The Role of Reverse Mortgages in Retirement Planning

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SPEAKER	TRANSCRIPTION
N/A	[MUSIC PLAYING]
DORETTA THOMPSON:	**[00:00:11.20]** Hi, you're listening to Mastering Money. Where we explore the many aspects of good financial decision-making. I'm Doretta Thompson, financial literacy leader for Chartered Professional Accountants of Canada. We provide no-cost programs and free online resources that help Canadians own their finances and learn the language of money. **[00:00:31.61]** This season, we're focusing on important money conversations. Why? Because discussing finances may be uncomfortable, and in some circles talking about money can even be taboo but it really shouldn't be. It's important to start conversations about money and keep those conversations going. **[00:00:53.14]** My guest today is Steven Ranson, president, and CEO of Home Equity Bank, a federally regulated Schedule I Canadian bank. Steven is a Chartered Professional Accountant who was recently named a fellow of CPA Ontario, and recently co-authored a book called Home Run-- The Reverse Mortgage Advantage. Steven's here to talk about reverse mortgages, and how they might fit into your plan to retire comfortably and remain in your family home. Steve, thanks for joining us.
STEVEN RANSON:	**[00:01:25.31]** Thank you. I'm so happy to be here.
DORETTA THOMPSON:	**[00:01:28.01]** So before we begin, can you tell us a little bit about yourself and your career?

SPEAKER	TRANSCRIPTION
STEVEN RANSON:	**[00:01:32.38]** Well, I am a CPA as well. I've actually been here for 25 years. So I'm the employee that's been around the longest. But I started my career at one of the predecessor companies of KPMG, did a number of things in financial services, and then kind of ended up at Canadian Home Income Plan before we were a bank and it's coming up on 25 years next March.
DORETTA THOMPSON:	**[00:01:52.29]** What is it that inspires you about working in this field?
STEVEN RANSON:	**[00:01:56.77]** It's a lot of the same things now that there were 25 years ago. So I'm probably like a lot of people, when I first heard about this 26 or 27 years ago, I was completely skeptical. Somebody asked me to meet the fellow William Turner who founded the company. And I said like reverse mortgages, like who would want one? And then I met with him and I realized this is like, it's really a fantastic product. **[00:02:19.59]** And I could see even 25 years ago the way demographics were going and in fact, this product was going to become incredibly important to people going forward. It just seemed like a great opportunity from a product point of view and a business opportunity and just a great opportunity to help people in a way that no other product can do it. And that was true 25 years ago and it's still true today.
DORETTA THOMPSON:	**[00:02:42.75]** And as somebody who deals exclusively with seniors, what are some of the common concerns that Canadians have when they're planning for retirement that you see in your interactions with people?
STEVEN RANSON:	**[00:02:53.70]** It's sort of three things, right? Like people are living longer, they're saving less, and they're carrying more debt into retirement. People have just I've gotten comfortable with debt. Interest rates are incredibly low. And you're living longer if you have a 65-year-old couple, there's a one in two chance that one of them will live into their 90s, which is just unheard of even 30 years ago. And then, rates are low, it's really hard to make money on your savings. People just tend to spend more and then as I said, people are more comfortable carrying debt into retirement. So for our customers, our average customer is 72 years old, 35% to 40% of them are actually using the proceeds from our product to pay off conventional debt and get out from under those regular monthly payments.

