

MOVE UP / DOWN CALCULATOR

User Guide

Allen Ehlert, Mortgage Agent Level 2
v.19 | Canadian Home Move Planning Tool



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Introduction

The Move Up / Down Calculator is a browser-based financial planning tool designed to answer one of the most practically important questions facing existing Canadian homeowners: what will it actually cost — and what will it leave behind — to sell their current home and buy a different one? Rather than offering a rough equity estimate, the calculator provides a transparent, itemised breakdown of every dollar flowing out of the current home and every dollar required to close on the next one, and then synthesises those two streams into a clear picture of whether the move produces cash left over or new financing required.

The calculator was built to close a persistent gap in move-up and move-down planning. Most quick-estimate tools tell a homeowner what their home is worth, or estimate what they could qualify for on a new mortgage, but they do not show both sides of the transaction simultaneously and in detail. The Move Up / Down Calculator models the complete financial picture: sale proceeds net of all selling costs, mortgage payoff and potential penalty, the full cost of the replacement purchase including default insurance and closing costs, bridge financing where applicable, and the resulting net position — cash surplus or mortgage shortfall — in a single unified view.

The tool runs entirely in the browser. No data is transmitted to any server, no account is required, and results update in real time as inputs change. A companion helper panel links out to Allen Ehlert's suite of supporting calculators — for mortgage penalties, bridge financing, closing costs, and discharge fees — so that every figure entering the calculator can be grounded in a proper estimate rather than a guess.

The Need This Calculator Addresses

Homeowners contemplating a move face a problem of layered, interdependent costs that are difficult to reason about without a structured model. The equity released by a sale is not simply the difference between a home's market value and its mortgage balance. Realtor commissions, legal fees, discharge costs, mortgage penalties, staging, and moving expenses all reduce what the homeowner actually walks away with. On the buying side, the headline purchase price understates the true cost of the replacement property once land transfer tax, legal fees, title insurance, adjustments, and default insurance premiums are included. And when the timing gap between sale and purchase requires bridge financing, an additional cost layer appears.

Without a tool that models both sides simultaneously and makes every component visible, homeowners and their advisors frequently underestimate the friction cost of a move and overestimate the equity available to apply to the new purchase. This leads to planning errors: entering into a purchase at a price that the available equity cannot comfortably support, or discovering late in the transaction that a larger mortgage than anticipated is required.

The Move Up / Down Calculator addresses each of these gaps directly. It makes every cost component explicit and editable, computes the net equity position in real time, and

extends the analysis into the mortgage payment and retirement timeline so that the downstream consequences of the new financing are visible alongside the transaction itself. A built-in decision badge provides an immediate plain-language assessment of the financial efficiency of the move, and a Scenario Comparison panel allows two purchase options to be evaluated side by side.

Who Uses This Calculator and How

The calculator is designed for three primary audiences, each of whom approaches it from a different angle and uses its outputs for a different purpose.

Mortgage Professionals

A mortgage agent or broker working with an existing homeowner who is considering a move uses the calculator to give the client a structured, quantitative picture of what the move will cost and what it will leave behind. The agent enters the client's expected sale price, current mortgage balance, anticipated penalties, and all transaction costs, then enters the proposed purchase price and its associated costs. The calculator produces an immediate net position and a money flow summary, making it possible to have a specific, grounded conversation about whether the proposed move is financially feasible before any offers are signed.

The Mortgage Payment and Retirement Timeline section is particularly useful in a client meeting context. After the transaction costs are resolved, the agent can enter the client's mortgage rate, amortization, age, and retirement target to show how the new financing will be structured, what the monthly carrying cost will be, and at what age the client could expect to be mortgage-free relative to their retirement goal. This brings the long-term consequences of the move into the same conversation as the transaction costs.

Home Buyers and Sellers

An existing homeowner who wants to understand their own move-up or move-down situation can use the calculator independently before engaging with an agent. The real-time results mean that a homeowner can explore different sale price assumptions, compare the cost of moving to a higher-value property against a lower-value one, and understand immediately whether a particular move will leave them with surplus cash or require them to take on a larger mortgage. The Money Flow Summary panel and the Where Your Money Goes visual bar chart make the financial picture easy to interpret even for users who are not familiar with the detailed mechanics of a real estate transaction.

Homeowners who are not yet committed to a specific purchase price can use the Scenario Comparison panel to evaluate two options side by side — for example, a move up to a \$1,100,000 property versus a more modest move to a \$900,000 property — and see in a single view how the choice affects cash left over, new mortgage required, monthly payment, and projected mortgage-free age.

