The Power of the Paycheck, Explained

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A Smart Way to Manage Your Mortgage & Money

A short guide from Dan Mizrahi, Your Rate Guy
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The Power of the Paycheck is a strategy that uses an all-in-one account — Manulife One — to combine your mortgage, your savings, and your daily spending in one place. Each time your income is deposited, it reduces the mortgage balance, which can lower the interest you pay. You can still withdraw funds when you need them.

The more cash flow you have, the more powerful this strategy can become. It is not a shortcut, and the result depends on how the account is structured and how you use it. It is not right for everyone.

This guide explains how the idea works, who it may suit, what to be careful about, and the questions to ask before you go further. It is general education, not a promise of a faster payoff or a particular amount of savings.

1 How it works, step by step

Here is the idea in plain language.

- Instead of juggling a separate mortgage, savings account, and chequing account, Manulife One combines them into one account.
- Every deposit you make — including your paycheque — reduces the mortgage balance. Interest can then be calculated on that lower daily balance, which may lower the interest you pay.
- You can withdraw funds when you need them for day-to-day spending. Review the product terms before you decide, including how withdrawals work.
- Unspent income works against the mortgage between payday and when you spend it, so people with regular, healthy cash flow tend to see more of the benefit. The more cash flow you have, the more powerful the strategy can become.
- With the account structured correctly, the aim is to pay the mortgage off years faster and reduce the interest you pay over time. Results are not guaranteed. They depend on your income, spending, the product terms, and how the account is set up.

2 Who it may be a fit for

It may be worth exploring if you have regular income or cash flow you can deposit, you would like to simplify your mortgage, savings, and spending into one account, and you want that cash flow to help pay the mortgage down faster — while still being able to access money when you need it. It is usually more relevant if you are comfortable with one integrated account and want help structuring it correctly.

Manulife One is described as a recognized approach across Canada, except for some of the territories. I work with clients in Ontario, Alberta, British Columbia and Quebec.

When it may not be a fit

It may not be a fit if your cash flow is tight or irregular, because this strategy gets its power from money sitting against the mortgage. It may also be a weaker fit if you prefer separate accounts, if you want a guaranteed payoff date, or if a traditional mortgage better matches your plans. A strategy that suits a neighbour may be a poor fit for you.

A TRADITIONAL MORTGAGE	THIS ALL-IN-ONE STRUCTURE · MANULIFE ONE
Multiple accounts (mortgage, savings, chequing)	One integrated account
Savings sit beside the mortgage, so they do not reduce the balance	Deposits can reduce the balance daily, which may lower the interest you pay
More rigid access to extra funds	Flexible withdrawals when you need them

EXAMPLE ONLY

Imagine a homeowner who deposits their paycheque into this kind of all-in-one account, then spends from the same account as bills come due. While the unspent portion sits in the account, it reduces the mortgage balance, so less interest may accrue than if the same money sat in a separate chequing account beside a traditional mortgage. If most of the income is spent quickly, the benefit is smaller. This is an example only. It is not a prediction, and it is not your numbers.

3 Things to take seriously

The strategy is not a shortcut, and it is not right for everyone.

- The account has to be structured correctly. How it is set up is a large part of whether this works as intended.
- Results depend on your cash flow and how you use the account. Depositing your income helps only to the extent that money remains against the mortgage.
- Paying off a 30-year mortgage in as little as five years is described as technically possible if the account is structured correctly and your situation supports it. That is not typical for everyone, and it is not a promise.
- Eligibility, rates, and product terms are set by the lender. Approval is not guaranteed.
- This is a different way of managing money than a traditional mortgage. Be comfortable with one integrated account before you switch.

4 Questions to ask before you go further

- Do I have enough regular cash flow for this strategy to be worthwhile?
- Am I comfortable combining my mortgage, savings, and daily spending in one account?
- How would I use the account day to day — and what happens if my income or expenses change?
- What are the product terms, fees, and eligibility rules I need to review?
- How would this compare with keeping my current mortgage as it is?

Watch the short explainer video.

Book a free strategy call with Dan

There is no cost and no obligation to talk it through.

Book a discovery call · Or call (647) 241-6652

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This guide is for general education only. It is not mortgage, tax, legal, or financial advice, and it is not an offer to lend. It does not promise a particular rate, approval, payment, payoff timeline, or amount of savings. Any benefit you may see depends on your lender, the product terms, how the account is structured and used, your cash flow, market conditions, and your personal circumstances at the time, and some people may not benefit from this strategy.

Dan Mizrahi is a mortgage broker with Choice Financial Corp, licensed to arrange mortgages in Ontario, Alberta, British Columbia and Quebec. A conversation does not guarantee that a lender will approve a particular mortgage structure, or that your mortgage will be paid off sooner.

Manulife One is a product of Manulife. This guide is not published by Manulife. Eligibility, features, and terms are set by the lender and can change. Please review the product terms carefully.

Please review any mortgage offer carefully and ask questions before you sign. You can reach Dan at (647) 241-6652 or dan@yourrateguy.ca.