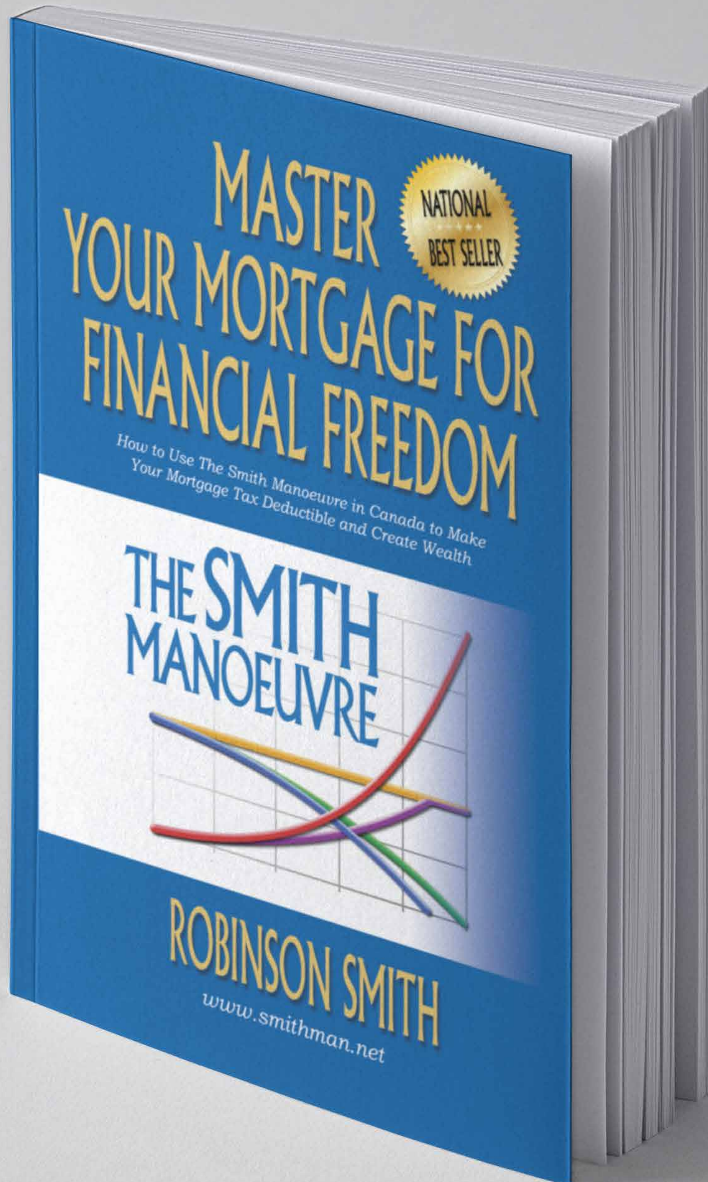

Selected Excerpts from

Master Your Mortgage for Financial Freedom

By Robinson Smith

Courtesy of your *Smith Mavoeuvre Certified Professional:*

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INTRODUCTION

Dear Reader,

This book can mean the difference between several vacations a year as opposed to only one.

It can mean the difference between both your kids going to university versus neither of them.

It can mean the difference between hardly ever arguing with the love of your life about money or seemingly always.

It can mean the difference between getting in your Winnebago and travelling to Mexico every winter or having to spend every winter in the cold.

It can mean the difference between playing golf three days a week when you're in your 70's or working as a greeter at a big box store.

The financial benefit to a typical Canadian homeowner who implements *The Smith Manoeuvre* is in the area of around $400,000 over the life of their 25-year mortgage. That is what this book is potentially worth to you.

In fact, that is just the typical base-case scenario - there is a very real chance that your benefit could be much greater. In many cases we see projected improvements in net worth of over a million dollars.

Today you are going to learn how to re-engineer the way you deal with your house mortgage. When you implement the strategy you are about to discover, you will begin now to build an investment portfolio of your own choosing. You will decide whether you want to invest in stocks, bonds, mutual funds, investment real estate, your own business or somebody else's business. These investments will be free-and-clear. It will also cause the taxman to send you annual tax refund cheques, big and growing ones, until you die at a ripe, wrinkly age. The tax refund cheques come every year, they get larger every year, there is no tax on them and it is all perfectly legal. But that's not all. These tax refunds will enable you to eliminate your big, ugly, expensive mortgage in record time - years ahead of where you would be without this strategy.

