and if you or someone you know is interested in "unlocking" the value in your home and "enjoying life on your terms", well….here's that Web Site again. http://www.chip.ca/

To many Canadians accepting a reverse mortgage in retirement is the only financial option left to them! This is a true shame and totally illustrates the points I have been making within the pages of this book.

Again, I am not disputing the fact, that a home is an important pillar of the wealth creation process. Unfortunately, it's the ONLY pillar in many Canadian households.

Remember, the rules of investing hold even truer today than ever. Diversify! Don't put all your eggs into one basket. Wouldn't you rather be 50% right than 100% wrong?

You still need a balanced and well-planned approach to saving and accumulating wealth for your other goals in life. And money – or the quick access to money via RRSPs and non registered investment portfolios will be what funds your goals and retirement lifestyle.

Leverage saves us time and labor! That's the function of leverage.

Virtually everything that we use on a daily basis has been designed to save us labor and time. We use, but do we fully appreciate our cars, trains, planes, dishwashers, car washes, elevators, vacuum cleaners, VCRs, computers, robotics…Well you get the picture!

Knowing this and utilizing this when it comes to wealth creation is what separates those with wealth and those who have little!

So if you truly wish to become wealthy you must begin to not only think BUT practice what it is that the rich do. And that is to use financial leverage – to save you time and labor – energy and money!

The wealthy understand that true wealth is created through the power of leverage. They not only understand this concept they practice it religiously!

Why, because leverage allows us to quickly and easily produce massive results!

That's what you should always be after...massive results with the least amount of your time, effort, and resources used.

As I said earlier, when it comes to wealth creation leverage is what separates those with the wealth from those who have little!

Why? Because most Canadians see leverage as being "risky".

Yet, leverage works! And we do it and benefit from it continually.

The bottom line: leverage is mandatory for true wealth creation.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

You will NOT become wealthy without exercising the power of leverage.

Begin to harness this powerful wealth creator and jump start your wealth making machine today!

Remember this…

You will never be financially well off on the money you save – You will only be financially well off on the money your money MAKES on the money you save!!

Everyone wants to do a little better, or get ahead a little faster.

Borrowing to invest, is the way of helping yourself to reach your financial goals quicker and with less effort on your part.

Remember, this is the essence of leverage – achieving your goals…creating real wealth through the use of "other peoples" money with little effort or assistance on your part.

Hey, can you say rental property!!!

All of the very wealthy people throughout history have gotten there by borrowing to invest. Whether it was to start a business, purchase a rental property or to make an investment - it is only by taking some risk (a calculated risk) that they were able to succeed.

For most Canadians buying a home is the largest single investment decision they will ever make. Correspondingly it will also present them with their biggest debt.

Earlier we have established and agreed that in fact, we are all "high risk" investors. Why? Because your home is already highly leveraged and is in fact a high-risk investment.

Additionally, your home it also lacks the basic safeguards of prudent investing. These core elements are diversification, liquidity and debt servicing options.

Please understand that I am not suggesting that home ownership is a bad thing – on the contrary. Home ownership and how that debt is serviced needs to be put in perspective.

Have you taken a look at your net worth statement lately? How much of it is in real estate – your house? Probably anywhere between 60 and 90%.

The rest may be in RRSPs and some low interest paying GICs. Does this sound familiar? If you are really serious about creating real and lasting wealth - it's time to change this picture!

For the majority of people who come to see a financial advisor their goals cannot and will NOT be achieved without some changes to their lifestyle, such as investing a portion of their income. Or, new tactics such as borrowing to invest.

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Most individuals will tell a planner that they are opposed to any risk, while in the same breath they claim that they want to retire wealthy at age 55. Unfortunately, you cannot have one without the other!

You must not only consider investing with leverage - but actually do it!

Just as you did with your home. (And see how well that is turning out for you – especially for those of us living in the Lower Mainland of British Columbia).

Leverage allows you to produce far more wealth than is ever possible with just a monthly savings program – and the interest costs are tax deductible! (Unlike the interest costs of your home).

Carrying a mortgage does not cause you to lose any money at all.

In fact, just the opposite is true! Carrying a mortgage is actually quite profitable. Why? Because it allows you into the real estate market.

It is paying off the mortgage that causes you to lose money, because time and profitable opportunities are lost as mortgages are eliminated!

The people who hate (rather than fear) mortgages feel that way because they fixate on the knowledge that over the life of a 25-year mortgage, they will spend almost as much in interest charges as they paid for the house to begin with.

The idea of paying out all of that money in interest charges drives most Canadian homeowners insane!