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:03:37.77]** One of the things we've learned from studies is that most Canadians want to live as safely and independently in their own home for as long as they can. Have you seen COVID making a difference in that regard? Has that affected people talking to you about this particular product?
STEVEN RANSON:	**[00:03:53.96]** So I agree with both statements. We've done surveys pre-COVID and now during COVID. I wish I could say post-COVID but even pre-COVID, 80% to 85% of people that we surveyed want to stay in their home as long as they possibly can. The Ontario government did a survey, same type of survey early in COVID, came up with roughly the same results. And I'd say even more so now that COVID has continued. **[00:04:18.70]** So I guess people want to stay in their home as long as they can. They don't necessarily want to stay there until they pass away. Most people realize that at some point the home may become too much for them but they'd like to stay in there longer than they otherwise could or might be able to. **[00:04:33.72]** And now certainly with COVID, the last thing you want to do until we get COVID under control is move into some sort of group setting. Even a retirement home, if you don't need nursing care but moving in a retirement home you're in that group setting. And unfortunately, we all know the history of some of those group settings and how COVID spread. So for sure since COVID started I think the numbers, the percentage of people who want to stay has probably gone up.
DORETTA THOMPSON:	**[00:04:57.57]** And have you had more inquiries given that scenario?
STEVEN RANSON:	**[00:05:01.80]** So it's been kind of an interesting cycle. Early in COVID probably like a lot of people, we didn't really know what was going to happen. And I would say a lot of clients and potential clients, people were almost frozen, right? Just generally across all sectors, not just older Canadians. And so in the first few months through until about September of 2020, things were relatively quiet, like our business was down quite a bit. **[00:05:26.74]** And then starting in Q4, I think people realized, hey, wait a minute, you know, this isn't going away. I've still got the same financial issues as I had before. And now I've got this pressing feeling like I want to stay in my home. What am I going to do? And since Q4 2020 our results have been really strong.
DORETTA THOMPSON:	**[00:05:42.78]** And what role has the increase in value of homes, we're all hearing about what COVID has done to real estate prices, et cetera?

SPEAKER	TRANSCRIPTION
STEVEN RANSON:	**[00:05:51.24]** It is a product that is not well understood. And it's a product that we've noticed when people feel more confident about the real estate market and more confident about the economy generally our business tends to do better. I think people feel like if their house value is going up there's a bit more room for them perhaps to use the equity than they might have otherwise. So I think it certainly helps. **[00:06:16.20]** Although interestingly, we do get clients and potential clients who we tell them what their house is worth now because part of the process is you have to get your house appraised. And there are people who go like holy mackerel, you know if my house is worth that I'm going to sell it. So it has actually had another impact on our business of just people saying I kind of think this is too good to be true and I'm going to cash out.
DORETTA THOMPSON:	**[00:06:37.37]** You said that this is a product that's not well understood and let's take a little look and dig a little bit deeper into that. Can you explain for our listeners exactly what a reverse mortgage is and then how it might fit into a retirement plan?
STEVEN RANSON:	**[00:06:52.79]** Oh, for sure. So it's a pretty simple product that's actually the main thing we tell people, it's not actually that complicated, right? It's a mortgage. The principal difference between our product and a conventional mortgage or a line of credit is we qualify you differently. So how much you get depends on how old you are and what your house is worth. We're much less interested in your credit score because one of the other features of the product is you're never making payments. So we don't worry about whether you can afford the payments because there aren't any. So the credit process is completely different. **[00:07:24.78]** And then the other thing is it doesn't have a maturity date. The mortgage only comes due when you decide to sell your house. So it's not like OK, while I qualified for this mortgage and five years later when it comes due I'm going to have to requalify. You qualify for that amount of money and you're qualified until you basically decide to move out of the house. So we have customers from I think our 1992 and 1993, people who have really enjoyed the product for a good long time and know that there's not an event that's going to happen that's going to require them to leave the home. **[00:07:55.70]** And the third big benefit is there's no payment. So as I said earlier, 35%, 40% of people are paying down conventional debt. The fact that they're paying down conventional, like here's a way to get out from under those regular monthly payments, and where we are now everyone's expecting rates to be going up through 2022. Those payment obligations are going to increase. Here's a way to access the equity in your home, stay there as long as you want, and never have to worry about those monthly payments.

