

VERICO ZANDERS & Associates Mortgage Brokers Inc.

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Managing Your Mortgage

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What You Should Think About When Financing Your Home

If you're like most Canadians, your home is probably the most important investment you'll ever make. Whether you're buying a home or refinancing your existing home, making the right decision now can help save you money and provide greater financial stability for your family in the future.

To help you make an informed decision, Canada Mortgage and Housing Corporation (CMHC) offers the following tips on what you should think about when financing a home:

- **Calculate in advance how much home you can afford.** Mortgage Professionals use a few variables to determine the maximum mortgage you can afford: your household income, your down payment and your debt payments including your new planned mortgage along with major related expenses such as property taxes and heating.
- **Consider getting a smaller mortgage than the maximum amount you can afford.** Your future financial picture may not be the same as it is today. By taking on a smaller mortgage than the maximum amount you can afford, you will gain the flexibility and peace of mind to manage your other obligations today and deal with any unforeseen events that might occur in the future.
- **Evaluate the impact rising interest rates could have on your monthly payment.** For many homeowners, a rise in interest rates could have a significant impact on their housing costs. For example, if you are renewing a mortgage of \$250,000, an increase of just 2 percent in the interest rate could cost you around \$300 extra each month. Evaluating the impact of future interest rate increases today could help you avoid potential financial difficulties tomorrow.
- **Become mortgage free faster by reducing your amortization period.** On a mortgage of \$250,000, choosing a 25-year amortization instead of a 35-year amortization will increase your monthly payments by about \$200, but will also save you around \$90,000 in interest over the life of your mortgage, and make your family mortgage-free 10 years sooner.

Choosing an accelerated payment option (equivalent to one extra payment per year), making lump sum payments or increasing your regular payment amount all contribute to reducing your amortization period. For example, making one extra payment per year on your 35 year mortgage will make you mortgage-free 6 years sooner.

(Source: Canada Mortgage Housing Corporation)



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Five Steps to Building Your Financial Muscle

Ballooning credit card debt? Expensive kids? Large mortgage? Feeling in over your head? Read below for 5 steps to help you build your financial muscle.

Every day: Record purchases

Keeping track of every dollar spent may seem like a hassle – every pack of gum? every trip to the gas station? – but with the range of high and low tech options, there's no excuse not to do it. Jeffrey Schwartz, the Toronto-based executive director of Credit Counselling Services of Canada, says the exercise is an important eye-opener that can help you plan your budget. "You're going to be able to identify areas where you can cut back."

Every pay period: Put 10 per cent of your pay into savings

The key to easy saving is making sure it's invisible. You'll be contributing a steady amount to an account you won't touch and the money will be taken out before you even notice it was there in the first place. You can set up a plan with your bank to siphon off 10 per cent each paycheque – but feel free to start at a mere 5 or 6 per cent to ease into things.

The best invisible method for a heavy debit-card user: Take advantage of bank programs that allow you to round up every retail purchase to the next \$5 or \$10 benchmark. Say you are charged \$22 at a grocery store for toothpaste, shampoo and deodorant. When you go to pay, the total is rounded up to \$25 or \$30. The extra money goes straight to a savings account.

Every month: Tackle one major debt

You could spend the rest of your life making the minimum payments on your outstanding debts – and lose thousands on interest along the way. Instead, pick one to tackle each month, and put whatever extra you can into paying it down.

Every month: Find a new discretionary expense to cut or scale back

You hear about the "latte factor" – the way that daily specialty coffee can set you back \$1,000 per year – but that's not the only discretionary expense that's draining your bank account.

You might consider your bundled telecom-service package a fixed expense, but there's a lot of trimming you can do in that department. For instance, get rid of the unlimited texting plan if you only send 100 messages each month. Unbundle your services and shop around to different providers.

Every year: Reassess your credit-card and bank-account choices.

You can cut up your credit cards, freeze them, or hide them under the couch, as dozens of personal-finance books will advise you – but that's extreme.

You don't need to use it often, but a credit card is a near necessity, Murray Morton, a Toronto financial planner, says. You need it to book a hotel room, rent a car, etc. Have a credit card for an emergency or to establish credit but pay off your cards each month and look at the type of cards you have.

Depending on your lifestyle, it's best to get a credit card with no fee that has an attainable rewards program. No point in getting a credit card with a hefty annual fee and a rewards program that is hard for you to obtain.

Every month find a new discretionary expense to cut or scale back.



No-Fee Chequing Account – If possible, switching to a no fee chequing account is a good option even if that means moving financial institutions.

Follow these Easy 123's to Catch the Perfect Z's

With energy drinks, caffeinated beverages and even sugary shakes being all the rage, it seems that many have forgotten the most important factor in ensuring one's daily get-up-and-go.... sleep.

Whether you have the luxury to snooze in or must wake up early, follow these easy steps to start the day refreshed and without the need of an artificial boost.

1. Ban Work in the Bedroom

The bedroom should be a place to relax and unwind, not an extension of the office. Leave work and other tasks that require you to be at high levels of alertness to other areas in the room. Rest easy in the room designated for just that.

2. Rinse to Relax

Just like many children's pre-bedtime routine, showering or taking a bath before bed can be soothing. Additionally, the rise of the body's temperature due to the warm water from bathing and the lowering after leaving the shower facilitates sleep.

3. Sleep in Darkness

Dream away in as dark a room as possible. A little bit of light can surprisingly disrupt your circadian rhythm to prevent a proper night sleep. Try products such as Silhouette window shadings. It diffuses light through two fabric layers for a warm glow and calming effect.

4. Watch the Heat

Utilize comfy blankets and pajamas to get relaxed and put the body at ease. Too warm a temperature can cause many people to toss and turn. Make sure the bedroom is no higher than 21 degrees C.

5. Hide the Clock

If you are having trouble sleeping, the amount of time it takes you to fall under may be a contributing factor to keeping you awake. Rather than watching the minutes and hours pass, put the clock out of eyesight and dip into slumber without the pressure of witnessing the time tick away.

Make these easy changes and allow yourself to be alert with the aid of a solid night sleep, the energizing boost that nature intended.

(Source: News Canada)



Keep work out of the bedroom. The bedroom should be a place to relax and unwind, not an extension of the office.

Getting a good night sleep is the most important factor in giving you the energy you need to get through your day.