CHAPTER 1 WHAT THE WEALTHY KNOW ABOUT YOUR MORTGAGE THAT YOU MAY NOT

...But for now, let us look at a $400,000 mortgage with an interest rate of 3.5%, an amortization of 25 years and a 40% marginal tax rate for you, the homeowner. What is the cost to you?

Well, first thing that comes to mind is that you need to pay back the original $400,000. That's obvious. And equally obvious is that you need to pay the bank their interest. You are borrowing from them and it comes at a cost that you accept. At an interest rate of 4.0% over 25 years the total amount of interest you will pay to the bank for the privilege of borrowing that $400,000 is $231,224. So now we're up to $631,224. Ouch. Do you want to stop there? I certainly wish we could, but the fact is that before you have the money in the bank to make that mortgage payment, you first need to pay tax on your income. And over the course of this 25-year mortgage, based on your 40% marginal tax rate, you are going to pay $420,816 in taxes before you can even make those principal-plus-interest payments. So what's the grand total? How much do you have to earn at your nine-to-five in order to pay off that mortgage? $1,052,040. Over one million dollars to pay off that $400,000 loan. That's a lot of hours at the office.

This very thing that got you into a home where you can live and raise a family in peace and serenity, is the very thing that now threatens your peace and serenity. Because of this mortgage you aren't able to put near enough away for your future retirement - if anything at all. When the size of your mortgage payments is tacked on to the taxes you must pay and the bills of life you must cover each month, how is one supposed to even dare think about retirement?

But don't fret. There is a fix.

What Is *The Smith Manoeuvre?*

The Smith Manoeuvre is a creative, legal financial strategy designed for Canadian homeowners to convert the non-deductible debt of a house mortgage to the deductible debt of an investment loan. This simultaneously ensures the elimination of your non-deductible mortgage in record time while building a free-and-clear non-registered 'personal pension portfolio' and enjoying substantial tax refunds each year for years to come. Your mortgage will melt away as fast as your investment portfolio grows. The wealthy class has used this strategy successfully for years with the blessing of the taxman, and this book extends the knowledge and provides instructions to the rest of us. It can make a huge positive impact on your family's net worth and financial security.

The wealthy aren't terribly different than the rest of us, but they are not exactly the same as us. How is that? Well, they learned few things early on in life and they took action. It really is that simple.

From a young age they looked out at the world around them and saw everybody else structuring their financial affairs exactly the same way. Like a bunch of stampeding lemmings, everybody was scrambling in the same direction on the same path toward the same cliff, thinking that they were doing it the right way, because, well, if everybody else is it doing it…

But the soon-to-be-wealthy decided, "No thank you", and went a different way. The path less traveled, if you will. They thought to themselves, "If everybody else is working for a paycheque, struggling to make mortgage payments, car payments, to put gas in the car, braces on the kids and groceries in the fridge and can barely able to afford two weeks of vacation each year, not to mention retirement, why would I approach my financial life the same way as them? What madness that is!"

Wealthy people are just as likely as you are to have a 'mortgage' on their home. The difference is that the monthly interest portion of their 'mortgage' is tax-deductible, and yours is not. The wealthy got comfortable with debt – the good kind – and you should too.

The Magic of Compound Growth

If I invest zero dollars each and every month, religiously, at 8% growth for 25 years, how much will I have at the end of 25 years? Now I know that not everyone reading this is a mathematician who has the powerful and specialized computing programs at their disposal with which to do this calculation, so I'll just tell you. Nothing. Surprised? I knew you wouldn't be.

Now consider this: if I put $1,000 under my mattress each and every month at 0% growth, religiously, for 25 years, how much will I have? I'll have $300,000. That's better, eh?

Now what if I put $1,000 cash each and every month, religiously, into an investment that does 8% per year for 25 years? At the end of it all I would have $951,026. Now we're talking. We're starting to get into some serious retirement comfort.