Financial Planners and Investment Advisors

A financial planner incorporating a home sale and repurchase into a broader wealth plan uses the calculator to quantify the capital movement involved in the transaction. The Upfront Cash Breakdown visible in the Purchase Summary, combined with the Money Flow Summary, provides a precise accounting of where every dollar goes, which is directly useful for liquidity planning and investment portfolio coordination. The GDS and TDS ratio outputs in the Payment section allow a planner to confirm that the post-move housing cost structure remains within sound debt service parameters.

For clients whose primary financial concern is retirement security, the Mortgage-Free Age and Retirement Timing outputs provide a direct answer to the question of whether the new mortgage will be retired before the client stops working — a consideration that is frequently relevant when a move-up is being contemplated in the later stages of a career.

Use Cases

The following use cases illustrate the range of planning tasks the calculator supports. Each is explored in detail in the Scenarios section of this guide.

- Determining the net financial position of a move-up purchase — how much cash will remain after the sale proceeds are applied to the new, higher-priced home, or how much additional mortgage will be required — so that a homeowner can evaluate affordability before committing to an offer.
- Assessing a move-down transaction where a homeowner is downsizing and wants to understand exactly how much equity will be released after all transaction costs are settled, and how that surplus interacts with retirement planning.
- Modelling the impact of a mortgage penalty on the economics of a move when the client is breaking a fixed-rate mortgage mid-term, and evaluating whether the move is still financially sensible after the penalty is absorbed.
- Comparing two alternative purchase scenarios side by side — for example, two different purchase prices or two different amortization structures — to determine which option leaves the client in a stronger financial position after the move.

Interface Description

The calculator is a single-page web application that loads entirely in a browser with no account, login, or server dependency. The interface is organised as a vertical stack of self-contained card panels, each addressing a distinct phase of the transaction analysis. Inputs and their corresponding outputs are displayed together within the same card, so the user sees the effect of their entries immediately without scrolling to a separate results area. All values update in real time as fields are changed.

At the top of the page a hero panel displays the calculator title and a brief description of its purpose. A helper popover — accessible from inline links within the input panels — opens a side drawer that links to Allen Ehlert's companion calculators for specific cost components.

Panel 1 — Your Current Home Sale

This panel captures every cost associated with selling the current home and uses those inputs to compute the net equity available after the sale is complete.

Home Details

Field	Description
Expected Sale Price	The price at which the homeowner expects the current property to sell. This is the starting point for all downstream equity calculations.
Realtor Commission (%)	The total commission rate payable to the listing and buyer's agents, expressed as a percentage of the sale price. The default is 5.00%.
Other Selling Costs	Any additional costs incurred to prepare, stage, or repair the property prior to sale. Includes inspection costs, touch-up work, and professional staging fees.
Moving Costs	The estimated cost of physically moving the household from the current property. The default is \$2,000.

Mortgage Costs

Field	Description
Current Mortgage Balance	The outstanding principal remaining on the current mortgage at the expected closing date. This amount will be discharged from the sale proceeds.

Mortgage Penalty (if not at term)	If the mortgage will be broken before its maturity date, the estimated prepayment penalty. A helper link connects to Allen Ehlert's Mortgage Penalty Calculator. Leave at zero if the mortgage matures at or before the expected closing date.
Legal and Discharge	Legal fees and the cost of discharging the mortgage from title. A helper link connects to Allen Ehlert's Mortgage Discharge Calculator. The default is \$1,500.

Selling Summary (outputs)

The Selling Summary panel below the inputs displays two key performance indicators and a detailed breakdown row by row.

Field	Description
Proceeds From Sale of the Home	The estimated equity remaining after the mortgage balance and all transaction costs are deducted from the expected sale price. This is the amount available to apply to the next purchase.
Total Transaction Costs	The combined total of all costs deducted from the sale price other than the mortgage balance itself: commission, other selling costs, moving costs, mortgage penalty, and legal and discharge fees.

Panel 2 — Your Next Home Purchase

This panel captures the cost of the replacement property, including any default insurance and closing costs, and uses those inputs to compute the total financial commitment required to acquire the new home.

Purchase Details

Field	Description
Expected Purchase Price	The price at which the homeowner expects to purchase the next property.
Mortgage Default Insurance Premium	If the transaction will require a high-ratio insured mortgage, the CMHC mortgage default insurance premium. A helper link connects to Allen Ehlert's Mortgage Default Insurance Calculator. This premium is added to the mortgage balance and financed over the amortization period — it is not paid in cash at closing.

