

Purpose: See how much property tax deferral saves you

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/tax-deferment-i>

<https://www2.gov.bc.ca/gov/content/taxes/property-taxes/annual-property-tax/defer-taxes>

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Assume over 120,094-155,625 tax bracket

MTR: 40.70%

<https://www.taxtips.ca/taxrates/bc.htm>

Year 0 4000 2021 taxes assume growth at 3%

	Accumulation of taxes/interest/fees		0.45%		Total fees + Interest
	Deferral Amo	Principle	Interest(0.45%	Fees	
Year 1	\$ 4,120.00	\$ 4,120.00	\$ 18.54	\$ 60.00	\$ 78.54
Year 2	\$ 4,243.60	\$ 8,363.60	\$ 37.64	\$ 10.00	\$ 47.64
Year 3	\$ 4,370.91	\$ 12,734.51	\$ 57.31	\$ 10.00	\$ 67.31
Year 4	\$ 4,502.04	\$ 17,236.54	\$ 77.56	\$ 10.00	\$ 87.56
Year 5	\$ 4,637.10	\$ 21,873.64	\$ 98.43	\$ 10.00	\$ 108.43
Year 6	\$ 4,776.21	\$ 26,649.85	\$ 119.92	\$ 10.00	\$ 129.92
Year 7	\$ 4,919.50	\$ 31,569.34	\$ 142.06	\$ 10.00	\$ 152.06
Year 8	\$ 5,067.08	\$ 36,636.42	\$ 164.86	\$ 10.00	\$ 174.86
Year 9	\$ 5,219.09	\$ 41,855.52	\$ 188.35	\$ 10.00	\$ 198.35
Year 10	\$ 5,375.67	\$ 47,231.18	\$ 212.54	\$ 10.00	\$ 222.54
End of Year 10		\$ 47,231.18	\$ 1,117.22	\$ 150.00	

Scenario 1: Compound interest

interest rate

	Accumulation of Deferred amo	Principle	Net Interest (carryover)	Principle + interest (beg year)
Year 1	\$ 4,120.00	\$ 4,120.00	\$ -	\$ 4,120.00
Year 2	\$ 4,243.60	\$ 8,363.60	\$ 34.20	\$ 8,397.80
Year 3	\$ 4,370.91	\$ 12,734.51	\$ 103.92	\$ 12,838.43
Year 4	\$ 4,502.04	\$ 17,236.54	\$ 210.51	\$ 17,447.05
Year 5	\$ 4,637.10	\$ 21,873.64	\$ 355.35	\$ 22,228.99
Year 6	\$ 4,776.21	\$ 26,649.85	\$ 539.90	\$ 27,189.75
Year 7	\$ 4,919.50	\$ 31,569.34	\$ 765.63	\$ 32,334.97
Year 8	\$ 5,067.08	\$ 36,636.42	\$ 1,034.07	\$ 37,670.50
Year 9	\$ 5,219.09	\$ 41,855.52	\$ 1,346.81	\$ 43,202.33
Year 10	\$ 5,375.67	\$ 47,231.18	\$ 1,705.48	\$ 48,936.66

End of year 10

Total outstanding compound **\$ 49,342.93**

Total outstanding loan \$ 48,498.40

Gain(after tax) \$ 844.53

Scenario 2: Dividend based

ROI

<https://www.blackrock.com/ca/investors/en/products/239834/ishares-sptsx-canadian-dividend-i>

Accumulator	Deferred amt	Principle	Net Interest (carryover)	Principle + interest (beg year)
Year 1	\$ 4,120.00	\$ 4,120.00	\$ -	\$ 4,120.00
Year 2	\$ 4,243.60	\$ 8,363.60	\$ 73.29	\$ 8,436.89
Year 3	\$ 4,370.91	\$ 12,734.51	\$ 223.39	\$ 12,957.90
Year 4	\$ 4,502.04	\$ 17,236.54	\$ 453.91	\$ 17,690.45
Year 5	\$ 4,637.10	\$ 21,873.64	\$ 768.62	\$ 22,642.26
Year 6	\$ 4,776.21	\$ 26,649.85	\$ 1,171.43	\$ 27,821.28
Year 7	\$ 4,919.50	\$ 31,569.34	\$ 1,666.37	\$ 33,235.71
Year 8	\$ 5,067.08	\$ 36,636.42	\$ 2,257.63	\$ 38,894.06
Year 9	\$ 5,219.09	\$ 41,855.52	\$ 2,949.56	\$ 44,805.07
Year 10	\$ 5,375.67	\$ 47,231.18	\$ 3,746.64	\$ 50,977.82

End of Year 10

Total outstanding compour \$ 51,884.72

Total outstanding loan \$ 48,498.40

Gain(after tax) \$ 3,386.32

renewal

interest-fees <- not compounded!

Total fees + Interest+principle

\$ 4,198.54	
\$ 4,291.24	
\$ 4,438.21	
\$ 4,589.60	
\$ 4,745.53	
\$ 4,906.13	
\$ 5,071.56	
\$ 5,241.94	
\$ 5,417.44	
\$ 5,598.21	\$ 48,498.40
<u>\$ 48,498.40</u>	<u>\$ 48,498.40</u>

* is there interest on the fees?

