

Study links home ownership to orderly fiscal house

According to a recent study sponsored by Genworth Financial Mortgage Insurance Company Canada, Canadian homeowners enjoy a higher level of financial fitness.

Compared to 48 per cent of non-homeowners, 65 per cent of homeowners pay off their full credit card balances each month. And 25 per cent of homeowners with mortgages have managed to make a lump sum payment or accelerate their mortgage payments.

Noting that home ownership is an achievable goal for those who are prepared, Peter Vukanovich, president and chief operating of Genworth Financial Canada, says, "Home ownership helps people focus on their financial situation and get their fiscal house in order."

"Generally speaking, Canadian families or individuals who invest in a mortgage and own property are able to apply a little bit more rigour to their financial situation, so we weren't surprised to see the correlation between financial fitness and home ownership," says Henrietta Ross, CEO of the Canadian Association of



Results from a study sponsored by Genworth Financial Mortgage Insurance Company Canada illustrate the importance of financial planning as a means of achieving goals including home ownership. PHOTOS: ISTOCKPHOTO.COM

Credit Counselling Services (CACCS). "It isn't just the mortgage; there are significant additional costs to home ownership such as taxes and utilities, so there is more of a tendency to plan ahead."

Over time, that planning translates into greater financial acumen, she says, but the necessary skills can be developed in other ways as well. "In our credit counselling practice, we see individuals seeking to deep-

en their financial management skills in order to achieve their life goals; they learn to be realistic about their income and to manage their money better."

Those skills are essential if your goals include buying a home. Most lenders base their loan calculations on gross income, but Canadians pay their bills out of the money they actually bring home. That means it is up to the borrower to ensure they buy a

home that is affordable for them. "You have to be able to look ahead and ask hard questions about how reliable your income will be in the future, as well as taking a thorough look at all the expenses associated with home ownership."

Conducted in conjunction with CACCS, the survey also found that 30 per cent of respondents say they don't seem to be getting ahead.

Individuals and families who find themselves among the less financially fit proportion of the population have an opportunity to take action, advises Ms. Ross. "Start by identifying your financial goals and aspirations; then look at the areas of your life that are consuming your income. Is your money going toward fulfilling your goals? If not, realign your spending."

Carrying high-interest debt

is a common barrier to financial fitness. After achieving spending discipline, putting a plan in place to pay it off can be the first step in making income available to achieve home ownership dreams, whether that means saving for a down payment or paying off the mortgage.

"Seek out qualified, accredited coaches, individuals who can help you look at your current situation and help you align it with your future aspirations," says Ms. Ross. "If you need the services of a credit counsellor, ensure they are certified and work with an accredited not-for-profit credit counselling agency. And if you are planning to purchase a home, advice from a mortgage professional will help you understand your financial tolerance and what you can afford." ■

For more information on survey findings or a better way to home ownership, visit www.genworth.ca.

To find an Accredited Not-For-Profit Member Agency with Certified Credit Counsellors and qualified Financial Fitness Coaches, go to www.caccs.ca or telephone 1-800-263-0260.