The Objective of *The Smith Manoeuvre*

The debt of the wealthy generates deductible interest to reduce their tax, which increases their cash flow. They get richer. Your debt, your mortgage, is paid for with your after-tax dollars, and generates no deductible interest. The task at hand is to learn how to do what the wealthy do – convert the mortgage loan from bad debt where the interest is non-deductible, to good debt where the interest is tax-deductible. By doing so you will be able to enjoy the wonder of compound growth and watch your net worth increase exponentially.

CHAPTER 2 IT'S TOUGH OUT THERE. ARE WE ON THE RIGHT TRACK?

There is a rumour that the tax department is planning a new tax return for Canadians. The Canada Revenue Agency (CRA) has been listening to citizens who think its format should be much simpler. Now please keep this under your hat as we had to go through some shady backchannels to get a classified copy of the first draft of the upcoming simplified return, but here it is:

Dear Taxpayer,

a. How much did you make last year?

b. Send it in.

Thank you,

How Much Tax Do We Canadians Actually Pay?

Wikipedia maintains a list of personal income tax rankings for as many of the world's countries as possible. At the time of writing, only one country had higher personal income tax rates than Canada. And the Wikipedia list is 260 countries strong. According to this list, we Canadians are the second-highest taxpaying citizenry on the planet.

Canadians pay more in taxes – federal, provincial, municipal and indirect – than we do in food, clothing and shelter combined. Before we can pay for the basic necessities of life required to simply continue living, we must first pay the government a sum more than the total expense of these three life-sustaining absolute necessities.

Well, What Can I Do About It?

If as a citizen, I can't successfully reduce the number of taxes I pay or the rates on these taxes, what is one to do? But if you think there isn't anything you can do about it, think again.

The taxes may keep biting harder and harder but you have the ability to lessen the hurt, because while you may not be able to do much about tax rates, there most definitely is something you can do about how much tax you pay given those tax rates. Let's make the government send back some of the tax that we have already paid them throughout the course of the year when they have taken it straight off our paycheque every two weeks.

The Problem with Pensions

...What we have is blind hope and a vague idea. The blind hope is that there is some sort of pension plan we are able to get on at some point. Maybe we don't have one now but there's always tomorrow, a new job with a plan, whatever the case may be. The vague idea is that we have a house that we can always fall back on in 10, 25, 40 years or so. How exactly will we fall back on it? 'Don't know yet,' we say, 'that's a ways down the road...'

...In fact, a 2019 study by the Canadian Centre for Policy Initiatives found that of the 90 TSX Composite Index-listed companies that had defined benefit pension plans for their employees, only a few had fully funded their workers' pension plans in 2017. Collectively, these 90 companies were underfunded by a total of $12 billion, whereas the dividends paid out to shareholders totaled $66 billion. They could have fully funded their plans five times over. But they chose not to.

...Lastly, the next time you are in Costco, Walmart or a fast food restaurant, take a good look around. If you haven't already, you will notice many seniors acting as 'greeters' or asking if "you want fries with that?" Do these seniors want to be working there? I would suggest for most of them, no. I would suggest they would rather be playing golf, Texas hold 'em, tending their garden, casting for trout...anything else. But they have no choice but to work in their 'golden years'.

The Sequential Approach

We Canadians generally have two pretty pressing financial goals. Firstly, we have this big, ugly mortgage that takes a huge cut off our paycheque every two weeks. And it's relentless. We naturally want this big debt gone as fast as possible.

The second pressing financial issue we have is that we know we need to save for our retirement. We don't want to work forever. We want to be able to actually stop working at some point (or at least drastically slow down) and enjoy our golden years. Travel a bit more or play with the grandkids.

...But here's the fun part about the whole debate around which goal is better to attack first, and it's like watching two guys in the boxing ring. While blue corner is pounding on red corner that concentrating on paying down the mortgage is the best move and red corner is trying to beat blue corner into agreeing that saving for retirement is the way to go, it is to a large degree moot in the first place.

…I tell you it is quite interesting to be observing this debate whenever it opens up in the personal finance world and we have one side showing math that proves one argument and the other side with their own math. We can tackle these issues in tandem, we aren't restricted to tackling these problems in sequential fashion. So take the gloves off and hit the showers and everyone go get a Red Truck IPA and turn the game on.