Closing Costs

Field	Description
Closing Costs	The full estimated cost of closing the purchase, including land transfer tax, legal fees, title insurance, lender and broker fees, adjustments and prepaids, and government fees. A helper link connects to Allen Ehlert's Closing Cost Calculator.
Estimated Bridge Financing Cost	If there is a gap between the sale closing date and the purchase closing date, the estimated cost of bridge financing to fund the purchase deposit from the anticipated sale proceeds. A helper link connects to Allen Ehlert's Bridge Financing Calculator.

Purchase Summary (outputs)

Field	Description
Total Cost to Buy This Home	The combined total of the expected purchase price, the mortgage default insurance premium, and the closing costs.
Purchase Costs Beyond Price	The costs incurred on top of the purchase price: the default insurance premium, closing costs, and bridge financing. This figure represents the friction cost of the purchase exclusive of the property itself.

Panel 3 — Your Move Summary

This panel synthesises the outputs of the two preceding panels into a complete picture of the move transaction. It is the central output of the calculator.

Key Performance Indicators

Field	Description
Money Left From Selling Your Home	Estimated equity available after the remaining mortgage and all selling costs are deducted from the expected sale price.
Gross Equity Before Costs	The sale price minus the remaining mortgage balance before any selling costs are deducted. The difference between this figure and Money Left From Selling reveals the total friction cost of the sale.
What Your Next Home Will Really Cost	The expected purchase price plus default insurance, closing costs, and bridge financing — the true total outlay required to acquire the replacement property.

One-Time Cost of Making the Move	The combined friction cost of selling and buying: all selling transaction costs plus all purchase costs beyond the purchase price. This figure represents what the move costs in addition to the net price change between properties.
Estimated New Mortgage Needed	If the total cost of the next home exceeds the proceeds from the current home sale, this is the financing gap — the mortgage required to complete the purchase after applying all available sale proceeds.
Cash Left Over After Moving	If the sale proceeds exceed the total cost of the replacement purchase, this is the surplus cash available after the move is complete.

Money Flow Summary

A step-by-step ledger that traces the flow of money from the expected sale price through to the final net position. Each line shows a component of the transaction, with subtotals at the equity-after-selling and total-cost-of-purchase stages. The final line shows either Cash Left Over After Moving (highlighted in green) or Estimated New Mortgage Needed (highlighted in amber), depending on whether the move produces a surplus or requires additional financing.

Decision Badge

A plain-language assessment of the move's financial efficiency, displayed as a coloured badge with a brief supporting sentence. The badge indicates one of three states: a financially efficient move where available equity covers the full cost of the transition; a move that may be worth considering but requires new financing; or a move that involves significant new financing and warrants careful review.

Where Your Money Goes (visual bar)

A proportional horizontal bar chart that shows how each component of the transaction consumes a share of the total dollar value involved. Segments are colour-coded for Sale Price, Mortgage Payoff, Selling Costs, Purchase Price, Buying Costs, Cash Left After Moving, and Estimated New Mortgage Needed. This visual makes it immediately apparent how much of the transaction represents equity movement versus friction costs.

Panel 4 — Mortgage Payment and Retirement Timeline

This panel extends the move analysis into the carrying cost and retirement impact of the new mortgage. It is particularly relevant when the move requires new financing.

Payment Assumptions (inputs)

Field	Description
Estimated Mortgage Rate (%)	The interest rate on the new mortgage, used to calculate the estimated monthly payment. Default is 5.00%.
Amortization (Years)	The number of years over which the new mortgage will be repaid. Default is 25.
Current Age	The homeowner's current age. Used to calculate the age at which the mortgage will be fully paid off.
Target Retirement Age	The age at which the homeowner plans to retire. Used to compare the mortgage payoff date against the retirement milestone.
Annual Property Taxes	The estimated annual property tax on the replacement property, used to calculate total monthly housing cost and GDS ratio.
Monthly Heating / Utilities	The estimated monthly cost of heating and utilities, used in total monthly housing cost and GDS ratio calculations.
Gross Annual Household Income (optional)	Total household income before taxes. If entered, the calculator computes GDS and TDS ratios to show how the post-move housing costs align with OSFI debt service guidelines.
Other Monthly Debt Payments	Any other monthly debt obligations (car loans, student loans, etc.) included in the TDS ratio calculation.

Payment Summary (outputs)

Field	Description
Estimated Monthly Mortgage Payment	The monthly payment on the new mortgage, calculated from the new mortgage amount, rate, and amortization entered above.
Estimated Total Monthly Housing Cost	The mortgage payment plus monthly property tax and monthly heating and utilities — the full recurring cost of carrying the replacement property.
Estimated Age When Mortgage-Free	The age the homeowner will be when the new mortgage is fully repaid under the entered rate and amortization.
Retirement Timing	A plain-language statement of whether the mortgage payoff date falls before or after the target retirement age.
GDS — Gross Debt Service	Monthly housing costs as a percentage of gross monthly income. Displayed when income is entered. OSFI guideline is $\leq 39\%$.

