

Keeping in mind that while rates are attractive, locking in long term limits may not always be the best choice.

For example, is this your first house? You may be upgrading to a larger house as your family grows. There will be a penalty fee if you wish to get out

of this initial long term mortgage.

Rates, terms and amortization time vary among lenders, so it is important to get some professional advice from a trusted advisor and an accredited mortgage broker.

Ottawa Moves to Assure Seniors on OAS (Old Age Security)

There has been much speculation that the government is planning to raise the age which a person can begin collecting OAS from 65 years of age to 67.

The government house leader has stated seniors should rest assured that those who currently collect OAS will continue to collect it without change.

“The focus is to plan on the medium and long term in the stability of the system.” Government House Speaker Mr. Van Loan stated. In addition,

he mentioned that there are now four working people, for every person collecting OAS. Twenty years from now, only two people will be in the workforce for every retired person. The most recent actuarial report on OAS estimates the use of the program will increase to \$108 billion in 2030 from \$36.5 billion in 2010. (Globe and Mail update)

More specifics will be made clear when the upcoming budget will be presented.

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When you hear something you will probably forget it. When you see something you remember it. But not until you do something, will you understand it.

Economic Outlook for the 2nd half of 2012



It's been a long haul since the 2008 monumental meltdown in the financial markets.

In previous editions of Investors Insight we have tried to inform and make some sense to the somewhat complicated reasons for what was considered the worst “crash” since 1929 that caused the great depression.

Because of more sophisticated systems, methods and historical knowledge, we have been able to eliminate some of the harsh consequences we would have suffered in a lesser environment.

Canada survived much better than Europe and the US, due to their excesses and blatant greed, some serious realities were witnessed by consumers, in particular the

US. It is estimated that the US taxpayers have had to forgo up to 2 trillion dollars to put in a softer landing, which otherwise would have been an historical unprecedented and unimaginable disaster.

That was then.....this is now.

We are now in a four year recovery in Canada, US and global economics.

This is not as dynamic as past recoveries, however, we have never endured such a complicated collapse of our now worldwide integrated economies.

The positive news is that it was necessary to hit “rock bottom” in order to properly and fundamentally create a sound base to rebuild our economies.

Finally, as corporations reduce debt on their balance sheets, after the financial crisis of 2008, they continue to enjoy the benefits of reduced cost structures and low interest rates. This has continued to allow companies to present acceptable earnings in a difficult and slow growing economy.

Our second half of the year will be a slower than usual growth mode, however, most knowledgeable



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forecasters predict, not withstanding European difficulties, we will continue to rebuild our

economies from a base much more sound than in past recoveries.

Mortgage Insurance - What you should know

If you own a home, it is highly likely you have what the banks call Mortgage Insurance, issued by them, which is attached to your home mortgage.

Therein lays one of the biggest and most convoluted perceptions of what in fact this product is and what it isn't.

We will attempt to "demystify" and educate our valued clients, which in turn will provide you with a far superior alternative to what you may already have.

If a person has a mortgage on their home, chances are very good that they also have mortgage insurance with their bank. The idea is that if they should become seriously ill and die before paying off their mortgage, the coverage will be adequate and pay off their mortgage.

This feature is meant to reassure people that their families will be able to keep the home if anything should happen. In fact the reality falls short of that.

Consumers should be made aware of the true facts concerning Bank mortgage insurance and what you are not told.

In truth, bank staffers selling mortgage insurance are often unlicensed and rarely trained to explain the details and legalities of those insurance products. The result is that people pay premiums and think they are covered, only then

realize when it is too late that they are not.

When applying and accepting the lenders version, after only a few questions the perception is that the borrowers are covered. No underwriting has been done and in fact, you don't have an existing insurance contract. Underwriting is done and examined after death and may be contested on any technicality.

In fact, underwriting a person to qualify for life insurance by a licensed broker is always done prior the issuance of a policy, so that once issued the insurance company must pay all claims, with the exception of any fraud.

Source: CBC Learning>Program "Marketplace" / "The Mortgage Insurance Game".

Question: Do I have to buy mortgage/insurance from my lender?

Answer: No

A much better alternative would be to purchase life insurance from an independent life insurance broker. Generally it is more cost effective, as well allows you considerably more flexibility on your options once a claim is paid (this insurance coverage is after all to protect you, not the lenders interest).

See the following simple display on the comparison between so called mortgage insurance and personal life insurance coverage.

	Independent Life Insurance Advisor	Mortgage Lender
Type of insurance available	Level Term or Permanent	Decreasing Term
Beneficiary	Anyone you decide	Mortgage lender
Payment frequency	Monthly, Quarterly, Semi-Annual or Annually	With your mortgage payment
Premium Discounts	You can take care of other insurance needs with one policy and qualify for discounts.	Only covers mortgage, no discount available
Continuing Coverage	You are covered to a certain age (e.g. 75 or 80) or you can convert to any available permanent plan	Your insurance ends with your mortgage
Portability	Your Insurance stays with you, even if you refinance or change lenders	If you move your mortgage, your insurance ends and you have to re-qualify with the new lender. Refinancing may also require you to re-qualify, even though you're with the same lender
Insurance Benefit	You can get a level benefit or you can lower your benefit over time to match your mortgage	Decreasing with the amount borrowed without control
Advice	You deal with a licensed life insurance advisor, who can help you determine the type and amount of coverage that's best for you	Your mortgage lender may not be licensed and may not be able to provide advice on life insurance
Premium Guarantees	Your premiums are guaranteed, as are future renewal premiums	Premiums are not guaranteed
Payment Period	Will vary, depending on the plan chosen	As long as the mortgage is payable
Male & Female rates	Premium is based on gender	Same rates for men & women
Options & Riders	You can customize your coverage with Premium Waivers in case of disability, Accidental Death & Dismemberment and Children's Insurance riders.	None usually
Non-smoking & healthy lifestyle discounts	Yes	No

**Transamerica Life - Illustration*

Mortgage Interest Rate Developments

The biggest news to come along in quite some time is that financial institutions are now offering ten year fixed mortgages, for as low as 3.99%.

According to the Canadian Association of Accredited Mortgage Professionals (CAAMP) in 2012, only 8% of Canadians held a mortgage term of over five years and only 1% more than ten years. The difference now between the best discounted five year fixed mortgage rates and ten year

rates, sits at less than 1%.

Keeping this new development in mind, the ten year fixed mortgage rate (which may vary among different financial institutions) is definitely a game changer for Canadian homeowners.

All the countries biggest lenders are in serious competition to retain and attract customers in order to defend their customer base and defend their business.

Continued on reverse