The Reverse Mortgage

The most recent statistics are out and the uptake for reverse mortgages in Canada is increasing around 30% per year. This is a direct testament to the inability of more and more Canadians to adequately prepare for their retirement. If they were adequately prepared would they be selling their house back to the bank? No, they would not.

Make your mortgage and home equity work for you now so that it can create wealth for you. Don't wait for 15, 20, 25 years while that home equity moulders at 0% growth to use it to take out a loan in retirement whereby the bank starts to own more and more of your home each and every month. Remember this when someone tells you that they think it's best that you be mortgage-free and have lots of equity in your house that can help you in retirement.

Help you? Or the bank?

Your Mortgage Is Offering to Help – Don't Ignore It!

…So, if I just paid down my mortgage by $1,000 and created $1,000 of additional equity in that house, what is it doing for me? How is that $1,000 increasing my net worth not just this month, but next month and the month after and for the many, many months going forward that I am going to be living in my house? Nothing. That $1,000 of home equity is not in any sort of investment vehicle. Heck, it's not even in a bank account earning one percent. And if that $1,000 from my very first mortgage payment is earning 0% the first month, it is also earning 0% the second month and the next month and every month thereafter. For as long as I own my house, whether I am still making mortgage payments or not, that $1,000 will earn me precisely 0%. I am not even getting a bank account savings rate, and I am certainly not even keeping up to inflation.

And not only that, the original $1,000 that reduced the mortgage balance earns 0% for as long as I own the house, but the second $1,000 or so that reduces the mortgage balance also earns 0% for as long as I own the house and the third $1,000 and so on. Pretty soon I have tens of thousands, then hundreds of thousands of dollars that are mine but have never earned me a single penny.

But I have the ability to generate investment-grade returns on the dollars by which my mortgage payment reduces the balance, each and every month without requiring any more cash from my income.

Turn Your Mortgage Into Money

…But what if I were able to pull the equity from the house as fast as I was creating it with my mortgage payments and get it invested? If those investments were valued at $850,000 after the 25 years I've owned my house and I still owed the bank $400,000, then if I sold my investments to pay back the investment loan secured by my house, I would have, pre-tax, $450,000 in cash and a clear title house worth $800,000. So, after 25 years, instead of having a net worth of $800,000 to enjoy, I would have $1,250,000 to enjoy. And that is much more enjoyier, I think you'll agree.

CHAPTER 3 *THE SMITH MANOEUVRE* EXPLAINED

Okay, time to get down to the nitty gritty on process and functionality. How does *The Smith Manoeuvre* actually work? What is the process? In a nutshell, whatever equity you generate in your house via the reduction of the mortgage balance due to the regular mortgage payment, you are going to reborrow to invest each month into a non-registered investment account.

This reborrowing to invest leads to tax deductions because you are borrowing with the reasonable expectation of earning income. These tax deductions are calculated at tax time and the result is that over the course of the past twelve months you have paid too much tax – when the government was taking their share off your paycheque every two weeks they were doing so based on your estimated income exclusive of any tax deductions. So, because you have these valuable tax deductions the Canada Revenue Agency (CRA) has to send you money back at tax time. There's your refund.

And when the resulting tax refunds arrive each year you are going to prepay the mortgage by that amount and then reborrow it as well in order to invest. That's it. But first you need to restructure so that you will be able to access that monthly increase in equity. You need a readvanceable mortgage.

…A readvanceable mortgage is basically an agreement by the bank to always allow you to have owing to the bank the amount of the original total loan, should you wish. If I borrow $400,000 day one to buy my house, the bank is okay with me always owing them $400,000.

Be Careful How You Use the Readvanceable Mortgage

…So what have I accomplished with the above? Well, if I was not implementing *The Smith Manoeuvre* and actually did use the newly available credit each month to make a Lexus payment, go on some vacations and fancy dinners throughout the years, then I have managed to replace $400,000 of non-deductible debt on the loan portion with $400,000 of non-deductible debt on the line of credit portion. And as the payments on the line are interest-only, there's a good chance that I'll have this expensive, non-deductible debt for life.