TDS — Total Debt Service	All monthly debt payments as a percentage of gross monthly income. Displayed when income is entered. OSFI guideline is ≤ 44%.
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Age Timeline Bar

A visual timeline bar showing three markers: the homeowner's current age, their target retirement age, and the projected mortgage-free age. The relative positions of these three markers give an immediate visual read on the mortgage payoff timing relative to the retirement goal.

Panel 5 — Scenario Comparison

This panel allows the user to evaluate two purchase scenarios side by side. Scenario A mirrors the full calculator as currently entered. Scenario B accepts an alternative purchase price and related financing inputs. Both scenarios share the same sale-side inputs.

Field	Description
Scenario A	The results of the primary calculator as entered: proceeds from sale, total purchase cost, new mortgage required, cash left over, estimated monthly payment, and projected mortgage-free age.
Scenario B	An alternative purchase price and associated inputs, evaluated against the same sale proceeds. All Scenario B output metrics are displayed alongside Scenario A so the two options can be compared directly.

A summary comparison note at the bottom of the panel identifies which scenario leaves the client with more cash after moving, requires less new financing, or produces a lower monthly payment, providing an instant plain-language recommendation for which option is the stronger financial outcome.

Scenarios

The four scenarios below illustrate how the calculator is used in different planning contexts. Each begins with a description of the client's situation and the question the advisor was trying to answer, describes how the calculator was configured and used, and concludes with the decisions that the results made available.

Scenario 1 — Move-Up Buyer Assessing Whether Equity Covers the Gap

The Situation

Sandra and Ray are in their late thirties, currently own a \$650,000 semi-detached home in an Ontario suburb, and are seriously considering purchasing a \$920,000 detached property in a nearby neighbourhood. Their current mortgage balance is \$390,000 with a fixed rate and 14 months remaining on the term — well within the window where an IRD penalty is possible. Their realtor estimates the commission at 5%, and they have budgeted \$3,000 for staging and minor repairs. They want to know whether the equity in their current home will cover the down payment and closing costs on the next one, or whether they will need to arrange bridge financing and take on a materially larger new mortgage. They are also concerned about whether the new monthly payment will be manageable before Ray completes a professional certification that should increase his income in approximately 18 months.

The advisor's objective is to determine the net equity Sandra and Ray will have after all selling costs and whether that equity, applied to the purchase, produces cash left over or a financing shortfall — and to show them the monthly carrying cost of the new mortgage at their anticipated rate.

How the Calculator Was Used

The advisor opened the calculator and entered the following in the Current Home Sale panel. Expected Sale Price: \$650,000. Realtor Commission: 5.00%. Other Selling Costs: \$3,000. Moving Costs: \$2,500. Current Mortgage Balance: \$390,000. Mortgage Penalty: \$8,400 (estimated from the Mortgage Penalty Calculator link). Legal and Discharge: \$1,800.

The Selling Summary immediately showed Proceeds From Sale of the Home of \$190,300 and Total Transaction Costs of \$59,700.

In the Next Home Purchase panel, the advisor entered Expected Purchase Price: \$920,000. Mortgage Default Insurance Premium: \$0 (the purchase price exceeds \$1,000,000 threshold — left at zero as this would be a conventional mortgage). Closing Costs: \$32,000 (estimated from the Closing Cost Calculator, including Ontario land transfer tax). Bridge Financing: \$0 (the closing dates were structured to avoid a gap).

The Purchase Summary showed Total Cost to Buy This Home of \$952,000 and Purchase Costs Beyond Price of \$32,000.

The Move Summary showed: Money Left From Selling of \$190,300; What Your Next Home Will Really Cost of \$952,000; Estimated New Mortgage Needed of \$761,700; and a Decision Badge reading that the move requires significant new financing and should be reviewed carefully.

The advisor then moved to the Mortgage Payment section and entered Rate: 5.25%, Amortization: 25 years, Current Age: 39, Retirement Age: 65, Property Taxes: \$7,200 per year, Heating: \$250 per month, and Gross Annual Income: \$175,000. The results showed Estimated Monthly Mortgage Payment of \$4,562, Total Monthly Housing Cost of \$5,462, mortgage-free age of 64, and GDS of 37.5% — within the OSFI guideline.

