Reverse Mortgage

RETIREMENT PLANNER

Your plan, **your reverse mortgage**

You've worked hard your whole life to build your nest egg so it's worth taking a look at every available option to ensure your retirement assets are used in the most profitable and efficient way. A reverse mortgage with us can provide additional funds in retirement. It can also prevent the depletion of your other assets, allowing them to perform better. While we are not a financial planner and do not offer financial planning services, we encourage you to consult with your advisor to see if a reverse mortgage might be right for you.

You may be surprised to hear that today's reverse mortgage has a variety of options, may have lower costs, and has additional consumer protections in place to provide you and your family with more confidence for your retirement security. Find out how today's HECM reverse mortgage offers a line of credit that you can tap into when you need it - and how your unused line of credit actually grows every month! You can even convert it, at any time, to annuity-style monthly payments for a period of time OR for the rest of your life*. Or build-in additional security as a rainy day account. A reverse mortgage is now a versatile, safe and effective retirement planning tool to meet a variety of needs.

"A reverse mortgage credit line offers great flexibility. It can be used anytime, for any purpose, and it grows."

Jack Guttentag, Professor of Finance Emeritus, formerly Jacob Safra Professor of International Banking, Wharton School and Chief of the Domestic Research Division, Federal Reserve Bank of New York

What is a **reverse mortgage?**

A reverse mortgage is a way for borrowers age 62 or older to unlock the equity in their home by turning it into tax-free cash† without having to make any monthly mortgage payments‡.

What are the qualifications?

Qualifications include:

- **The borrower on title must be 62 years or older (a non-borrowing spouse may be under age 62)**
- **The home must be the borrower's primary residence**
- **The borrower must own the home**

(The borrower must meet the financial requirements of the HECM program)

What are the borrower's obligations?

Borrowers must continue paying property taxes and homeowners insurance, maintain the home, live in the home, and otherwise comply with the loan terms.

It's going to be more important to look at housing wealth as a resource to sustain retirement because it's a big part of a baby boomer's wealth compared to just portfolio value.

John Salter, Principal Wealth Manager, Evensky & Katz

3 WAYS to use a reverse mortgage during retirement

See page 6-8.

Developing your **reverse mortgage retirement plan**

While planning to use reverse mortgage retirement proceeds, consider the following important factors that contribute to your financial stability during retirement. How much money will you need in retirement to cover your expenses? What income sources and retirement assets do you have available that can help fund your retirement? How will your retirement savings generate income to cover your expenses? What savings withdrawal rate will be sustainable throughout your retirement?

1

Creating your goals

Evaluate your retirement goals. **When do you want to retire?** What do you want to do when you retire?

2

Understanding traditional IRA and Roth 401(k) investments

These retirement accounts can be subject to taxation and may increase your tax liability once you start taking distributions.

3

Gathering and analyzing information

Examine your current retirement savings and consider additional benefits you expect to receive during retirement like pensions, Social Security benefits, etc. You can then analyze and review your current asset allocations, expected retirement income and estimate **how long your savings will last.**

4

Evaluating your options

You might find that you are not on track to achieve your retirement income goals and that you may need to **increase your savings or retirement plan contributions.** If these are not viable options and you would like to achieve your retirement goals or maintain your lifestyle, a reverse mortgage with us could be the perfect solution.

5

Considering your options

There are various retirement income solutions that may fit you. Your plan can include using retirement plan savings, investment options like CDs or mutual funds, and even leveraging your home's equity through a HECM reverse mortgage line of credit.

"One question friends ask is would I do it myself and the answer is not only would I, I have. And I'm very very pleased with the result. **It has really made my life in retirement a great pleasure.** It enabled me to not worry."