SPEAKER	TRANSCRIPTION
STEVEN RANSON:	**[00:08:24.78]**
	So the basic features of the product I said are relatively simple. The myths are probably the number one is that somehow or other we're going to end up owning your house which is not true, right? As I said, it's a mortgage. And in fact, for most people, house price appreciation more than pays for the interest. So they're ending up with lots of equity left over when they ultimately decide to sell.
	[00:08:49.76]
	The other thing is you don't have to take all the money you're offered, right? So people have this perception of I've got a million-dollar house, I qualify for $300,000, I can't possibly use $300,000, I'm not going to do it. In fact, you can take any or all of that $300,000 depending on how you need the money. So if you only need $50,000, only take $50,000. And most people do that. In fact, we tend to lend only about 80% of the kind of theoretical maximum because people are Canadians, right? They're prudent and they do the things that prudent, practical Canadians do, they kind of take what they need.
	[00:09:27.55]
	Then the last thing in terms of is it expensive? The upfront costs are really the same as getting a conventional mortgage with one exception. We ask all our clients to get independent legal advice. You know, again because we recognize it's not as well understood a product as we would like. And as we hope it might be a year from now but anyway, we want to make sure everybody understands exactly how the product works. So that's unique but the other parts of it, you have to get your house appraised, you've got to pay the legal closing costs, those are similar.
	[00:10:00.62]
	And then in terms of interest rates. So our rate today, our one-year rate is 3.99%. Our prime base rate is 4.09%, which is about 160 basis points, 165 basis points above prime. Our clients and their sort of credit profile went to get a HELOC, they're probably paying prime plus 1.
	[00:10:20.48]
	So it's marginally more expensive but you're getting a completely different set of features and benefits. You're getting things that hopefully help you and are important to you and you pay a slight premium for it. Other than the interest rate, there's no ongoing fees, you're not paying administration fees, you're not paying standby fees. There's no other sort of credit fees. As I said, it's a pretty simple product.
	[00:10:43.31]
	If you step back, and we talked about kind of particular uses for the product. But if you step back to this whole idea of kind of mastering money and financial planning, and how do you manage your assets in retirement? Part of what we're trying to talk to people about, and this is the people who are perhaps in better financial circumstances and are thinking about managing their assets, is the fact that you really have three pools of assets, right? You've got your RRSP and probably RRIF at that point. You might have a pension plan, although the percentage of people who have one is going down as we all know. You might have some amount of savings outside your registered plan so you're non-registered and then you've got your house.

SPEAKER	TRANSCRIPTION
STEVEN RANSON:	**[00:11:22.46]** We think there's a bigger opportunity to manage those three broad pools of assets away from the traditional strategy of well, I'm just going to-- I'm going to run down my unregistered stuff. And then I'm going to draw the money out of my RRIF. And then the last thing I'll do is take equity out of the house whatever it happens to be. A lot of times that's the least tax-efficient way to do it because you end up with these big withdrawals out of your RRIF, you're clawing back old age security, your CPP becomes taxable at a higher tax rate. **[00:11:54.29]** We really encourage people to talk to a financial planner about what are the opportunities around those three pools of assets and how you can manage those assets in a different way. That's an area where we're focusing now is what we call sort of the wealth management business. So it's not really wealth management in the sense of ultra-wealthy but as people who have got these different pools of assets and how might they manage them in retirement in a somewhat different way.
DORETTA THOMPSON:	**[00:12:22.92]** Yeah, that's really interesting. I hear from financial planners that people who've saved hard all their lives and then suddenly find that their retirement is sort of getting the money from their retirement savings funds they end up in a higher tax bracket than when they were saving it. Can have really unfortunate tax consequences. Who qualifies for a reverse mortgage and how much do-- would they qualify for?
STEVEN RANSON:	**[00:12:50.24]** It's based on how old are you and where do you live. The older you are, the more money you qualify for. The minimum age is 55 years old. We underwrite in almost everywhere in Canada to some degree. It's kind of what's your house-- what type of house you have will potentially make a difference. **[00:13:08.15]** And in terms of what you qualify for, so at about 80 years old you would qualify for roughly 57% loan-to-value. As I said, it goes down by age, so at 65 you'd be in the sort of 35% loan-to-value. Our average customer is in their early 70s, just kind of how it works out. And the average loan-to-value of new loans we underwrite is about 30%. And again, that goes back to what I said earlier, people don't take all the money that they qualify for. So it's been probably been between 28% and 33% for 25 years really. And the average dollar amount is in the $180,000 to $200,000 range. We do substantially bigger mortgages for people depending if their house-- what their house is worth but that tends to be our average.
DORETTA THOMPSON:	**[00:13:57.21]** So Steven, a lot of different financial products really fit different kinds of circumstances. What kinds of circumstances would a reverse mortgage not make any financial sense?