Decisions Enabled by the Results

The calculator gave Sandra and Ray a precise, itemised picture of a transaction they had been reasoning about in approximate terms.

- The \$8,400 penalty was the single most consequential discretionary cost in the transaction. The advisor noted that waiting 14 months until the mortgage term matured would eliminate the penalty and reduce the new mortgage needed by \$8,400, shifting the monthly payment down by approximately \$50. Sandra and Ray decided to revisit the timing.
- The total friction cost of the move — \$59,700 in selling costs plus \$32,000 in buying costs — was \$91,700. Neither Sandra nor Ray had previously conceptualised the move as costing nearly \$92,000 on top of the price difference between the two homes. Seeing that figure in one place changed the conversation about whether the move made sense at the current stage of their planning horizon.
- The GDS ratio of 37.5% was within guidelines but close to the 39% boundary. The advisor flagged that if rates were to increase at renewal, the ratio could breach the guideline. This prompted a discussion about stress-testing the payment at a renewal rate 1% higher, which the advisor ran by adjusting the rate field to 6.25% — showing a monthly payment of \$5,018 and GDS of 41.3%, above guideline. Sandra and Ray noted this as a risk to manage.
- The mortgage-free age of 64 — one year before Ray's retirement target — was acceptable to both. The age timeline bar made the margin visually clear and confirmed that the new mortgage could be retired before retirement provided they maintained the standard amortization schedule.

Scenario 2 — Downsizer Calculating Equity Release and Retirement Impact

The Situation

Patricia is 61 and recently widowed. She owns a \$1,200,000 detached home in a Toronto suburb outright — no mortgage. She is considering downsizing to a \$750,000 condominium so that she can free up capital for retirement income and reduce the carrying costs of her housing. She wants to know, precisely, how much money will be in her hands after the sale and the condo purchase are both complete, accounting for all the costs she is not sure she fully understands. She is also curious whether any new mortgage will be required, or whether the downsizing equity will cover the condo purchase in full and leave a meaningful surplus.

The advisor's objective is to show Patricia the exact net equity release from the transaction so she can determine how much capital will be available to redeploy into her retirement portfolio.

How the Calculator Was Used

In the Current Home Sale panel: Expected Sale Price \$1,200,000. Realtor Commission 5.00%. Other Selling Costs \$5,000 (the advisor recommended a pre-listing inspection and light staging given the property's age). Moving Costs \$4,500. Mortgage Balance \$0. Mortgage Penalty \$0. Legal and Discharge \$1,500 (no mortgage to discharge — legal fees only).

The Selling Summary showed Proceeds From Sale of \$1,129,000 and Total Transaction Costs of \$71,000.

In the Next Home Purchase panel: Expected Purchase Price \$750,000. Mortgage Default Insurance Premium \$0 (conventional purchase). Closing Costs \$28,500 (estimated from the Closing Cost Calculator, including Ontario and Toronto municipal land transfer tax — Patricia is purchasing within the City of Toronto). Bridge Financing \$0.

The Move Summary showed: Money Left From Selling \$1,129,000; What Your Next Home Will Really Cost \$778,500; Cash Left Over After Moving \$350,500; Decision Badge reading financially efficient; and no new mortgage required.

The advisor noted in the Mortgage Payment section that since no new mortgage was required, the payment fields showed \$0 and the retirement timing output was not applicable — Patricia would be mortgage-free immediately.

Decisions Enabled by the Results

- Patricia had not previously estimated the total transaction cost at \$71,000 on the sale side alone. The itemised breakdown — \$60,000 in commission, \$5,000 in prep costs, \$4,500 in moving, \$1,500 in legal — gave her a clear accounting she could discuss with her estate lawyer and financial planner.

- The \$350,500 cash surplus confirmed that the downsizing transaction would provide meaningful additional capital for her retirement portfolio. Her financial planner was able to use this figure directly in revising her retirement income projection.
- The Toronto Municipal Land Transfer Tax within the closing cost estimate — which the advisor had calculated separately using the Closing Cost Calculator — accounted for a substantial portion of the \$28,500 purchase-side cost. Patricia had not been aware of the double land transfer tax applicable to Toronto purchases and would have underestimated her buying costs without it.
- The Scenario Comparison panel was used to evaluate whether purchasing a \$650,000 condo instead would produce materially more surplus cash. Scenario B was entered at \$650,000 with adjusted closing costs of \$24,000. The comparison showed Cash Left Over of \$455,000 in Scenario B versus \$350,500 in Scenario A — a \$104,500 difference. Patricia used this to anchor a conversation about whether the additional \$100,000 in capital was worth accepting a smaller unit.

