

Something to think about



DIAN COHEN

- Benefits Canada Magazine tells us that most Canadians think that \$750,000 is what they need for a comfortable retirement.
- A Royal Bank survey tells us that more than 60 per cent of Canadians are concerned they'll outlive their retirement savings.
- The Office of the Superintendent of Financial Institutions (Canada's financial watchdog) tells us that seniors are looking for other sources of income: reverse mortgage debt levels are now over \$4 billion and growing by double digits.

A reverse mortgage is a loan that allows senior homeowners (55+) to borrow up to 55 per cent of the value of their home. The money can be used as

you want and doesn't have to be paid back – either the loan or interest – until you sell your home or die.

Good or bad idea? Alyssa Furtado, CEO of Ratehub (an independent financial services firm), lists the pros:

- No regular mortgage payments
 - The money is tax-free and doesn't affect your Old-Age Security or Guaranteed Income Supplement
 - You can take the money as a lump sum, a regular payment, or a combination of the two
 - You get to maintain ownership of your property
- And the cons:
- You have more debt, therefore, less to leave your family, or other beneficiaries.
 - Reverse mortgage interest rates are much higher than typical mortgage rates.
 - As you borrow more and more equity, interest starts to accumulate faster and faster.

- There are only two lenders that offer reverse mortgages in Canada (HomeEquity Bank and Equitable Bank)
- Additional setup costs (home appraisal fee, application fee, closing costs, etc.) also add up and are deducted from the amount you'll receive.
- The only way to get out of a reverse mortgage is to sell your home or die.

- You'll be subject to a penalty if you sell the home or die within three years of taking out the reverse mortgage.

- If you die, the amount you borrowed plus interest must be repaid within a limited period of time.

Furtado adds, "A reverse mortgage is best seen as a last resort to fund your retirement. If you can avoid getting a reverse mortgage, you should. Other ways to fund your retirement (such as renting out a portion, downsizing to something smaller, will leave you more financially stable... That being said, if you fully understand the product, have spoken to a financial advisor and your family, and are confident about your decision, a reverse mortgage can be a good way to fund a more dignified retirement. Just be sure to go in with your eyes open."

The increasing use of reverse mortgages are Canadians' collective response to the twin facts that our homes have increased in value, and our income security in retirement has decreased along with defined-benefit pensions. We all need to cover the costs of a retirement that may last well into our nineties and beyond. Reverse mortgages are here to stay.

Joseph Nunes of the C.D. Howe Institute, has one additional and very good idea. "The federal government,



in tandem with the provinces and territories, should modify the retirement savings system to allow private-sector workers to save in tax-deferred programs at a rate greater than the current Income Tax Act limit of 18 per cent of salary," Nunes says. "Canada's governments should also modify the retirement system to allow for the deferral to age 75 of retirement income from tax-deferred vehicles, as well as from Old Age Security and the Canada Pension Plan." Perhaps it won't help today's seniors, but it will certainly help future generations.

Dian Cohen is an economist and a founding organizer of the Massawippi Valley Health Centre.
Cohendian@gmail.com

Reilly House in Mansonville reinvents itself during COVID-19 pandemic



THE SCOOP

MABLE HASTINGS

Thanks to seven amazing volunteers, staff and Board members, the Reilly House located on Main Street in Mansonville has re-invented its services offered to the public and has continued to offer support to the community throughout the Covid-19 pandemic.

The open hours have had to be modified due to a lack of volunteers as many who volunteered are seniors who have needed to quarantine during the last few months. The Tea Room, clothing, second-hand shop, etc. are open presently on Friday and Saturdays from 9 a.m. to 4 p.m. and the goal is to, with Government directives in place, go back to being open normal hours once it is possible.

The menu for their take-out meal service for family size or individual size soups, spaghetti sauce desserts and meals (usually three options of meals and two kinds of soups is available to those who order in advance) and they

have a stock of various frozen items on hand. A new menu is available each week to order by the Tuesday at 4 p.m. and pick up on Friday or Saturday of the same week. The menu is posted on the Reilly House Facebook page and for those who do not have Facebook, you can call on the Friday or Saturday at 450-292-3109 and give your email address and the menu can be emailed to you.

"We have had a lot of positive feedback on our frozen meals," explains Amanda Patch who is President of the Reilly House. "This is a service we started in May and it continues to thrive to date and we could not be happier," she added.

After the Mansonville Elementary school posted a call in need of masks, the Reilly House was able to furnish 34 masks to the school. A few weeks ago, the Reilly House started providing sweet breads for the MES breakfast program as well.

"Our board of directors is extremely appreciative to the volunteers who continue to help us each week. Without them, we would not be able to do all that we have been," explained Patch.

If you would like more information about the Reilly House or any of its services, contact them at 450-292-3109.

For community groups, the pandemic has been a difficult time. The Reilly House continues to do all it can to remain a service to Pottton and surrounding areas. Gratitude was also expressed to those who have purchased frozen meals, who continue to donate to the second-hand shop and to those who help in whatever way they can.



Reilly House-President Amanda Patch presents face masks to Tara Graves at Mansonville Elementary School



PHOTOS COURTESY