



## GETTING STARTED ON A REAL ESTATE PORTFOLIO

- \* Buy a home to build equity
- \* Buy an inferior home in superior neighbourhood
- \* Buy a house with a rental suite
- \* Seek professional advice

# “PERSONAL HOME SMARTEST INVESTMENT YOU CAN MAKE”

**D**uring a real estate seminar last week in Vancouver, a veteran accountant told a roomful of seasoned and novice real estate investors that the best real estate play is buying their own residence.

“A personal home is the smartest investment you can make,” said David Benson of Benson & Company Chartered Accountants, Vancouver. Benson, who has been assisting and advising real estate investors for 30 years, said that, for most people, building wealth begins at home. Benson was addressing an audience who were expanding a real estate portfolio, or trying to start one.

How to start? “The first and most important place to begin is to buy your

home,” he said, “Building a real estate portfolio without first building equity in in your own home is akin to erecting the walls of a house before laying the foundation.”

The power in home ownership is not just about equity, Benson noted, it is also the only tax-free investment most Canadians will ever have.

“No other investment offers this tax treatment,” he noted, “In many other countries, including the United States, gains on principal residences are taxed.”

Benson said that young people often come to him for advice on buying rental income property, but “without equity, without their own home, they have no safety net if the rental property doesn’t

perform as planned.”

Benson then outlined a simple plan for young clients to get started on building a real estate portfolio.

- Take advantage of using Registered Retirement Savings Plans to save up for a downpayment. (Withdrawals are tax free if repaid within 15 years.)

- Cajole parents or relatives into co-signing for you for a first home. (And pay them back.)

- Buy a home with a rental suite; live in the suite and rent out the bulk of the house and apply that rent to the mortgage to pay it off faster.

- Buy an inferior home in a superior

neighbourhood.

Benson also had advice for those who have owned a home for a long time and want to travel, perhaps live somewhere else for a few years. Under Canada Revenue regulations, he explained, a homeowner can “deem” their house as their principal residence for up to four years, even if they are living somewhere else and renting the house out. “You don’t have to worry about losing the capital gains tax exemption,” he explained.

His final advice: seek sound professional advice, including a tax expert and a good realtor.