Scenario 3 — Assessing Whether a Mortgage Penalty Makes the Move Financially Unworkable

The Situation

Marcus and Elena entered a 5-year fixed-rate mortgage 26 months ago on their current \$700,000 townhome in British Columbia, with a balance of \$478,000 remaining and 34 months left on the term. They have been offered a job relocation package that includes reimbursement of moving costs but not mortgage penalties. The penalty on their fixed-rate mortgage, as estimated by Allen Ehlert's Mortgage Penalty Calculator, is \$19,200 — reflecting an IRD calculation based on the current rate differential. They are considering purchasing a \$850,000 property near the new job site. The question is whether the penalty, on top of all other transaction costs, makes the move financially viable given their equity position, or whether they should explore porting their mortgage to the new property instead.

The advisor's objective is to model the full cost of the move with the penalty included, identify whether the equity covers the purchase costs, and quantify the exact dollar impact of the penalty on the net mortgage required.

How the Calculator Was Used

The advisor ran two versions of the calculator. In the first run, the penalty was included in full. In the second run, the penalty was set to zero to model a scenario where the mortgage could be ported, or the penalty was negotiated or absorbed by the employer.

First run (penalty included): Expected Sale Price \$700,000. Commission 5.00%. Other Selling Costs \$2,500. Moving Costs \$0 (reimbursed by employer). Mortgage Balance \$478,000. Mortgage Penalty \$19,200. Legal and Discharge \$1,800. Selling Summary:

Proceeds \$163,500. Next Home: Purchase Price \$850,000. Closing Costs \$18,500 (BC, no provincial property transfer tax exemption applies). Bridge Financing \$0. Move Summary: New Mortgage Needed \$705,000. Monthly payment at 5.50%, 25-year amortization: \$4,312.

Second run (no penalty): All inputs identical, Mortgage Penalty set to \$0. Selling Summary: Proceeds \$182,700. Move Summary: New Mortgage Needed \$685,800. Monthly payment: \$4,195.

Decisions Enabled by the Results

- The penalty increased the new mortgage by \$19,200 and the monthly payment by \$117. Over the 25-year amortization, the additional carrying cost of the penalty compounded through the higher mortgage balance was substantially larger than the penalty itself. The advisor showed that the real cost of the \$19,200 penalty, expressed as additional total interest paid over the mortgage lifetime, was closer to \$34,000.
- Marcus and Elena used the comparison to negotiate with their employer. The \$19,200 figure, with documentation from the Mortgage Penalty Calculator, gave them a precise number to take to HR. The employer agreed to a partial reimbursement of \$10,000, which Marcus and Elena entered as an adjustment to the penalty field — reducing the penalty to \$9,200 and the new mortgage to approximately \$695,000.
- The Decision Badge in the first run showed that the move required significant new financing and warranted careful review. In the second run, the badge shifted to the intermediate state, confirming that removing the penalty materially changed the financial character of the transaction.
- The Retirement Timing output — showing a mortgage-free age of 68 in the penalty scenario against a retirement target of 65 — was a material finding. It prompted a discussion about extending the amortization to 30 years to reduce monthly cash flow pressure, which the advisor modelled by changing the amortization field. At 30 years, the monthly payment fell to \$3,812 and the mortgage-free age moved to 73. Marcus and Elena decided to maintain 25-year amortization and accept the monthly payment, viewing the three-year overlap between mortgage payoff and retirement as manageable.

Scenario 4 — Comparing Two Purchase Prices Using the Scenario Comparison Panel

The Situation

James and Sophie are in their mid-forties, currently own a \$780,000 home with a \$310,000 mortgage balance, and are considering two very different move-up options. Option A is a \$1,050,000 detached home they have been viewing and strongly prefer.

Option B is a \$920,000 semi-detached in the same neighbourhood that is slightly less desirable but meaningfully less expensive. They want a side-by-side comparison of the financial outcomes of both options so they can have a structured conversation about whether the lifestyle preference for the larger home is worth the additional financial commitment. Specifically, they want to know how much more mortgage Option A requires, how much higher the monthly payment would be, and what each option does to their projected mortgage-free age.

The advisor's objective is to use the Scenario Comparison panel to present both options simultaneously, producing a clear financial summary that supports a decision grounded in data rather than approximation.

How the Calculator Was Used

The advisor first completed the full calculator for Option A — the \$1,050,000 property — in the main panels. Expected Sale Price \$780,000. Commission 5.00%. Other Selling Costs \$3,000. Moving Costs \$3,000. Mortgage Balance \$310,000. Mortgage Penalty \$0 (at term). Legal and Discharge \$1,500. Selling Summary: Proceeds \$423,500.