And what will I have to show for it aside from the draining monthly payments? A car that has depreciated in value, a couple of vacations that I enjoyed but now only have photographs of, expensive dinners out that got eaten.... You know the old saying, "Leasing the lifestyle..." The point is that if I was reborrowing to consume this whole time, I have done nothing to improve my family's wealth - in fact I have harmed it - and I have next to nothing to show for it.

However, if I implemented *The Smith Manoeuvre*, I would have giant tax deductions leading to giant tax refunds for life because I borrowed to invest, I would have eliminated the expensive non-deductible mortgage in record time considering these annual tax refunds were used to prepay the mortgage, and I would have a large pool of investments which I can enjoy at any time, typically in retirement.

CHAPTER 4 LET'S LOOK AT A COUPLE OF RESULTS

Darren Does Not Implement *The Smith Manoeuvre*

...Darren originally had a $400,000 mortgage at 4% and managed to pay it off right on schedule the day he retired at age 65. Like most Canadians, Darren didn't have a pension plan tied to his job and adding to this lack of pension plan, his CPP and OAS were not nearly enough to allow him to retire in comfort. Darren had to resort to a reverse mortgage in order to have enough retirement income.

Mark Does Implement *The Smith Manoeuvre*

...The assets being purchased each month will grow on a compounding basis of 8% per year in this example. The total of the investment portfolio (Personal Pension Plan) at Mark's age 65 will have reached $840,394.

...Mark reckoned that if he could handle his $400,000 mortgage at age 40, it would become ever easier to handle as the years progressed considering increasing income as he moved through his career and the effect of inflation. By being willing to hold his debt flat at the level from where it started, Mark was able to benefit more and more each year from the compounding growth of his portfolio. As well, the increasing tax refund cheque he was getting each year allowed him to make extra payments against his mortgage to eliminate that bad debt very quickly, and this new equity was also instantly reborrowed to increase the portfolio yet again. As you can see from the chart above [not shown here], Mark had eliminated the non-deductible mortgage loan in 22 years versus the original 25 years - the length of time Darren was making non-deductible mortgage payments.

What is the Comparison?

Let's now have a gander at the differences in the circumstances of Darren and Mark. What are the cold, hard facts? Well, Darren retired at age 65 mortgage-free, just as he had always planned. But because he had managed to save precisely zero dollars throughout the course of paying out his mortgage, he had to sign up for a reverse mortgage and start selling the house back to the bank. He was actually concerned that he may live too long and that by doing so the bank would take all of the house when he died and there would be nothing left for the kids.

Mark on the other hand, also retired at age 65 – three years after he paid out the non-deductible mortgage loan – but he had a taxable nest egg valued at $840,394 on which he could rely for retirement income. While he did have an investment loan of $400,000 as well, if we look at the net position, he had the value of his house and the net value of his investment portfolio of $440,394 to enjoy ($840,394 taxable portfolio less $400,000 deductible investment loan). Figure 4.5 [not shown here] assumes straight-line appreciation of the respective homes from $500,000 at age 40 to $800,000 at age 80.

So Mark had a net worth of $1,127,894 at age 65 and it just kept on growing. Darren, meanwhile, saw his net worth at age 65 at only $397,500. And it declined from there.

What Do Your Numbers Look Like?

You can download *The Smithman Calculator* at www.smithman.net and plug in your own assumptions as regards current or proposed mortgage balance, amortization, interest rates, your marginal tax rate and projected investment growth rates to see how your current non-Smith Manoeuvre plan compares to the result if you implemented *The Smith Manoeuvre* now.

CHAPTER 5 ACCELERATORS

What we've just seen above is what we call the Plain Jane Smith Manoeuvre. Basically, this is simply taking the mortgage payment that you are already making anyways – nothing else – and putting it to work in order to create valuable tax deductions which lead to tax refunds allowing you to prepay the mortgage once a year at minimum and therefore being rid of that expensive, non-deductible mortgage debt much quicker than otherwise. And in order to generate those deductions you must invest, therefore improving your net worth on a monthly basis and building up retirement savings to allow you to avoid being forced to downsize or having to sell the house back to the bank in retirement.

All of this starts happening now. Not in 25 years, not next year, but now.

