

# 'Bridging' the generation gap

## Teens Playing Euchre at Seniors' Centre

By ANN KORNUA

A few fresh faces are coming out to play cards Wednesdays at the Milton Seniors' Centre. Teenagers Graham Shap, Craig Howse and Lee Mathé are sitting down each Wednesday with the card-playing seniors to enjoy a good game of euchre. The Bishop Redding students are not doing this out of any sense of duty; they are doing it for fun.

"We just like to play euchre," Graham Shap, a grade 12 student explained during a game. Graham said that when he was in grade 6, his parents would bring him to the centre to play cards during the winter season. Since then, Graham has been playing regularly with the seniors, and lately he has been joined by friends from school who can play the game. "Recently I brought Lee with me and this week we brought Craig with us," Graham said.

The teens sit amongst the seniors, mingling and playing cards instead of sit-

ting together in one group, something that impresses staff and administration at the centre. The seniors enjoy the fresh faces at their card tables and welcome them as friends. Age has nothing to do with the game, but for the younger card players it was a chance to learn new tricks from seasoned players.

The staff at the Seniors' Centre were at first surprised by the group of teens walking down the hallway, but were pleased that they were showing such an interest in spending time with the seniors. "It is unusual to see young adults take place in our activities," Tara Evershed, Supervisor of Recreation at the Seniors Center said. "They smiled and said hello and of course the seniors enjoy their participation. The staff are impressed with their willingness with their positive attitude."

## The Turner Report



A high-rolling guy I know in Toronto bought a house in a fancy neighbourhood two years ago for about a million and a half bucks. He put in a \$200,000 kitchen, did some landscaping, and arranged for a mortgage of \$980,000. He was telling me one day, feet on the desk of his corner office overlooking Toronto Harbour, how smug he felt about his finances.

The house was going up in value every day, he figured, and he had managed to keep his mortgage under control. People at his club, he said, or at his son's private school, routinely told him they had home loans of \$1.5 million, or beyond. So, he had it made.

Until last week. That's when he lost his job with one of the country's biggest companies. Unfortunately, it did not come at a good time - with real estate values in Toronto's tony neighbourhoods starting to level off, or decline; with mortgage rates on the rise; and some shocking energy bills ahead. Suddenly a lifestyle big enough to fully consume a \$650,000 annual salary - no savings, of course ("it's all in the house," he told me) - looks like a giant financial anchor.

The moral: Watch debt. It always has a way of coming back to kick you in the butt when you can least afford the blow. And that, students, brings us to this week's lesson - turning your debt, especially your mortgage, into tax-deductible debt.

There are a few ways to deal with a traditional mortgage, so that you're doing yourself a favour, instead of your bank. My personal favourite is the simplest, and one of the most effective ways I know of putting your personal finances on a much better footing. As I am sure you know, any money you borrow in this country for investment purposes - to buy a mutual fund or a stock or an apartment building - is tax-deductible. That means the interest charges you incur can be written off your personal income.

Therefore, if you are in the 50% tax bracket (as most middle class folks are), a loan with an interest rate of 5% is effectively reduced to 2.5% once you deduct the interest from your income. And, since the current rate of inflation is 2.6%, this means the loan money is, basically, free. How cool is that?

So, here's the strategy: Lots of people have mortgages on their homes at the same time that they maintain investment portfolios outside of their RRSPs. In many, many cases, the amount of money saved is equal to, or greater, than the home loan. The logic here is that while mortgage rates are as low as they are, it makes sense to keep a mortgage in place.

Wrong. Instead, a person in this situation should liquidate their entire investment portfolio, and use the proceeds to pay off their home mortgage. Then, immediately secure a new mortgage for the same amount, and use the money to buy back your investments. Now, you still have the same-sized mortgage, and you still own an equal investment portfolio, but this time 100% of the interest on your mortgage is deductible from your personal income - because it was turned into an investment loan. And, since 90% or more of your monthly mortgage payment is typically interest, this deduction can mean a big boost in your own after-tax income. This is a mortgage you do not really want to pay off!