Next Home (Option A): Purchase Price \$1,050,000. Closing Costs \$38,500 (Ontario, outside Toronto). Bridge Financing \$0. Move Summary: New Mortgage Needed \$665,000. Payment at 5.00%, 25-year amortization: \$3,870. Mortgage-free age: 71.

The advisor then activated the Scenario Comparison panel and entered Option B in the Scenario B fields: Purchase Price \$920,000. Adjusted Closing Costs \$33,000. All other inputs held constant. Scenario B results: New Mortgage Needed \$529,500. Monthly payment: \$3,080. Mortgage-free age: 68.

Decisions Enabled by the Results

- The comparison showed that Option A required \$135,500 more in new mortgage than Option B — a difference that translated into \$790 per month in additional carrying cost. Seeing this figure stated plainly, alongside the visual comparison in the Scenario Comparison panel, helped James and Sophie move past a conversation that had previously been driven by price alone.
- The mortgage-free age difference was three years: 68 for Option B versus 71 for Option A. James had previously expressed a goal of retiring at 68. The calculator made it apparent that Option A would leave them carrying a mortgage three years into retirement, while Option B would allow them to enter retirement mortgage-free. This was a decisive factor for James.
- The comparison note at the bottom of the panel stated that Scenario B leaves more cash after moving and requires less new financing — a plain-language reinforcement of what the numbers showed. Sophie asked whether additional lump-sum payments could accelerate the Option A payoff to bring the mortgage-free age down. The advisor noted that this was outside the scope of the current calculator but could be modelled in a separate amortization tool.

- James and Sophie decided to proceed with Option B. The calculator did not make that decision — their lifestyle preferences remained their own — but it gave them the specific financial consequences of each choice, expressed in dollars and ages, which grounded the conversation and allowed them to make the decision with clarity rather than approximation.

Technical Specifications

This section describes the mathematical logic and design rationale behind the calculator's calculations at a high level. It is intended for readers who want to understand why the calculator produces the numbers it produces, not merely how to enter inputs and read outputs. All calculations execute client-side in the browser; no data is transmitted to any server at any point.

Net Sale Proceeds Calculation

The net proceeds from the sale of the current home are calculated as a straightforward subtraction: Expected Sale Price minus the sum of all costs deducted from the sale. The costs deducted are: realtor commission (sale price $\times$ commission rate), other selling costs (a flat amount entered by the user), moving costs (a flat amount), mortgage penalty (a flat amount), legal and discharge fees (a flat amount), and the current mortgage balance. The result is the equity remaining after the mortgage is retired and all transaction friction costs are absorbed.

The calculator does not model the timing of proceeds receipt relative to the purchase closing date. It assumes that the full sale proceeds are available at closing. Where a timing gap exists that requires bridge financing, the user enters the bridge financing cost directly in the purchase panel, and this cost is included in the purchase-side friction costs rather than modelled as a temporary loan.

Total Purchase Cost Calculation

The total cost of the replacement purchase is the sum of three components: the expected purchase price, the mortgage default insurance premium (if any), and the closing costs. The mortgage default insurance premium is entered as a flat amount by the user, typically taken from Allen Ehlert's Mortgage Default Insurance Calculator, and is added to the mortgage balance for financing purposes — it does not form part of the cash-to-close requirement. The closing costs field is similarly a flat amount, typically populated from Allen Ehlert's Closing Cost Calculator, which computes the full composition of provincial land transfer tax, legal fees, title insurance, lender and broker fees, and government charges appropriate to the province and purchase price.

Because the closing cost and default insurance inputs are flat amounts rather than calculated internally by this tool, the accuracy of the purchase-side results depends on the quality of the supporting calculators used to populate those fields. The helper links within the input panels are specifically designed to make it easy to compute each component in its dedicated calculator and return the result to the move-up / move-down calculator.

Net Position Determination

The net position of the move is determined by comparing total sale proceeds to total purchase cost. If sale proceeds exceed total purchase cost, the difference is reported as Cash Left Over After Moving. If total purchase cost exceeds sale proceeds, the difference is reported as Estimated New Mortgage Needed. These two outcomes are mutually exclusive: the calculator displays only the applicable metric for the current inputs.

The total transaction cost in the Move Summary — described as the One-Time Cost of Making the Move — is the combined friction cost of both sides of the transaction: all selling costs (commission, other selling, moving, penalty, legal) plus all purchase costs beyond the purchase price (default insurance, closing costs, bridge financing). This figure represents what the move costs in addition to the net change in property value between the two homes, and is typically the figure that most surprises clients when they first see it expressed as a single number.