So, to avoid paying so much money in interest, these "mortgage-haters" do some very crazy things, like making larger down payments, paying extra money toward the principal every month, or making bi-weekly accelerated mortgage payments.

No wonder it's so hard for these people to save for the future! THERE'S NO MONEY LEFT OVER!

Yet, they do these things all in the name of saving money in interest charges. (That's the Canadian way, eh?) For some strange reason, they think that saving money and making money to be one in the same. They are not the same at all– in fact they are two completely different animals!

You will never create true wealth on the money you save! You will only create true and lasting wealth on the money your money MAKES for you!

Instead of factoring multiple components into their financial decision making process, these people focus on only one issue at a time – the right here, right now. They make incredibly costly decisions based upon a single issue, such as saving money on mortgage interest.

Once that issue is resolved, they move on to the next – like saving for retirement. They do so by scraping and skimping, to put what they can into retirement savings

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

at the end of the month after paying extra on their mortgage to pay it off early. They have actually prevented themselves from accumulating wealth in the process because they have failed to see the role that a mortgage plays in saving for retirement.

Essentially, they have won the "mortgage interest battle," yet lost the more important "wealth accumulation war."

The reasons why are quite simple, yet they are not always immediately clear. We know that by reducing the mortgage payment, or even completely eliminating the mortgage, a borrower will save lots of money in interest charges. While that is true, the borrower is ignoring another, equally critical fact:

Every dollar you hand to the bank is a dollar that you did not save or invest.

Chapter 10: Don't Miss Out on Your Fortune

If you have read this far – I congratulate you!

My intent for writing this book is to challenge the way that Canadians traditionally view and deal with their mortgages.

While I focused on some basic strategies and ideas, there are a myriad of options and "variations on a theme" that can be employed – it all depends on your personal goals, time frame and situation.

So begin to think "outside the box".

Most people don't realize this, but creating financial wealth begins with the money AND the resources that you already have.

If you don't take an action step today, you won't make any money tomorrow. Each day that you don't take an action step is ANOTHER day you won't make any money.

Lose those old habits and ideas and replace them with habits that lead to self-motivation and control over your life and financial destiny.

To become successful you must have the information and the tools - and then take action!

I sincerely hope that you have found this book to be of value and I wish you well and trust that the ideas presented – when acted upon - will make your trip towards your financial success rich and rewarding.

I have provided you with information – it's now up to you!

To Your Success,

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

Mark Huber, retired CFP, Author

"It's Your Life! Plan For It! Then Live Like You Mean It!"

About the Author

Mark Huber, retired CFP, Author

For over 28 years, Mark has worked in the financial services industry.

Mark's boutique planning practice worked with a select group of clients who are all share a passionate vision for creating true wealth and living their dream lives.

Here's A Sampling Of What A Few People Have Said Already...

To whom it may concern:

Most of us trust our car mechanic, family doctor, postman, but somehow we decide to manage our financial affairs ourselves.

We spend a lot of time reading, researching and making doubtful decisions.

Everyone can go on internet and buy some stocks or mutual funds.

Information today is basically free, but know-how is priceless.

You can buy all the tools you need to fix your teeth, but would you do it yourself?

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com

If your financial well being is important to you, talk to great financial planner Mark Huber.

It is your map to financial stability.

Sincerely yours, AZ

Hi!
Thanks for your guidance and advice Mark. Our biggest regret is that we did not make the changes that we have made under you years ago!

Craig and Michele - Vancouver, BC

Dear Mark,

We just wanted to say that we are very happy with your financial advice and the services you offer.

You always respond to us quickly and thoroughly on all our inquiries and we always feel that you given priority to all our requests - big and small.

Thank you for helping us to look at our investments in a creative and effective way.

It is a pleasure working with you and we definitely recommend your services to all our friends/family looking for good financial advice to 'make their money move'!

L and A

Vancouver, BC

Contact Information:

Mark Huber, retired CFP, Author

Tel: 604-880-1972
Email: successonthefly@gmail.com

Copyright Mark Huber. All rights reserved world wide.

Neither Mark Huber, SetForLife Financial Services assume any liability whatsoever for the use of or inability to use any or all of the information contained in Mark's Web

Sites, Blogs, emails, ebooks, Podcasts, audios, teleconference calls, reports, broadcasts and newsletters.

The information expressed and contained in Mark Huber's Web Sites, Blogs, emails, ebooks, Podcasts, audios, teleconference calls, reports, broadcasts and newsletters are solely the opinion of the author based on his personal observations and over 26 years of experience in the financial services industry.

Use this information at your own risk. Be responsible! Always do your own due diligence.

-The End-

Copyright Mark Huber. All Rights Reserved.
https://Book.HowToGetRidOfYourMortgage.com