

HELOC or Reverse Mortgage?

Discover which home equity loan is right for you



Don and Michelle stopped working a few years ago and want to take advantage of the freedom they've gained in retirement.



They want to update their 1960's original kitchen and retrofit the bathroom to be more accessible for the future. The only problem is, now that their income has been reduced significantly, they can't afford these renovations without impacting their retirement savings.



That's why Don and Michelle have decided to take out a loan using the equity they've built up in their home. Accessing this extra cash will help them pay for their renovations – so they can enjoy their dream home for many years to come.



After researching a variety of solutions, they have narrowed down their options to either:

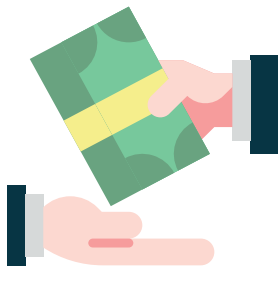
- a **home equity line of credit (HELOC)**
- or a **reverse mortgage**

But which is the best option for their specific needs?

Home Equity Line of Credit (HELOC)

VS

Reverse Mortgage



What is a HELOC?

A HELOC is a revolving amount of credit that is secured against your home. During the HELOC process, the lender decides the amount of available credit.

To qualify for a HELOC, Don and Michelle must:

- ✓ Own their home
- ✓ Have good credit
- ✓ Show proof of adequate income
- ✓ Hold at least 20% equity in their home



What is a reverse mortgage?

A reverse mortgage allows you to borrow up to 55% of the value of your home in tax-free cash. The amount you can borrow is based on your age, the home's location and the value of your home.

To qualify for a reverse mortgage, Don and Michelle need to:

- ✓ Be a Canadian homeowner
- ✓ Be over 55 years old
- ✓ Have enough equity in their home to borrow

Knowing they would more easily qualify for a reverse mortgage, they discussed the benefits of each option.

First, they started by exploring the benefits of getting a HELOC.



Lower interest rates than some other loan options, though variable and can rise significantly over time



Some lenders allow borrowing up to **65% of the home's value** minus any existing mortgage



Flexibility and convenience of drawing money only when they need it

Then they explored the benefits of getting a reverse mortgage.



Can borrow up to **55% of the home's value** as a lump sum or get it over time



Won't have to make mortgage payments until they decide to sell the home or move



Can stay in the home and maintain title¹ – keeping them in control



Can qualify based on their home's value, its location and their age. No income or credit score is required – perfect now that their income has decreased in retirement



No negative equity guarantee².

They will never owe more than their home is worth even if their home depreciates. And if their home does appreciate over time (like 99% of customers), they could have money left over once the loan is repaid



Thanks to the **CHIP Reverse Mortgage[®]**, Don and Michelle were able to find more **financial freedom**.

After many discussions, Don and Michelle decided to take out a reverse mortgage on their home. As retirees, it was simpler for them to qualify and borrow what was needed, it wouldn't reduce their monthly cash flow and they could continue to live in the home they love while maintaining title until they decide to sell.

Does a reverse mortgage sound like a solution for you?

Use our [reverse mortgage calculator](#) to work out how much you could qualify for or **call us at 1-855-312-9405**.

GET MY ESTIMATE

1. Must maintain property and pay property taxes and homeowners' insurance.
2. The guarantee excludes administrative expenses and interest that has accumulated after the due date.