Elevate Retirement Outcomes With Reverse Mortgages

With loans up to $4 million*, leveraging home equity allows clients to use one of their most powerful assets to improve their financial path and take a more holistic approach to retirement.
Retirement Planning and Home Equity

As one of your clients’ most trusted resources, you play an essential role in providing clear direction to shape and plan for the future. Understanding all the options at one’s disposal in an ever-changing financial landscape lets you offer a complete perspective, ensuring your clients get the sound advice they need to succeed on their retirement journey.

The Reverse Mortgage: A Powerful Key to Unlocking a Brighter Retirement

Appreciating home values, combined with the need to plan for market fluctuations over lengthening lifespans, has led many financial professionals to take a fresh perspective on home equity and its uses for improving retirements.

Far from a “loan of last resort,” recent developments such as lower minimum age requirements and proprietary loan amounts up to $4 million* have made the reverse mortgage an attractive option for millions, including the mass affluent demographic.

With FAR’s robust suite of customizable products, you can help clients responsibly leverage their stored wealth as part of a strategic and comprehensive approach to funding their lifestyle later in life and accomplishing their retirement goals.

*Loans up to $4 million available for HomeSafe® products
Why Reverse Mortgages?

With an aging demographic and record levels of accumulated housing wealth, the challenge of funding a decades-long retirement period has led to seismic shifts in the retirement planning landscape.

In reconsidering home equity as its own asset class, you can proactively and successfully solve several retirement challenges your clients may encounter, including:

- Funding Long-Term Care
- Delaying Social Security
- Funding Roth Conversions
- Creating a Sequence of Return Strategy
- Improving Cash Flow
- Planning and Preserving Estates

What Is a Reverse Mortgage?

A reverse mortgage is a loan exclusively available to homeowners 55++ that converts stored home equity into usable cash. For many in or nearing retirement, it can be a sensible option for improving cash flow and/or establishing a line of credit for use in retirement.

Borrowers must live in the home as their primary residence, must continue to pay property taxes and insurance, and maintain the home while also upholding all other loan terms. If the homeowner does not meet these loan obligations, then the loan will need to be repaid. Otherwise, the balance is payable at the time the borrower is no longer living in the home as their primary residence. However, because it is a non-recourse loan, this means that you, or your estate, can’t owe more than the value of your home when the loan becomes due and the home is sold.

10,000+ HOMEOWNERS AGE INTO REVERSE MORTGAGES EVERY DAY

SOURCE: U.S. CENSUS

Popular Uses

- Eliminate monthly mortgage payments*
- Supplement retirement income with tax-free funds†
- Pay off high-interest debt‡
- Establish a flexible line of credit that grows over time

*The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid.

**For certain HomeSafe® products only, excluding Massachusetts, New York, and Washington, where the minimum age is 60, and North Carolina, Texas, and Utah, where the minimum age is 62.

†Not tax advice. Consult a tax professional

‡Potential savings and benefits may not apply to all borrowers and may end up costing more over the life of the loan based on the borrower’s tax and financial situation. A reverse mortgage loan does not require regular monthly installment repayment obligations of principal and interest, however, accrued interest will be added to the loan account, negative amortization will occur, and a borrower’s equity in their home may decrease over time.
Options Tailored To Your Clients

The FHA-insured reverse mortgage for homeowners ages 62+, with loan limits of $1,089,300.

- No monthly mortgage payments*
- Income tax-free loan proceeds†
- Greater financial flexibility
- Stay in your home*

Our proprietary jumbo loan gives homeowners the same benefits of a HECM while unlocking more home equity and financial flexibility. For eligible borrowers 55++.

- Loan amounts up to $4 million
- No mortgage insurance premium
- No initial disbursement limitation
- Condominiums appraised at $500,000 or more do not require FHA approval

Comparing Reverse Mortgages to Traditional Loan Products

For clients in or nearing retirement, reverse mortgages may offer key strategic advantages over most traditional loan products to help achieve financial goals.

<table>
<thead>
<tr>
<th>Cash-Out Refi</th>
<th>HELOC</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Client Goal</strong></td>
<td><strong>Traditional Challenge</strong></td>
</tr>
<tr>
<td>Lower monthly mortgage payment</td>
<td>Strict employment and/or income qualifications</td>
</tr>
<tr>
<td><strong>Reverse Solution</strong></td>
<td><strong>Reverse Solution</strong></td>
</tr>
<tr>
<td>Line of credit is protected from market conditions and can grow over time</td>
<td></td>
</tr>
</tbody>
</table>

Unlocking Client Options With a Reverse

Disbursement Choices
- Line of credit w/ growth
- Monthly installments
- Lump sum
- Combo of all the above

Strategic Uses
- Portfolio preservation
- Establish retirement income
- Fund legacy plans
- Delay social security

---

†Not tax advice. Consult a tax professional.
*The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid.
**For certain HomeSafe® products only, excluding Massachusetts, New York, and Washington, where the minimum age is 60, and North Carolina, Texas, and Utah, where the minimum age is 62.
Common Client Applications

Reverse mortgages are customizable to fit individual client needs and are a powerful solution for achieving common retirement goals.

Emily does not have a long-term care solution and is looking to purchase life insurance with an LTC rider, but the premium is $9,000/year. As an alternative, Emily decides to put a reverse mortgage line of credit on her home to self-fund her needs and avoid a high insurance premium.