That being said there are ways to speed the process up considerably – generate bigger tax deductions and refunds faster, eliminate the non-deductible mortgage debt faster, and build your nest egg faster. And again, all without new or additional money from you. Without anything more than what you already have or are already laying out each month. You just need to restructure your financial affairs and make your money work more than once. Really make it sweat.

We call them accelerators, and there are a number of them. Namely the Debt Swap, the Cash Flow Diversion, the Cash Flow Dam, the DRiP and Prime the Pump.

Step I of the *Plain Jane Smith Manoeuvre:*

Borrow back and invest the monthly principal reduction that occurs as you make your monthly mortgage payments over the months remaining on your mortgage. Borrowing the money back to invest creates an investment loan and the interest on this investment loan is tax-deductible.

Step II of the *Plain Jane Smith Manoeuvre:*

Each year, when your tax refund arrives, use this money to make an extra payment against your mortgage, then immediately reborrow and invest the same amount.

Step III – The Debt Swap Accelerator:

Reduce your non-deductible mortgage balance using cash obtained by liquidating any…non-registered paid-up assets you own, and then borrow back the same amount to invest in replacement assets. …The Debt Swap is the act of swapping non-deductible debt for deductible debt using money regardless of the money's source.

Step IV – The Cash Flow Diversion Accelerator:

Divert current monthly savings and investment plan amounts against the mortgage loan, and then borrow back the same amount to invest.

Step V – The Cash Flow Dam Accelerator:

Use proprietorship revenues to prepay the mortgage loan, then reborrow to service the proprietorship expenses. If the revenues are greater than the expenses, invest the difference.

Step VI - The DRiP Accelerator:

Request dividends to be sent to you in cash rather than reinvested automatically. Use these dividends to prepay the mortgage loan, then reborrow to purchase the same stock or investment that issued the dividends or invest elsewhere.

Step VII - The Prime the Pump Accelerator:

If you have available funds that can be accessed immediately upon refinance into a readvanceable mortgage (or after restructuring your existing readvanceable mortgage), after a thorough discussion with your accredited Smith Manoeuvre Certified Professional advisor, you can directly invest some or all of the available funds. As this is discretionary borrowing, homeowners are advised to cover the incremental interest from personal cash flow and prepay the mortgage, then reborrow to service the related incremental deductible interest.

CHAPTER 6 LET'S TALK ABOUT DEBT AND WEALTH ACCUMULATION

Levels of Debt

The Smith Manoeuvre makes no recommendation on debt levels for the citizen. The strategy begins with the assumption that you and the bank are satisfied that you can handle the amount of leverage you have assumed in the mortgage loan you have already agreed to service before you read this book. You have already taken on the debt in the form of a mortgage which means you have already leveraged your borrowing power.

Whether you have too much or too little debt is between you and your Smith Manoeuvre Certified financial professionals. We know with certainty that because it's your house mortgage, the interest expense is not tax-deductible. *The Smith Manoeuvre* will fix that problem. Without increasing your debt you have learned how to convert your bad loan to a good loan. Simultaneously you will start building a free-and-clear investment portfolio for your retirement – your Personal Pension Plan. And to make it completely worthwhile, the tax department will begin sending your tax refund cheques that are also tax-free with which you are able to eliminate that bad debt faster than otherwise possible. All of this, using no new money from your bank account.

When Can You Deduct Interest?

The Canada Revenue Agency (CRA) is very strict about claims for deductibility of interest. This item bears repeating. The basic test for deductibility revolves around the answer to the question 'to what purpose did you put the money that you borrowed?' If you borrowed to buy the family car, to take a vacation, to buy a cottage or your principal residence, then you may not claim the interest on the loan as a tax deduction. On the other hand, if you borrowed the money to invest with a reasonable expectation of earning income from your investment, you may deduct the interest.

CHAPTER 7 COMMON MYTHS, MISTAKES AND OTHER THINGS TO KNOW

There is a lot of misinformation out there folks, so beware. Just recently I came across a piece on the internet written by a financial journalist for publication by one of our very well-known broadcasters. This journalist explained *The Smith Manoeuvre* was accomplished by 'selling all non-registered portfolio holdings and using them as a down payment on the mortgage after which you could reborrow to invest'.