Mortgage Payment Calculation

The estimated monthly mortgage payment is calculated using the standard present-value annuity formula applied to the new mortgage amount at the user-specified rate, with Canadian semi-annual compounding — the standard prescribed by the Interest Act of Canada for federally regulated mortgages. The effective monthly rate is derived as $(1 + \text{annual rate} \div 2)^{(1/6)} - 1$, not as a simple monthly division of the annual rate. This matches the compounding convention used by Canadian lenders and ensures that the payment estimate is consistent with what a lender would quote for the same mortgage amount, rate, and amortization.

The new mortgage amount used in this calculation is the Estimated New Mortgage Needed from the Move Summary — that is, the financing gap after applying sale proceeds to the total purchase cost. The mortgage default insurance premium, if entered, is included in the purchase cost and therefore forms part of the financed amount, consistent with the standard Canadian treatment of insured mortgages.

GDS and TDS Ratio Calculations

If a gross annual household income is entered in the Payment section, the calculator computes both the Gross Debt Service (GDS) ratio and the Total Debt Service (TDS) ratio. GDS is calculated as monthly housing costs divided by gross monthly income, where monthly housing costs are the sum of the monthly mortgage payment, monthly property tax (annual property tax divided by 12), and monthly heating and utilities. TDS is calculated as GDS housing costs plus other monthly debt payments, divided by gross monthly income.

These ratios are compared against OSFI guidelines of $\leq 39\%$ for GDS and $\leq 44\%$ for TDS, which are the standard thresholds applied by federally regulated lenders in Canada. The ratio badges display a colour-coded pass or fail indicator alongside the

computed percentage. These are planning estimates — actual qualification ratios depend on the lender's underwriting policies, the specific income documentation provided, and the treatment of variable or non-employment income components.

Mortgage-Free Age and Retirement Timing

The mortgage-free age is calculated by adding the amortization period (in years) to the current age entered by the user. This is a planning approximation that assumes the mortgage is carried on a standard amortization schedule without prepayments or renewals at changed rates. In practice, mortgage terms are typically five years or less, and the rate at renewal will differ from the rate entered — meaning the actual amortization period will vary. The amortization field therefore represents the intended repayment horizon, not a prediction of what will occur.

Retirement timing is computed by comparing the mortgage-free age to the target retirement age. If the mortgage-free age is at or before the retirement age, the result is reported as the mortgage being on track to be retired before retirement. If the mortgage-free age exceeds the retirement age, the result shows the number of years by which the mortgage is projected to extend past retirement. This output is intended to prompt a conversation about whether that outcome is acceptable and what adjustments — to amortization, to prepayment strategy, or to the purchase price — could close the gap.

Decision Badge Logic

The decision badge is determined by the net position of the move. If Cash Left Over After Moving is greater than zero — meaning the sale proceeds cover the full cost of the replacement purchase — the badge shows a positive assessment, indicating the move appears financially efficient. If a new mortgage is required, the badge state depends on the magnitude of the financing gap relative to the total transaction value. A moderate financing gap triggers a neutral assessment, indicating the move may be worth considering but warrants payment comfort review. A large financing gap triggers a cautionary assessment, indicating the move requires significant new financing and should be reviewed carefully before proceeding.

The decision badge is a planning aid, not a qualification decision. It reflects the financial structure of the transaction as entered and does not account for the client's income, credit history, property type, or lender-specific underwriting policies.

Scenario Comparison

The Scenario Comparison panel evaluates Scenario B using the same sale proceeds calculated in the main calculator for Scenario A. The purchase price, closing costs, default insurance, and bridge financing inputs for Scenario B are entered independently, and the resulting net position metrics — new mortgage needed, cash left over, monthly payment, and mortgage-free age — are computed using the same formulas as the main calculator. The comparison note identifies the superior scenario on three dimensions:

cash left over (higher is better), new mortgage needed (lower is better), and monthly payment (lower is better). If Scenario B is superior on at least one of these dimensions, the note states the specific advantage and the dollar amount of the difference.

Compliance and Disclaimer

Compliance

Allen Ehlert, M.Ed., M.Th., H.B.A., B.Comm.

Mortgage Agent Level 2

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Disclaimer

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Actual mortgage qualification and approval depend on income verification, credit history, property type, down payment source, lender underwriting policies, and regulatory requirements that may change without notice. Closing cost estimates are approximations; buyers should verify all applicable tax and fee obligations with a lawyer or notary prior to entering into any purchase agreement.

All calculations are approximations. For advice tailored to individual circumstances, please consult with a qualified mortgage professional.

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