Canadians begin to lock in investment gains on their homes

If you're like most Canadians, your home has been one of the best investments you've ever made. For decades, real estate has been an outstanding investment in almost every region of the country. As a nation, in fact, we're "house-rich". The steady rise in home values means that many of us have a big chunk of our overall wealth tied up in our houses. That's not a bad thing – considering that your home is an investment that you get to enjoy every day!

What is curious, though, is that – although our home may be one of our top-performing investments – we don't actually tend to think of our homes in those terms. We buy a home to live in and to enjoy, of course, and we have the extra pleasure of watching it appreciate in value over time.

While we certainly don't like to imagine that a downturn in home values is possible, the fact is that there has been a lot of talk lately about the potential for an economic downturn that could affect housing values. And of course, if our homes drop in value, then our overall wealth also declines. You might think that this "paper loss" is only a problem if you go to sell your home. What you might not realize, however, is that a lower home value may also be a serious obstacle if you want to access the equity that you've built, or you may find it very frustrating that lost equity takes a long time to come back.

That's why many Canadians are starting to *think about their home in investment terms*. The strategies that apply to your other investments, like locking in gains, can also apply to your investment in your home, allowing you to protect the wealth you've built through price appreciation, renovations or mortgage paydown.

If you think about your home in investment terms, then it's worth taking a look at locking in the equity you've gained. How? You can take some of your home equity out through your mortgage, and then move those funds into a secure investment vehicle. The result? You've protected your overall wealth from a decline in the housing market by cashing in your gains and parking them in a safe and accessible location. And the interest on the money used for that investment may be tax deductible, or you could use the funds for a large unused RRSP contribution, each giving you a significant added advantage.

The beauty of this strategy is that it can be a win-win situation. What if home values continue to rise? Great, you still own your home and it's still rising in value. *But if home values decline, then you've protected some of your wealth and it's in an easily accessible and secure investment that may be giving you tax deductions.*

The mortgage planners at Mortgage Architects – a "who's who" of the top brokers in Canada – have the expertise to help their clients move home equity into other investments that can offer some tax deductions. It is a wealth preservation strategy that makes sense in today's market, and it's a great mortgage planning strategy – benefit from rising home values, but then move your gains to safety when the economic outlook is a bit cloudy.

Canadians lock in gains on their other investments, so it makes sense to consider locking in gains on your home. It's a strategy really gaining some traction.

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