Firstly, what this appears to describe is the Debt Swap, which you hopefully will recognize by now. The Debt Swap is simply an accelerator, it is not *The Smith Manoeuvre* itself. Secondly, by implementing the Debt Swap, you are not using the funds as a 'down payment'. If that were the case, you would not be able to reborrow and invest as it states above considering the mortgage lender requires the 'down payment' to remain as equity in the house. What the author should have done is simply replaced 'down payment' with 'prepayment' and noted that what was being described was simply an accelerator for *The Smith Manoeuvre.*

Common Myths

Myth – The Debt Swap IS *The Smith Manoeuvre*

Myth – The Growth Rate Must at Least Equal the Interest Rate

Myth Around Nominal Rate of Interest vs Real Rate of Interest

Myth – The Investment Portfolio Needs to Earn More Than the Line of Credit Rate in Order to Service the LOC

Myth – Leverage…or Is It?

Common Mistakes

Other Things to Know

CHAPTER 8 WHAT'S IN IT FOR THE BANK? OR FOR CANADA?

When my dad, Fraser, was first attempting to interest a bank to support his newly-developed strategy, he was turned down by the Royal, the Montreal and the Bank of BC in that order. "Irregular" was the common reason given for refusing to participate to bring tax relief to Canadian mortgage holders.

Not one to give up, he decided he needed to talk to a bank president. Guessing that he would not be getting an audience anytime soon with the president of CIBC, Fraser elected instead to talk to the head of VanCity Savings. The Chief Executive Officer was Larry Bell, recently arrived from his tenure as Deputy Minister of Finance for British Columbia. Fraser didn't know Larry Bell from a stick, but when he placed his call, the operator put him through without asking his name, and CEO Bell answered the phone himself. Dad liked him right away. He told Larry he had an idea that would bring VanCity new customers at the expense of the big banks and he was invited in immediately for a chat. Larry listened intently to Fraser's story, watched him draw his little pictorial, and when he was finished, Larry pushed his chair back and asked, "Why isn't every Canadian doing this?"

What Was It That Interested Larry Bell?

New Customers

Collateral Business

Good Customers

Self-Maintaining Asset Base

The Tax Department, the Government and the Country

Deductible Interest – the Lubricant of Business Investment

Personal Investing and Tax-Deductible Interest

Lots of Benefits for Canada

An Imperfect Attempt...

Many years ago, Joe Clark was elected prime minister partly on the strength of his promise to give Canadians tax-deductible mortgages. To his credit, the law was changed and the tax return forms the following year did provide some partial deductions. The Liberals cancelled the program when Joe was defeated at the next election. The flaw in the program was that it was a giveaway. There was no requirement for the homeowner to do any investing/conversion of the mortgage to earn the deductions.

... Greatly Improved

You will receive no tax refunds from the taxman using *The Smith Manoeuvre* unless and until you begin to convert your debt from bad to good by investing for the well-being of yourself, your family, and all Canadians. Investing is good for the people, and therefore it's good for Canada. In the final analysis, this is why the Canada Revenue Agency will be happy to continue to support *The Smith Manoeuvre*, and this is why you will continue to receive tax refunds.

CHAPTER 9 SUMMARY – AND WHAT TO DO NEXT

You have learned about *The Smith Manoeuvre*, which is a combination of several different strategies available to you that, once implemented, will improve the financial well-being of your family in dramatic fashion, with very little cost, if any, and no new cash flow required from you on an on-going basis.

The Smith Manoeuvre does not require that you increase your debt. Instead you will simply arrange to keep the amount of your existing debt constant for at least the interval of time it takes to convert the debt you have now from the bad kind to the good kind. Because debt is not increasing, this is not classified as a leveraging program. It is a debt conversion

Individual Results Will Vary...

The length of time it will take to convert your existing bad debt to good debt is influenced by several factors. These include your mortgage balance and current rates, family cash flow, the amount of deductible interest you can claim to get tax refunds, and the value of assets you currently own. These current assets might better be liquidated to provide more cash to reduce your non-deductible mortgage loan.