**Age:** 62
**Home Value:** $450,000
**Paid Off Mortgage Balance:** $0
**Potential Line of Credit:** $178,450

Illustration is for financial professional educational purposes only and assumes a borrower aged 62 who resides in TN, an adjustable interest rate HECM with an initial interest rate of 4.02% (+0.50% annual MIP, including an upfront MIP of 2% of the home’s value) and financed fees of approximately 3.4% of the home value. Rate quote generated on 6/6/2022. Rates are rounded down to the nearest 0.125% and are subject to change.

Joyce and Jim refinanced their existing mortgage with a new reverse mortgage and eliminated their mortgage payments.

**Age:** 71 and 72
**Home Value:** $2,800,000
**Previous Monthly Mortgage Payment:** $6,808
**Potential Loan Amount:** $1,355,200
**Paid Off Mortgage Balance:** ($1,114,000)
**Remaining Cash Available:** $241,200

**Monthly Cash Flow Improvement:** $6,608

Illustration is for financial professional educational purposes only and assumes a borrower aged 71 who resides in CA and HomeSafe fixed interest rate of 6.875% and financed fees of approximately 0.5% of the home value. Rate quote generated on 6/6/2022. Rates are rounded down to the nearest 0.125% and are subject to change.

Linda and Steve live in Oregon and have $250,000 remaining on their mortgage. They would like to purchase a second home in Texas to be closer to family without selling their current one. They have $3,000,000 in investment accounts but would rather avoid selling and paying capital gains.

**Age:** 64 and 65
**Home Value:** $1,200,000
**Potential Loan Amount:** $523,000
**Paid Off Mortgage Balance:** ($256,000)

**Remaining Cash Available:** $267,200

Illustration is for financial professional educational purposes only and assumes a borrower aged 64 who resides in OR and HomeSafe fixed interest rate of 6.875% and financed fees of approximately 0.5% of the home value. Rate quote generated on 6/6/2022. Rates are rounded down to the nearest 0.125% and are subject to change.

Illustration is for financial professional educational purposes only and assumes a borrower aged 64 who resides in OR and HomeSafe fixed interest rate of 6.875% and financed fees of approximately 0.5% of the home value. Rate quote generated on 6/6/2022. Rates are rounded down to the nearest 0.125% and are subject to change.

Linda and Steve live in Oregon and have $250,000 remaining on their mortgage. They would like to purchase a second home in Texas to be closer to family without selling their current one. They have $3,000,000 in investment accounts but would rather avoid selling and paying capital gains.

**Age:** 64 and 65
**Home Value:** $1,200,000
**Potential Loan Amount:** $523,000
**Paid Off Mortgage Balance:** ($256,000)

**Remaining Cash Available:** $267,200

Illustration is for financial professional educational purposes only and assumes a borrower aged 64 who resides in OR and HomeSafe fixed interest rate of 6.875% and financed fees of approximately 0.5% of the home value. Rate quote generated on 6/6/2022. Rates are rounded down to the nearest 0.125% and are subject to change.

Joyce and Jim refinanced their existing mortgage with a new reverse mortgage and eliminated their mortgage payments.

**Age:** 71 and 72
**Home Value:** $2,800,000
**Previous Monthly Mortgage Payment:** $6,808
**Potential Loan Amount:** $1,355,200
**Paid Off Mortgage Balance:** ($1,114,000)
**Remaining Cash Available:** $241,200

**Monthly Cash Flow Improvement:** $6,608

Illustration is for financial professional educational purposes only and assumes a borrower aged 71 who resides in CA and HomeSafe fixed interest rate of 6.875% and financed fees of approximately 0.5% of the home value. Rate quote generated on 6/6/2022. Rates are rounded down to the nearest 0.125% and are subject to change.

Illustration is for financial professional educational purposes only and assumes a borrower aged 71 who resides in CA and HomeSafe fixed interest rate of 6.875% and financed fees of approximately 0.5% of the home value. Rate quote generated on 6/6/2022. Rates are rounded down to the nearest 0.125% and are subject to change.
Is a Reverse Mortgage Right for Your Client?

Unlocking home equity can be a key component to improving retirement. If you answer yes to any of the following questions about your client’s financial situation, a reverse mortgage may be a sensible addition to their overall retirement strategy.

Risk Management

- Does your client need more protection against long-term care events and/or unexpected expenses?
- Does your client have an existing HELOC, or have you recommended a line of credit?

Home Purchasing

- Is your client considering purchasing a 2nd home and/or investment property?
- Does your client need to efficiently own 2 homes without draining invested assets (ex. divorce)?

Income & Investing

- Does your client still pay a mortgage?
- Does your client want/need to retire before their social security maximum benefit age?
- Is your client younger than 72, want/need additional income, and holding tax-deferred investments?
- Is your client short on paying the tax on a Roth conversion?

Estate & Legacy Planning

- Is your client interested in legacy planning while still living (ex. charitable donations, trusts, funding grandchildren’s education)?

Let’s Help Your Clients Go FAR

Reach out to learn how FAR’s innovative home equity solutions and industry-leading customer service can help you strategically improve the retirements of your clients.

Call us: 888-580-5895
Monday – Friday
7am to 4pm Pacific Time

Email us: strategies@far.com
Or visit us anytime: RSD.FAR.com