

PAYING MORE INTEREST TO PAY LESS TAX

Renewal



Context:

Olivier, 47 years old, executive in a multinational company, resident in the canton of Geneva, has to renew the mortgage of his apartment. He contacts us to study all the opportunities available to him.



Reminder about mortgage renewal:

The first thing to do when renewing a mortgage is to evaluate the property again. Then, three options are possible:

- Reduce the mortgage to pay less interest if the new rate is better than the previous one;
- Keep the same mortgage amount (your interest will depend on the new rate);
- Increase your mortgage because your property has increased in value.

If you increase your mortgage, it is important to use the money wisely.

Some financial institutions require that the funds have to be reinvested in the property as renovation. Thus, they can be deducted from your taxes. Any capital gains (pool, sauna, etc.) can not be deducted. Other institutions can simply make the funds available in a bank account.



Strike solution:

Purchases of pension fund assets are possible up to CHF 150'000. We propose to him:

- To increase his mortgage (+ CHF 3'750 interest/year)
- To purchase pension fund assets

→ His purchases are 100% tax deductible and save him CHF 8'200 per year. Taking into account the increase in his interest, he ends up saving CHF 4'450 per year. They also allowed him to improve his pension at retirement.

Do you need personalized advice?
We are here to help and support you!

Contact an advisor