SPEAKER	TRANSCRIPTION
STEVEN RANSON:	**[00:14:11.27]** So if you think about the product and what it's designed for, right, it's designed for people who want to stay in their home really as long as they can. So if you have somebody who they only need the money for a year or so, probably not the best product. It's probably actually simpler to do something else. **[00:14:28.27]** The other circumstance would be if you're really struggling even with a reverse mortgage to pay your property taxes, and your fire insurance, or you've got other significant credit issues, you're probably-- I hardly ever recommend this. In that case, you're probably better to sell your house, clear your debts and hopefully downsize or move into a rental.
DORETTA THOMPSON:	**[00:14:48.94]** What do most people typically use the money for?
STEVEN RANSON:	**[00:14:52.66]** Oh, all sorts of things. As I said, the principal one being 35% to 40% of people are paying back conventional debt. So they're improving their cash flow in retirement by basically getting out from under that. And then after that, it's quite a range of things. We are seeing in expensive housing markets people are getting a mortgage and then giving a substantial amount of money to their children or sometimes even their grandchildren to help them get started. **[00:15:18.81]** We also see people who just want to make life a little bit better. So you hire somebody to cut the grass and shovel the driveway. You go see your kids in-- I'm in Toronto, you go see your kids in Vancouver three times a year maybe instead of once. Sort of basic kind of things. **[00:15:36.69]** People tend to use the money for fairly practical uses. We don't get too many people going around the world cruises or buy luxury vehicles kind of thing. It's really all the things that people might potentially use money for is what you use the product for. We've had people, some people bought second homes, right? They want to have a place for-- a cottage for example that their kids can come to and congregate. All sorts of different things.
DORETTA THOMPSON:	**[00:16:02.25]** When do people typically start to consider the reverse mortgage option?
STEVEN RANSON:	**[00:16:07.56]** We've had people who approached us and they've been thinking about the product for like two, three years. That's a bit unusual, but our general feeling is people do a fair amount of research before they first contact us. Most people who approach us now are reasonably well-informed, which is good.

SPEAKER	TRANSCRIPTION
STEVEN RANSON:	**[00:16:26.20]**
	And our average customer as I said is 72, I think that's because people still tend to retire kind of in their mid-60s and it takes a few years for them to figure out what their financial circumstance is going to be in retirement. And then it's OK, you know, this is not what I was hoping for. Or I think there's different ways that I can manage my pools of assets or retirement savings and here's a way to do it.
	[00:16:53.95]
	It is a product we actually encourage people to take time to think over. So the average customer takes about 30 days from the time they first inquire to the time they get a reverse mortgage. Again, that's around helping people understand the product, make sure they completely understand it, make sure their family members involved, that kind of thing. But I said, we have customers who've been thinking about it for years and then finally decide OK, now I'm ready.
	[00:17:18.87]
	We would say when should people think about it? As you're thinking about your retirement and your plans and what are my assets and what are the things I want to do and how much money do I think I need? That's when you'd be saying, OK, well, this is one of the options. And we would encourage you to call us and we'll tell you or on our website, we actually have a calculator, you can put in OK, here's my house value. Here's how old I am, here's where I live. And we'll give you a rough ballpark of what you might qualify for.
DORETTA THOMPSON:	**[00:17:44.52]**
	The theme of our series is difficult conversations. And I think difficult conversations around retirement, et cetera, I think to have this particular set of conversations, it's been important for us to lay that groundwork about what reverse mortgages are. But you know, it can be hard for people to discuss their concerns about being able to afford to stay in their own homes. So how do they prepare for a conversation for example about this with you? What questions will they be asked and is there particular information they should bring to you, things that will help them prepare and make these conversations easier?
STEVEN RANSON:	**[00:18:23.21]**
	There's no judgment on our part. This is what we do and we've seen all sorts of circumstances. We've had people who literally fell behind in their property taxes and were within a week of the municipality kicking them out and helping them, to as I said, people who are thinking about this potentially two years down the road. This is what we do. So we've probably heard it all in terms of what your particular concerns might be.

