

Spring clean your debt!

That first fresh breath of spring always sets us in motion: we can't wait to sweep away the clutter. Sure it's a bit of work, but it feels great when the lawn is raked, the windows and curtains are washed, and the closets are cleared. Just like the clutter that sneaks up in your closets, you can also accumulate debt clutter: credit cards, car payments, tax bills and other obligations. If you're concerned about your debt clutter, then this may be the year to spring clean your debt.

With mortgage rates still at historic lows, this spring you have an incredible window of opportunity. By using your home equity, you can consolidate your high-interest debt into a new or existing mortgage, giving you interest savings and a new lower monthly payment. In almost every case, you're better off holding your debt in a mortgage than in any other lending vehicle. Why? Because we continue to benefit from mortgage rates that are still among the lowest in decades.

Worried about penalties to break your current mortgage? We can assess your situation; there's a good chance that the savings each month will far outweigh any penalties. Here's an example.

Consider the following situation:

- your current mortgage is \$155,000 at 5.5% with a monthly payment of \$946
- you also have a car loan of \$20,000 and credit cards maxed out at \$20,000, both of which cost you \$920 a month
- your total monthly payment is \$1,866

Your mortgage planner presents the following scenario:

- you get a new mortgage for \$202,000 to cover the original \$155,000, the \$40,000 in credit cards and car loan, and \$7,000 to break your mortgage
- your new mortgage is at 4.10% and you now have a much lower overall monthly payment of \$1,074

With this new scenario, monthly payments are \$792 less each month; a great improvement in cash flow! And if you put \$425 of that cash flow into your mortgage payment, you reduce your amortization from 25 years to 15. We're a fortunate generation of homeowners. We can benefit from low mortgage rates to enjoy our lives and our homes – and to manage our debt wisely.

Independent mortgage planners – who have access to more than 50 different lenders, including most of the major banks – have become specialists in helping Canadians restructure debt. In addition to offering access to a broad range of mortgage options, these experienced planners provide credit advice and debt management tips that can help save thousands of dollars.

Consider if you need a clear and simple look at what you've got to gain from spring cleaning your debt. We don't know how long these great rates will last but right now, it is a historic opportunity. If too much debt has slowed your monthly cash flow to a trickle, it's time to talk to a mortgage planner. And why not? It will be the easiest spring cleaning task on your list; your mortgage planner will do all the work!

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