1.40%	40.70%		Check:
Interest(1.4%)	Taxes (40.7%)	Net interest	Principle + int
\$ 57.68	\$ 23.48	\$ 34.20	
\$ 117.57	\$ 47.85	\$ 69.72	\$ 8,397.80
\$ 179.74	\$ 73.15	\$ 106.58	\$ 12,838.43
\$ 244.26	\$ 99.41	\$ 144.85	\$ 17,447.05
\$ 311.21	\$ 126.66	\$ 184.55	\$ 22,228.99
\$ 380.66	\$ 154.93	\$ 225.73	\$ 27,189.75
\$ 452.69	\$ 184.24	\$ 268.44	\$ 32,334.97
\$ 527.39	\$ 214.65	\$ 312.74	\$ 37,670.50
\$ 604.83	\$ 246.17	\$ 358.67	\$ 43,202.33
\$ 685.11	\$ 278.84	\$ 406.27	\$ 48,936.66
			\$ 49,342.93

46,919.46

3% aristocrats-index-fund ROI(3%)	40.70% Taxes (40.7%)	Net interest	Principle + int
\$ 123.60	\$ 50.31	\$ 73.29	
\$ 253.11	\$ 103.01	\$ 150.09	\$ 8,436.89
\$ 388.74	\$ 158.22	\$ 230.52	\$ 12,957.90
\$ 530.71	\$ 216.00	\$ 314.71	\$ 17,690.45
\$ 679.27	\$ 276.46	\$ 402.81	\$ 22,642.26
\$ 834.64	\$ 339.70	\$ 494.94	\$ 27,821.28
\$ 997.07	\$ 405.81	\$ 591.26	\$ 33,235.71
\$ 1,166.82	\$ 474.90	\$ 691.93	\$ 38,894.06
\$ 1,344.15	\$ 547.07	\$ 797.08	\$ 44,805.07
\$ 1,529.33	\$ 622.44	\$ 906.90	\$ 50,977.82
			\$ 51,884.72

Mathematical check	Interest rate	0.45%	Deferred amc
Year 1 (simple, no compounding)		10	\$ 4,120.00
Year 2 (simple, no compounding)		9	\$ 4,243.60
Year 3 (simple, no compounding)		8	\$ 4,370.91
Year 4 (simple, no compounding)		7	\$ 4,502.04
Year 5 (simple, no compounding)		6	\$ 4,637.10
Year 6 (simple, no compounding)		5	\$ 4,776.21
Year 7 (simple, no compounding)		4	\$ 4,919.50
Year 8 (simple, no compounding)		3	\$ 5,067.08
Year 9 (simple, no compounding)		2	\$ 5,219.09
Year 10 (simple, no compounding)		1	\$ 5,375.67

(after year)

Mathematical check	net interest r	0.83020%
Year 1 compounding		10 years
Year 2 compounding		9
Year 3 compounding		8
Year 4 compounding		7
Year 5 compounding		6
Year 6 compounding		5
Year 7 compounding		4
Year 8 compounding		3
Year 9 compounding		2
Year 10 compounding		1

Mathematical check	net interest r	1.77900%
Year 1 compounding		10 years
Year 2 compounding		9
Year 3 compounding		8
Year 4 compounding		7
Year 5 compounding		6
Year 6 compounding		5
Year 7 compounding		4
Year 8 compounding		3
Year 9 compounding		2
Year 10 compounding		1

Amount	at end of 10 years (interest Fees)	
	\$ 185.40	\$ 60.00
	\$ 171.87	\$ 10.00
	\$ 157.35	\$ 10.00
	\$ 141.81	\$ 10.00
	\$ 125.20	\$ 10.00
	\$ 107.46	\$ 10.00
	\$ 88.55	\$ 10.00
	\$ 68.41	\$ 10.00
	\$ 46.97	\$ 10.00
	\$ 24.19	\$ 10.00
	Total	\$ 48,498.40

Deferred amount	at end of 10 years
\$ 4,120.00	4475.10781
\$ 4,243.60	4571.4092
\$ 4,370.91	4669.78294
\$ 4,502.04	4770.27362
\$ 4,637.10	4872.92679
\$ 4,776.21	4977.78899
\$ 4,919.50	5084.90775
\$ 5,067.08	5194.33165
\$ 5,219.09	5306.11027
\$ 5,375.67	5420.29429
	Total
	\$ 49,342.93

Deferred amount	at end of 10 years
\$ 4,120.00	4914.49629
\$ 4,243.60	4973.45344
\$ 4,370.91	5033.11787
\$ 4,502.04	5093.49808
\$ 4,637.10	5154.60264
\$ 4,776.21	5216.44025
\$ 4,919.50	5279.0197
\$ 5,067.08	5342.34988
\$ 5,219.09	5406.43981
\$ 5,375.67	5471.29861
Total	51884.7166