SPEAKER	TRANSCRIPTION
STEVEN RANSON:	**[00:18:48.62]**
	And we're here to help people understand kind of what the choices are. And understand a bit more about the product. So the fact that you don't have to take all the money upfront, that you can create a monthly income stream, and we try and help people understand, well, what is it they need the money for? And what's the best way for them to get it?
	[00:19:07.10]
	The bigger issue we see is around people talking to their families. And we just really encourage people to talk to their families and get their families involved in the process. Because a lot of times parents are proud, they don't necessarily want their kids to know that potentially they need money or retirement isn't working out for them the way they thought. And a lot of times they sacrifice to help their kids. And when the kids realize what's going on, a lot of them say, well wait a minute, you've done so much for me in my life, now this is a great idea, you should be doing this because you should take advantage of it.
DORETTA THOMPSON:	**[00:19:42.89]**
	You mentioned that monthly income streams is one way to access the capital that is advanced in a reverse mortgage. Can you explain that a little bit, what a monthly income stream looks like?
STEVEN RANSON:	**[00:19:56.19]**
	Sure. So let's say you have a million-dollar house and you qualify for $300,000. So now you've got this $300,000, you can decide really how you want that money. So you can take the $300,000 upfront because you've got a particular unique or individual need for it. You can say, well, you know what, I really only need $50,000. So you take $50,000 and you just leave that $250,000 for you to come back to at some point in the future.
	[00:20:21.53]
	Or you can say, well, I'd really actually like $1,000 a month for the next 300 months or $2,000 a month for the next 150 months, that kind of thing. And it's really again, you have the flexibility to just say, OK, based on the $300,000 that I qualify for, how much do I need each month and you can keep drawing that money until you get up to the $300,000. And so you've got a lot of flexibility.
	[00:20:46.89]
	In fact, I think we do it-- we'll actually do it quarterly in addition to being monthly. And then you can do something in between. You can say, OK, well, I really need $50,000 right now, and that $250,000 I'll take $1,000 a month for the next 250 months or any combination thereof. Like, take $100,000 and whatever. It's really-- all we really tried to do to people is say, look, you qualify for this $300,000, and then the conversation becomes well, how much do you need now versus what you might need in the future?

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:21:16.07]** What impact are higher inflation rates going to have on people thinking about a reverse mortgage?
STEVEN RANSON:	**[00:21:22.77]** Well, it's certainly going to help house prices, which is good. If your house appreciates, that's always a good thing whether you have a reverse mortgage or not. It will result in higher interest rates, which will result in a slightly higher cost of borrowing for pretty much every product. Other than that, I don't think it's a significant issue. **[00:21:44.15]** And to the extent that higher interest rates actually occur, again the borrower isn't really seeing that during the term of the loan because they don't have these monthly payments that are suddenly going to go up as a result of an increase in prime or some other basic interest rates.
DORETTA THOMPSON:	**[00:22:01.61]** What if house prices go down?
STEVEN RANSON:	**[00:22:04.46]** Well, that's a great thing about a reverse mortgage, right, you can never owe more than the value of your house. So that's kind of the built-in protection for customers really. I think the other thing which I've talked about in the past is most people don't take all the money. So we assume people are going to take every dollar on day one. To the extent that they don't, they kind of give themselves a bit of a buffer because we're not charging you anything for the money you didn't take obviously. So you still have a measure of protection for the vast majority of clients even when house prices fall somewhat.
DORETTA THOMPSON:	**[00:22:41.33]** So you would never be required to repay a portion of the loan or--
STEVEN RANSON:	**[00:22:46.61]** No.
DORETTA THOMPSON:	**[00:22:46.91]** If the value of your home--
STEVEN RANSON:	**[00:22:47.84]** It doesn't matter what happens to property prices. It's really-- in fact, it doesn't matter what happens to you personally over the life of the loan, it's really about how long you live in your home. And the triggering event for when the mortgage gets repaid is when you decide you want to move and you sell your house.

