

EMERGENCY/ILLNESS DEBT CONSOLIDATION/ADDITIONAL CASH FLOW

Their Story

- > Mr. & Mrs. Kim immigrated to Canada in the late 1970's with little money and started a new life in the Toronto area. When they arrived, Mr. Kim worked in a garment factory and was later promoted to senior management.
- > Mr. & Mrs. Kim were financially stable and Mrs. Kim did not have to work, but instead stayed home to manage the house and raise their children.
- > In the winter of 2007, Mr. Kim had a sudden fall outside and after a year of physiotherapy, he was still unable to walk. Due to his physical disability, Mr. Kim was forced to retire from work.
- > Mrs. Kim had to work extremely hard to help her husband around the house. She had to maintain the house, cook and help Mr. Kim up and down the stairs. Their children noticed that their mom was so tired all the time and encouraged her to retrofit the house for Mr. Kim's disability.
- > The Kims unfortunately were running extremely low on their cash flow since they no longer had Mr. Kim's salary to rely on. Mrs. Kim was so absorbed with Mr. Kim's disability that she didn't realize she was incurring credit card debt. By 2010, she was informed that she owed \$80,000.
- > With minimal income and Mr. Kim's disability, the Kims did not have many options available to them.
- > Their children contacted a mortgage broker, who gave them a list of options. The Kims required cash flow in order for Mrs. Kim to maintain and retrofit their home so that Mr. Kim could be more self-sufficient. Mrs. Kim's only stipulation was that she did not want to sell her home.



Mrs. Kim (77) & Mr. Kim (79)
North York, ON

Status:
Married

Home Value:
\$600,000

Their Financial Solution:
CHIP Reverse Mortgage

The Approach

- > Sally, the Mortgage Broker, suggested the option of a CHIP Reverse Mortgage with HomEquity Bank. After discussing this option with the Kims and their children, the family agreed that this would be a valuable solution for them and decided to move forward with the application.
- > HomEquity Bank had the Kims' house appraised at \$600,000, which meant the Kims could receive \$285,000 in a CHIP Reverse Mortgage.
- > The Kims agreed to take an initial advance of \$100,000, with planned advances of \$1,500/month for the remaining \$185,000.

The Conclusion

- > Because the CHIP Reverse Mortgage is also tax-free, the Kims were able to preserve their existing investment portfolio and their RRIFs. In addition, they were able to clear their credit card debt, stay in their home and have their home retrofitted for Mr. Kim.

“HomEquity Bank was there for us when there was no one else willing to help us financially. We are extremely blessed to be presented with this option, which not only relieved our anxiety but also provided us with peace of mind during this tough time.”

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