

# FROM YOUR ADVISOR COTTAGE OWNERSHIP CONUNDRUM

*Owning a cottage is not for everyone. Why not rent one for a few summers to see if you're cut out for cottage life*

**T**he desire to make family memories at a sun-drenched lakeside cottage every summer is a potent one for many Canadians.

However, Ted Rechtshaffen, president and CEO of TriDelta Financial Partners Inc. in Toronto, says the financial argument for owning a cottage instead of renting one is harder to make.

“From a financial perspective, I think it’s quite often not a good idea to buy a second property that you’re not going to be renting out or living in,” he says. “[Owning a cottage] is an incredibly expensive thing, and you have to hope that real estate in the cottage country where you’re buying is going up by a lot — or, at least, a pretty steady amount — to make up for the huge expenses.”

The costs of owning a cottage are similar to those of owning a house in the city. There are property taxes, maintenance costs and utility bills, as well as mortgage payments if you have to borrow to buy your cottage.

There also will be the cost of insurance and any upgrades you will want to make. Decks don’t last forever, septic systems and docks need to be maintained, and all the little chores to keep your cottage in order also can add up.

Buying a cottage also commits you to the same location.

“Are there a thousand other places in the world that you’d like to explore?” Rechtshaffen asks.

Weigh those factors against the cost to rent a cottage for a couple of weeks each summer, and the financial case for buying a cottage may look bleak.

However, if you own a cottage, you could rent it out to help offset some of the costs to maintain it. Not only will you be able to earn rental income, part of the costs to maintain the property may be claimed against that income when you file your taxes.

Real estate broker Andy Mosher of Century 21 Granite Realty Group Inc. in Haliburton, Ont., says owning a cottage isn’t for everybody.

He says renting is a good way to decide if cottage life is right

for you and to figure out what location suits your needs.

“A lot of people rent first and maybe if they come back to an area a couple of times, they start to think about making that long-term investment,” Mosher says.

But, he says, renting is not the same as investing: “If you want to make the commitment to buying a property and improving the property and doing all that comes with it, that’s certainly a long-term investment.”

For some people, Rechtshaffen acknowledges, owning a cottage is about more than the cost: “It seems to be part of the Canadian dream, and my only thing is make sure you understand how expensive that is and whether that’s worth it to you.”

The costs of owning a cottage are similar to those of owning a house in the city, including taxes and maintenance

By Craig Wong (CP)