

## Is a Reverse Mortgage Right for You Or Someone You Know?

An economics professor once said, “Capitalism works best in an economy of creeping inflation.” If you’ve ever wondered why prices keep rising, well, that’s capitalism doing its job. But that’s not what this report is all about – it’s about reverse mortgages.

So what do the two have in common? I probably don’t have to tell you that prices are constantly on the rise, and if you’re on a fixed income, such as retirement earnings, you just can’t keep up. You start looking for other sources of income. Do you go back to work? Do you borrow money? Do you cut back on the things you love to do?

Or...what if you didn’t have a house payment at all? Instead, **what if your house was paying you!**

This is where a reverse mortgage comes into play – and it might be right for you or someone you know. Basically, a reverse mortgage pays you money based upon how much equity you have in your house. It’s a way to convert some of that hard-earned equity you have into cash you can use every month. The safety of a reverse mortgage means you will never owe more than what your house is worth and the appreciation of your house will offset most of what you owe.

A reverse mortgage lets you stay in control of your money. You decide if you want a lump sum, monthly payments, an equity line, or a combination of these payment methods. Better yet, your income from this is still considered tax free.

The great thing about a reverse mortgage is that your age qualifies you, not your income or credit. The borrower *and* co-borrower must be 62 years of age or older, and must receive consumer education from an approved counselor before the loan will fund. This last point is very important because it offers you some protection against the people out there who will try to sell you something you don’t need or want. There are additional requirements, but those are a place to start.

Something else to think about is how much the property is worth and your remaining balance. When you get a reverse mortgage, you have to pay off the balance of the loan before you do anything else. For example, if you owe \$100,000 on your home and the reverse mortgage would pay you \$125,000, why get the loan? Even though your net gain would only be \$25,000, minus any closing costs...you will never have to make a mortgage payment again – that’s an incredible plus to your lifestyle!

Because this is **your money**, once you’ve paid off the existing mortgage, you may spend it any way you wish. You can pay off debts. You can add to your

monthly income with a guaranteed payment for life. You can pay for maintenance and repairs on your home or buy a new car. You can create an emergency cash fund or work with your financial advisor to enhance your financial plan. You can help family members or loved ones by setting up a college fund or helping them buy a new home, or you can use the money for travel, to pursue a hobby, or maybe buy a recreational vehicle – it's ENTIRELY up to you...and remember, because this is money you already have, **you will never have to repay a penny** as long as one of you continues to live in your home.

Most reverse mortgage professionals will meet with you personally in your home or at their office to go over the details with you, your family or your advisors, and they will help you complete the paperwork quickly and without pressure.

There are some other things to consider. Reverse mortgages take time and patience, and it's best if everyone in your family remains informed. You may encounter resistance from your children or other inheritors, because using the equity from your home will reduce their inheritance when you pass on. When they understand that you will improve the quality of your life, that you will never lose your home, that you will **never** have to make another mortgage payment, and they'll have the option of purchasing the property when the time comes, they'll probably support your decision for a reverse mortgage.

If you or someone you know is entertaining the thought of getting a reverse mortgage, your first step is to speak with your trusted mortgage consultant, and from there, with a counselor. The two of them will help you understand all the facts so you can decide whether a reverse mortgage is right for you.

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