Barry Sacks, Real Estate Tax Attorney and Theoretical Physics Ph.D., MIT

Ways to use **a reverse mortgage** for retirement planning

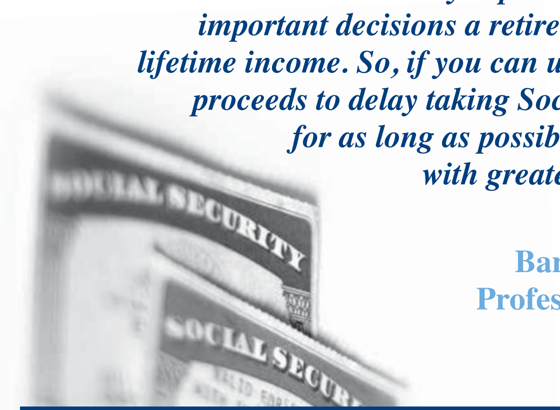
There are three main ways a reverse mortgage can be used to help provide additional retirement security.

1. Delay Social Security benefits and let investments grow

Using this approach, a reverse mortgage is established at the outset of retirement and drawn upon every year to provide retirement income until exhausted, allowing the retiree's portfolio, such as a 401(k) plan, more time to grow. Subsequent withdrawals are then made from the portfolio. This strategy also enables the retiree to delay accessing Social Security benefits, increasing their monthly payments later in life.

"Using a reverse mortgage to delay taking Social Security is a very powerful tool. Determining when to take Social Security is probably one of the most important decisions a retiree makes because it's lifetime income. So, if you can use reverse mortgage proceeds to delay taking Social Security benefits for as long as possible, that provides you with greater monthly income."

Barbara Howard
Professor, Gerontology



For example, Esther is a 62-year old homeowner who wants to let her investment portfolio grow and delay using her Social Security benefits. She gets a reverse mortgage on her $350,000 home and qualifies for an estimated loan of $100,605[1]. She then elects to receive monthly payments of about $1,000 until she turns 70 years old. As referenced on the chart[2], if Esther decided to receive her Social Security benefits at age 62, she would have received an estimated lifetime monthly benefit of $1,016. **By using a reverse mortgage to help delay her Social Security until age 70, she is now eligible to receive a monthly benefit of $1,789, almost double what she would have received at age 62.**

Social Security Benefits Estimator[2]

Age of Retirement	Estimated Monthly Benefit
62	$1,016.00
65	$1,265.00
68	$1,572.00
70	**$1,789.00**

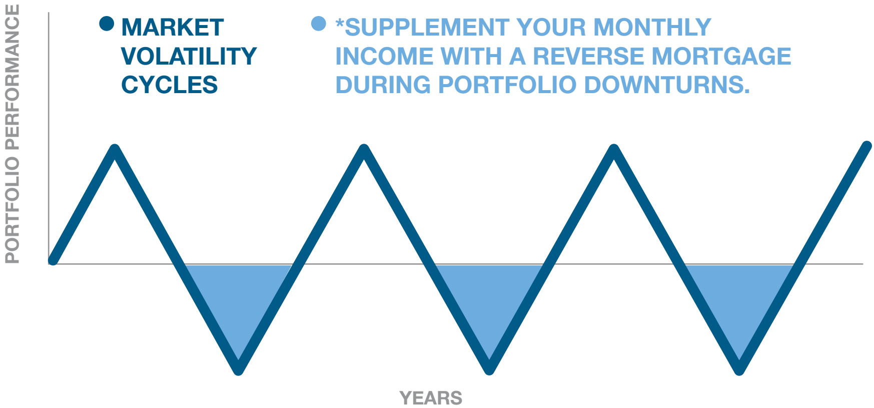
[1]The example is based on a borrower age 62, a fixed interest rate of of 5.06% and an annual percentage rate of 6.88%. Actual lender rates and other charges may vary. 2Social Security benefits calculator from www.bankrate.com/calculators/retirement/social-security-benefits-calculator.aspx

2. Protection from investment downturns

Using this second approach, a reverse mortgage is established at the outset of retirement but only drawn upon if the portfolio underperforms. The need to use the reverse mortgage funds is determined based upon investment performance, which may spare the portfolio any drain when it is down, giving it a better chance to recover. Also, when withdrawal rates then begin to draw further on the portfolio principal, this may less opportunity for further growth on the remaining portfolio.

