FREE GUIDE · FOR ALBERTA HOMEOWNERS 55+

Reverse Mortgages: Facts vs. Myths

You spent thirty years building the equity. This guide separates what reverse mortgages actually are from what the coffee-shop version says they are - straight answers, no pressure, no sales pitch.

- The eight myths, answered plainly - including the two your kids believe
- Who a reverse mortgage genuinely fits, and who should skip it
- How much you can access, and why small-town values get read differently
- A note to adult children - because this is a family conversation

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What It Actually Is

> A reverse mortgage lets homeowners **aged 55 and over** convert part of their home equity into tax-free cash - as a lump sum, monthly amounts, or both - with **no required monthly payments**. The loan is repaid when you sell, move out, or from the estate.

You remain the owner. Your name stays on title. You stay in the house as long as you keep taxes, insurance and basic upkeep current. Interest accrues on what you have drawn, which is why the balance grows over time - and why the honest conversation is about how much equity you want working now versus preserved for later. In Canada these loans come from federally regulated banks, and **independent legal advice is a required step** - a lawyer of your own confirms you understand exactly what you are signing. That is a feature, not a hurdle.

How much can you access?

Up to **55% of the home's appraised value**, with the percentage driven mainly by age (older borrowers qualify for more), the property, and its location. An existing mortgage does not disqualify you - the reverse mortgage pays it out first, which for many people is the whole point: the monthly payment disappears. One honest note for my towns: **in smaller communities, lenders may offer a somewhat lower share of the value** - rural marketability gets priced in. The way to know your real number is to ask with your actual address in hand.

The Eight Myths, Busted

- **"The bank owns my home."** No. You keep ownership and title, full stop. The lender registers a mortgage - the same as any mortgage you have ever had.
- **"I could end up owing more than the house is worth."** Canadian reverse mortgages carry a **no-negative-equity guarantee**: settle the loan the normal way and you will never owe more than fair market value.
- **"My kids will inherit nothing."** In the typical file, meaningful equity remains - homes appreciate while interest accrues. The estate sells or refinances, repays the balance, keeps the difference.
- **"It's a last resort for desperate people."** It is a planning tool: topping up retirement income, renovating to age in place, gifting a down payment while you are alive to see it, ending a monthly mortgage payment on a fixed income.
- **"The rates are outrageous."** Reverse rates run higher than conventional mortgage rates - that is the price of a loan with no required payments - but "outrageous" belongs to a different product. Ask for today's actual numbers and judge with them in front of you.
- **"They restrict what I use the money for."** The money is yours - income, renovations, travel, family, medical costs, paying out debts.
- **"I can't qualify - I still have a mortgage."** Covered above: the reverse mortgage retires it. Common, routine, often the main motivation.
- **"I could be forced out of my home."** Stay current on taxes, insurance and upkeep and you can stay for life. That protection is contractual, not a courtesy.

The honest alternative check

Sometimes selling and downsizing IS the better move - and a broker who never says so is selling, not advising. The comparison worth doing: what downsizing nets you after realtor fees, moving and the emotional cost of leaving your community, against what staying costs in accrued interest. Run both. Decide slowly.

A Note to Adult Children

> You looked this up because you are worried about your parents. Good - that is what this page is for.

The skepticism you feel usually traces to American horror stories from a different product in a different regulatory system decades ago. The Canadian version is offered by federally regulated banks, carries the no-negative-equity guarantee, and requires your parents to get independent legal advice before signing. The real question is not "is this a scam" - it is **"is this the right tool for their plan?"** Sometimes it is: it lets them stay in the home they love, on their income, without asking anyone for help - and their independence is probably worth more to them than the inheritance arithmetic. Sometimes it is not, and downsizing or family assistance wins. The families that get this right decide together, with the numbers on the table.

Here's the thing about dignity

Most of the people who sit across from me asking about reverse mortgages are not reckless - they are house-rich, income-tight, and quietly determined **not to be a burden to anyone.** The product exists for exactly that person. Whether it fits is a numbers conversation - and it should never, ever be rushed.

Curious? Bring your questions - bring your kids.

An unhurried conversation with real numbers for your actual home and town. Educate first, decide later.

Call or Text 403-703-6847

Go deeper: shawnselanders.ca/reverse-mortgages - the full plain-language rundown, updated as rules change.