Now, if you have sunk most of your savings into a registered retirement plan - an RRSP - then a different strategy may be required, since money taken out of the RRSP is taxable in your hands as income. In this instance, consider setting up an RRSP mortgage. You can use the retirement funds to pay off a conventional home loan, and turn that into a mortgage which now makes regular payments back into your own RRSP. You have to pay yourself an interest rate which reflects current market conditions, and you need an advisor to help you manage the thing - but those who have done this swear by the RRSP mortgage, since it is 100% secure and bound to triple the size of your retirement nest egg over the amortization period.

Fun with mortgages. Who'd have thought?

Garth Turner is an author, broadcaster, columnist and entrepreneur living in Campbellville.

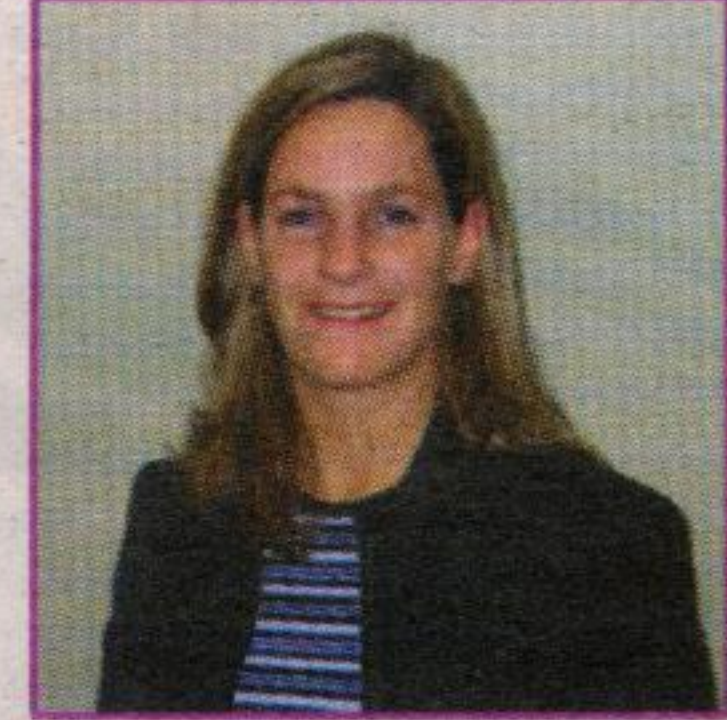
## Canadian Mental Health Association, Halton Region Branch

The official opening of CMHA's Head Office is taking place on October 5, 2005 at 388 Main Street East, Milton.

The ribbon-cutting ceremony, attended by local dignitaries (Mayor Gord Krantz, Mayor Ann Mulvale, Mayor Rick Bonnette, City of Burlington Councillor and Deputy Mayor Mike Wallace, and MPP Kevin Flynn) will take place at 3:30 p.m.

For more information go to [info.cmha@haltonhealthworks.ca](mailto:info.cmha@haltonhealthworks.ca) or call 905-693-4270.