In addition, the efficiency of *The Smith Manoeuvre* can be dramatically improved by diverting existing monthly savings and investment plans against the non-deductible debt. And persons who operate unincorporated businesses or who wish to utilize leveraging strategies can multiply the value of *The Smith Manoeuvre* in dramatic fashion.

...But You'll Love Yours

You have the debt already. It is bad debt because its interest expense is not tax-deductible. You might as well get it converted to the good kind of debt – deductible debt. You will enjoy receiving those tax refund cheques. They are free (it doesn't cost you anything out of pocket to start earning them) and there is no tax on the proceeds. The conversion from bad debt to good debt is achieved by the purchase of new investments of your choice, one more very large benefit of *The Smith Manoeuvre* for your family.

...*The Smith Manoeuvre* is a legal strategy utilizing standard Canada Revenue Agency tax rules. It is available to any Canadian family with 20% or more equity in their home, or with the ability to engineer 20% or more equity.

The Smith Manoeuvre utilizes strategies routinely practiced by businesses and wealthy individuals with the assistance of expensive lawyers and accountants. Finally, via *The Smith Manoeuvre*, ordinary Canadians with ordinary incomes will be able to enjoy these strategies.

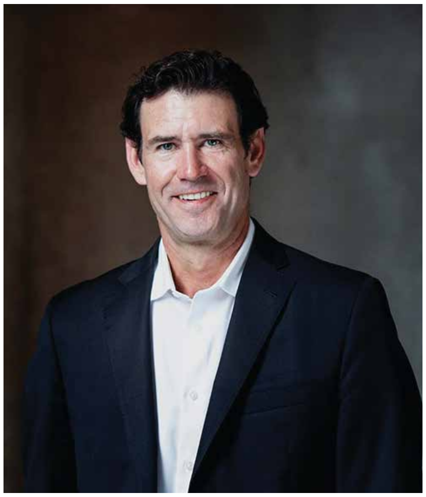
Make a Change. For You and Your Family. And for Canada

A financially secure Canadian is a financially secure Canada. So join the thousands of Canadians who are already in the process of converting their bad debt to good debt, or who have already completed the process. You too can enjoy these financial gains for the benefit of your family, and with these financial gains, you can expect emotional gains - the reduction in stress levels arising from a deeply embedded and constant worrying about the future cannot be underestimated. It is liberating!

I would like to note that somewhere it is written that the two leading causes of relationship breakdown and divorce are issues revolving around sex and money: the two biggest reasons we can't stay together also happen to be two subjects that we learn very little or absolutely nothing about in the school system or in our formative years. Now, I can appreciate the likelihood that some of you may be thinking that you are indeed an expert in one of them already, so start taking care of the other and you will be rewarded with a secure, stable and happy future.

Now reach out to your Smith Manoeuvre Certified Professional!

ABOUT THE AUTHOR



Robinson graduated from the University of Victoria with a double major in Economics and Chinese Studies in 1995. During his time at UVic, he also studied Mandarin in Beijing and Shanghai and upon graduation worked in various sectors in China including international trade and investment while serving as acting Commercial Counselor at the Canadian Embassy in Beijing.

After obtaining an International Business MBA from Simon Fraser University in 2003, Robinson returned again to China to become vice president of The Balloch Group, a boutique international investment bank based in Beijing, and worked on various projects as diverse as seaports, steel cable manufacture, lumber joint ventures and hydrogen fuel-cell investment. He has dined and mingled with the likes of Henry Kissinger, Prime Minister Jean Chretien and the Premier of China, yet somehow still manages to maintain an air of superiority.

In 2006, Robinson returned to Victoria to work with his father, Fraser, the financial strategist who pioneered *The Smith Manoeuvre*, where Robinson helped over 500 families implement the strategy one at a time. In 2018, Robinson sold his investment advisory practice in order to write Master Your Mortgage for Financial Freedom, the follow-up to his father's original book, and reach even more Canadians.

Robinson now dedicates his time writing, speaking and training both homeowners and financial professionals in *The Smith Manoeuvre* strategy in order to continue on with his father's original mission to give every Canadian homeowner the opportunity to say "Yes" to the question, "Do you want to make your mortgage tax-deductible?"

He lives in Victoria, BC, with his wife, Heidi, and their dog, Harley.