Putting Your Net Worth on the Fast Track

Borrowing to invest is a simple, yet effective wealth creation strategy that involves using other people's money to make a significant investment rather than using your own equity or money, similar to leveraging for things like mortgages, credit cards, etc.

By Victor Ferreira, Owner of Ferriera Insurance & Investment Concepts Inc.

What the Industry considers bad and good debt...

It's bad debt if you borrow money with usually high interest credit cards, to purchase items that quickly depreciate in value.

It's good debt if you borrow to invest - you can benefit from a larger lump sum today and your interest cost is tax deductible! It usually applies to anything that is tax deductible and provides value as the asset appreciates.

Benefits of borrowing (Leveraging)...

Most people are unable to fund home purchases or take out an RRSP loan with a significant single lump sum. When managed properly, leveraging has the potential to accelerate the growth of your savings, achieve long term financial goals more quickly, and build a larger and more diversified retirement portfolio, etc.

If done incorrectly, it can have negative effects and present undue risks. It's important to leverage responsibly with an amount that results in payments you can afford comfortably; this strategy may very well help you reach your financial goals.

VICTOR FERREIRA

President of **Ferreira Insurance & Investment Concepts Inc.**, senior financial advisor and Life and Qualifying member of the prestigious "Million Dollar Round Table" (Ranked top 1% of advisors worldwide) has been helping people make clear financial choices for almost two decades. Well-recognized and respected by his community and the Financial Services Industry – the top choice of many across Southern Ontario!

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