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	**[00:23:05.34]** So what happens when you make the decision to sell your house, what does that process look like?
STEVEN RANSON:	**[00:23:11.81]** It's just like any other real estate transaction, you decide I'm going to sell my house, now's the time. All the usual stuff you have to go through. And then when you sell the house because we're a mortgage registered on title your lawyer will just ensure that the mortgage is paid off, just again like any other mortgage and you keep all the equity remaining in the home. **[00:23:33.18]** So for most Canadians, house values are increasing at least the same level as the interest rate and probably in some cases, higher. So you're actually building up equity over the term of the loan and then when you repay you keep all that upside that you've earned over the last five, seven, 10, whatever number of years it happens to be.
DORETTA THOMPSON:	**[00:23:54.89]** Does it ever happen that at the time that the house is sold there's no equity left?
STEVEN RANSON:	**[00:24:02.57]** Very rarely. I think we've made 55,000 loans over the entire life of the product, and that's happened I think less than 100 times. And it's tended to be actually driven more by unique circumstances rather than changes in property markets. People don't remember but there was a whole leaky condo issue in Vancouver years ago where certain condo buildings, prices really fell dramatically. In Windsor when the car companies years ago were first closing a lot of plants, had a pretty significant impact on the real estate market. But it happens very rarely because most people only take 30% or so of the money that they qualify for. So they've got lots of margin before they really have to worry about that happening.
DORETTA THOMPSON:	**[00:24:49.32]** OK. Are there any other sort of potential pitfalls to reverse mortgages that you'd like to address?
STEVEN RANSON:	**[00:24:56.27]** I think it's really-- it goes back to the earlier question, you really have to think about what are your objectives and does this product meet your needs? And so as I said if you only plan to be in the house for a year or so this is probably not the right product. But if you want to be in the house for a long time, five years, seven years, our actual assumption is people are going to be there 9 to 12 years. Then this is the right product. It's like any financial product, you should be thinking about what am I trying to achieve and does this product work for me?

SPEAKER	TRANSCRIPTION
STEVEN RANSON:	**[00:25:31.44]** Probably the other it's not really a pitfall but if you have lots of money and lots of annual income and you can afford or qualify for traditional credit, which is a pretty small minority of people in retirement. But if you're in that circumstance, again probably should go get conventional credit if you're fortunate enough to be in that situation.
DORETTA THOMPSON:	**[00:25:58.87]** So if somebody as they get closer to the end of their life and they need in-home care, et cetera, they want to stay in their home. And time has passed since they initially negotiated a reverse mortgage and the value of their house has gone up significantly in the meantime. Can they come back and increase that amount?
STEVEN RANSON:	**[00:26:18.76]** Yeah. People do not actually that often but you can do it, you can come back and refinance your mortgage regardless of how you initially took the money, whether you took it all or you're on the monthly income stream it's really kind of up to you. You raised an interesting use of the funds in your question right at the beginning. We do actually see people who are 85, 90, who need home care and need significant amounts of home care in the $10,000 a month range. They will take that monthly product. They tend to be people living in cities where house prices are doing really well, Toronto and Vancouver in particular. **[00:26:55.24]** And if you're in a $1.5 million house, at that age you would qualify for $750,000 maybe $800,000. So $10,000 a month actually can go a pretty long way to help you stay in the home. We've seen that as a definite use for the product among that sort of older age group.
DORETTA THOMPSON:	**[00:27:15.40]** Do you ever have the children coming to you just concerned about their parents and is this an option for their parents?
STEVEN RANSON:	**[00:27:22.99]** Yeah, sometimes. You just run into privacy issues but we can certainly say, look, based on the age of your parents and the value of their house it would be about this ballpark. You can't-- nowadays with privacy legislation, you can't go too far down the road in terms of getting into specifics without the involvement of the parents. And obviously, if you have POA over your parents then you can do it but yeah, for sure we do. Although I would say most of our inquiries are actually from potential clients themselves.
DORETTA THOMPSON:	**[00:27:52.51]** Do you recommend that people involve their families in these discussions?