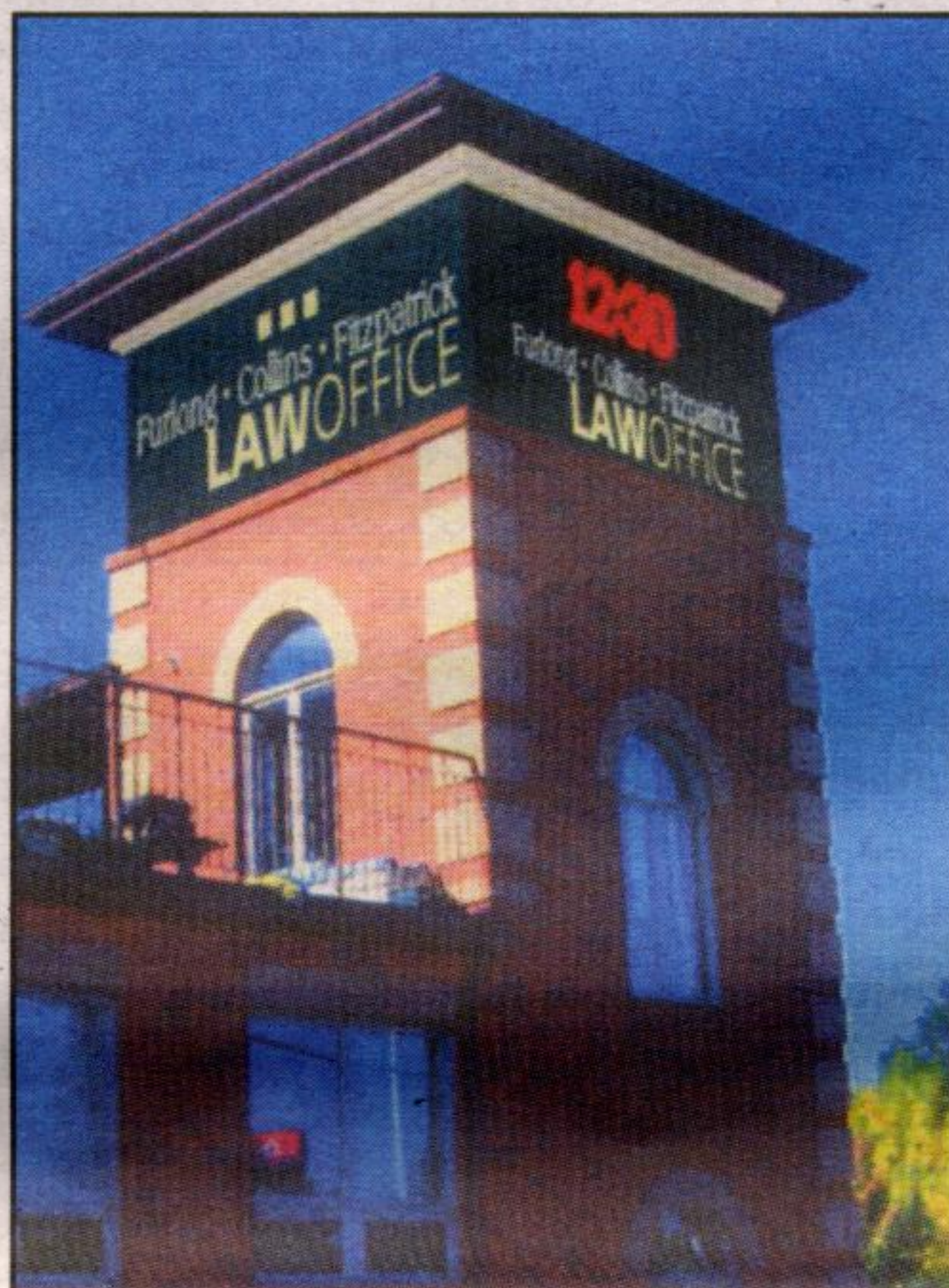
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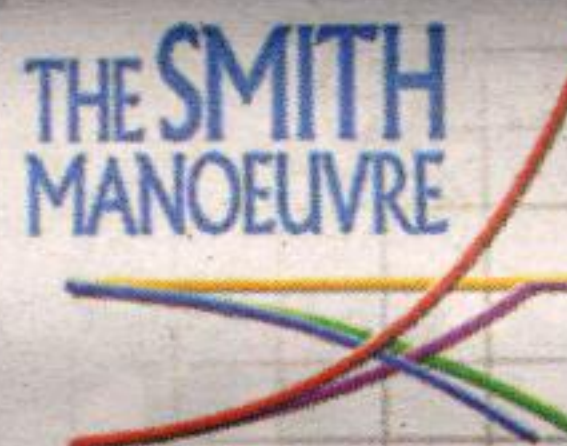
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