A reverse mortgage may help minimize risk in retirement during your investment portfolio's volatility cycles. If your portfolio is in a downturn due to market corrections or recessions, and you continue to draw on it, there is a higher probability of exhausting it during retirement. Instead of drawing on your portfolio during the "trough periods*", you can use a reverse mortgage to supplement your monthly income, allowing your investment portfolio time to recover.

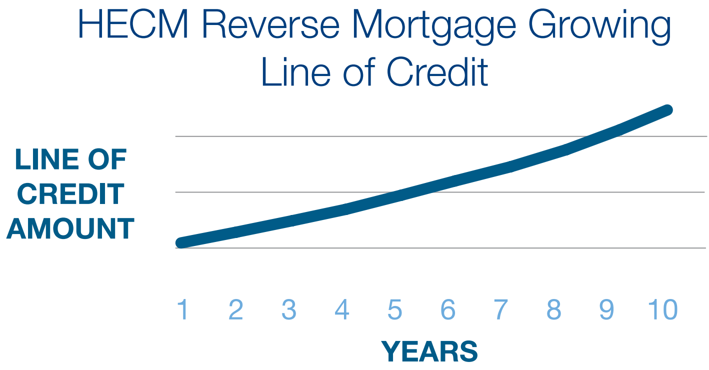
Investment Portfolio Volatility[2]



[2]For illustration purposes only. Actual portfolio performance may vary.

3. Grow Retirement with the HECM Growing Line of Credit

A line of credit can be established using a HECM reverse mortgage and is left to grow at an interest rate that is equal to the current loan rates. **This line of credit also includes a compounding feature so that available credit increases each period on the prior period's available credit balance.** At any time, the line of credit can be accessed for incidental cash or even converted to monthly term or tenure payments, similar to annuity payments.



Using these active strategies, cash reserves are made available upfront and incorporated into a plan, giving your portfolio the maximum amount of time to grow and the best possible chance of survival. You can still live in your home without making monthly mortgage payments, feel confident about being financially prepared for emergencies, have a growing line of credit available to you while improving your Social Security opportunity - all while maintaining your desired quality of life. Simple and effective.

Consumer **safeguards**

A number of consumer safeguards have been established to protect reverse mortgage borrowers. These protections ensure lenders like us are doing their jobs right, and that you and your family have a thorough understanding of how a reverse mortgage works. The following consumer safeguards were instituted for your benefit:

CALL TODAY to speak with a

1

No Pre-payment Penalty

Although the loan is not due and payable until the last homeowner leaves the home, you can choose to **repay the loan at any time without incurring additional costs.**

2

HUD Fee Limitations

HECM loan origination fees are regulated by HUD. Other reverse mortgage costs may vary among creditors and loan types.

3

Non-recourse Loan

HECMs are considered non-recourse loans. **Neither you nor your heirs will ever owe more than the loan balance or the value of the property,** whichever is less; and no assets other than the home must be used to repay the debt.

4

Financial Assessment

Effective April 27, 2015, HUD will require a more thorough evaluation of borrowers' abilities to meet the financial obligations of their reverse mortgage loans.

reverse mortgage professional.

5

Non-borrowing Spouse

New loan amounts are available to borrowers with a non-borrowing spouse under the age of 62. **New rules also allow the eligible spouses of borrowers who pass away to stay in the home without foreclosure.** The surviving spouse must continue to pay taxes, homeowner's insurance, home maintenance, and otherwise comply with the loan terms.

6

Counseling

HUD requires that all reverse mortgage applicants must undergo independent, third-party counseling. **This ensures that borrowers understand the financial implications associated with their reverse mortgage,** what their obligations are and what other alternatives may be available to them. We encourage and support third-party counseling so that you feel completely comfortable with the process and understand your options.

*Limited to the Tenure or Modified Tenure plans (Borrower must maintain home as principal residence, payment of taxes, insurance, maintenance of home, lender will set aside a specific amount of money for a line of credit, and borrower may outlive the monthly payment stream.) †Please consult with your tax advisor. ‡Borrower must continue to pay for property taxes, homeowner's insurance and home maintenance. These materials are not from HUD or FHA and were not approved by HUD or a government agency.