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STEVEN RANSON:	**[00:27:22.99]** Yeah, sometimes. You just run into privacy issues but we can certainly say, look, based on the age of your parents and the value of their house it would be about this ballpark. You can't-- nowadays with privacy legislation, you can't go too far down the road in terms of getting into specifics without the involvement of the parents. And obviously, if you have POA over your parents then you can do it but yeah, for sure we do. Although I would say most of our inquiries are actually from potential clients themselves.
DORETTA THOMPSON:	**[00:27:52.51]** Do you recommend that people involve their families in these discussions?
STEVEN RANSON:	**[00:27:56.29]** For sure. It just avoids problems down the road. I think kids should understand what their parents-- what their challenges are, why perhaps they might need the money. We have had kids who said, wait a minute, I didn't realize what was going on with you. And in fact, rather than get a reverse mortgage, the kids have actually given the parents money. **[00:28:15.49]** And we've also had more often than not, we get the opposite, which is that kids go well if you need it and this is important to you, then you should be doing it and we're 100% supportive. Because most times kids are going to be the heirs of the estate when it happens. And so you're better to have everything known upfront than any kind of surprises down the road.
DORETTA THOMPSON:	**[00:28:39.83]** So if somebody is interested in looking into getting a reverse mortgage where can they get that?
STEVEN RANSON:	**[00:28:46.96]** They can do it a bunch of different ways. You can just call us directly and we do a fair amount of our business that way. We also have referral relationships with the major banks, all the major banks, and all the major mortgage brokerage firms. So there's lots of different ways you can find out about us. **[00:29:03.32]** If you work with your banker that actually works pretty well because your banker tends to have a better understanding of your overall financial plan because they know what some of your other assets are. And then we can also make sure that the money goes directly into your bank account and your banker knows that it's happened and the transaction has happened and therefore they need to get going and kind of help you with that money that you received.

really hard and you paid off your mortgage. And people are not paying off their mortgages, they're refinancing right to the hilt every time and all of that. And I really worry about what they're going to be left with. The people that are kind of around 40 now, where they're going to be when they're retiring if they haven't paid off their mortgages.

STEVEN RANSON:

[00:30:09.97]

The unfortunate thing about the product is it's called a reverse mortgage. They call it equity release in the UK and it's just, it's kind of unfortunate that people think about that. One of our clients said to me actually, it's kind of funny, a guy I'd worked with 30 years ago, and it turned out he was a client. And I was chatting with him and he said, well, you only have two choices, you can access the equity in your home by selling or you can access the equity in your home by staying there. What would you rather do? You'd rather stay there. That's really how most of our clients feel, they want to stay in their home.

N/A

[00:30:40.06]

[MUSIC PLAYING]

STEVEN RANSON:

[00:30:40.61]

As I said longer than they otherwise might be able to.

DORETTA THOMPSON:

[00:30:43.78]

Yeah. Actually, that is an elegant way of putting it, isn't it?

STEVEN RANSON:

[00:30:47.41]

Yeah. That's kind of what it's all about.

DORETTA THOMPSON:

[00:30:50.47]

Steven, thanks so much for joining us today. You've been listening to Mastering Money from Chartered Professional Accountants of Canada. You can click to all the resources mentioned in this episode in the description for this podcast in your podcast app. Please rate and review us. And if you'd like to get in touch, our email is financialliteracy@cpacanada.ca.

[00:31:13.27]

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