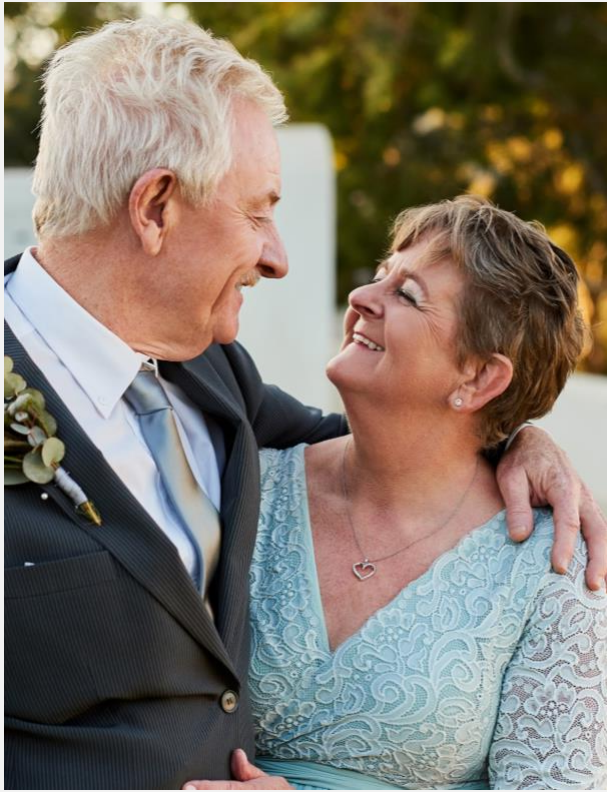


Case study: Eliminating monthly mortgage payments with a reverse mortgage



Scenario

Over the past several years, John and June, a couple in their early-70s, have been enjoying retirement at home in Vaughan, ON. Before retiring, John worked as a teacher and Mary was a nurse.

While they were diligent about their finances throughout their lives, they did have major expenditures, such as renovating their home and helping their children with university expenses. To cover these costs, they took out a second mortgage on their home, which they're still paying off.

Their mortgage term is approaching renewal, and the 6.5% renewal rate is well above their current rate. The increase will take their monthly payments from \$1,100 to \$1,400, which presents them with the challenge of having to make up the difference.

John and June don't want to be a financial burden on their children, as they have young families of their own to support. They're also hesitant to sell their \$1.2 million home to downsize, as they cherish the memories and comfort the home provides, and like having the extra space when their grandchildren visit.

With fixed incomes from their pensions and modest savings, the prospect of higher mortgage payments has added financial stress. They fear they might have to dip into their retirement funds or sacrifice their lifestyle to cover the additional expenses.

They've started to look into their financial options, which include:

1. Sell and downsize
2. Use a reverse mortgage to pay off remaining \$150,000 mortgage
3. Dip into savings and investments to pay the higher interest rates

Solution

After extensive research, John and June decided their best strategy was to take on a reverse mortgage, as it allowed them to access the equity they built up in their home—without having to sell or take on additional monthly payments.

With the reverse mortgage, they took out a lump-sum advance of \$300,000, which allowed them to not only pay off their existing mortgage and eliminate their monthly mortgage payments, but also to put a small sum aside for future use *and* gift a portion to their family.

When faced with rising mortgage rates, John and June found the reverse mortgage was the right solution for them in order to maintain independence and financial security in retirement—without stress and worry.

Ready to get started?

If you'd like to learn more about how a reverse mortgage may similarly suit your needs, I'd be happy to help answer any questions you may have—with no obligations.

Name:

Phone Number:

Email:



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For more information, visit <https://www.equitablebank.ca/residential/reverse-mortgage>

All borrowers must meet Equitable Bank's lending criteria to be eligible for an Equitable Bank reverse mortgage.