



# Reverse Mortgages

What every **son and daughter** should know to help their parents live well in retirement.



A DIFFERENT WAY OF

## Thinking

Nearly every day we are inspired by examples of the triumph of mind, body, and spirit over the aging process. The 81-year-old man who ran his first marathon. The grandmother who earned her law degree at age 75. The fact is people are living longer, healthier lives—and reaching retirement age no longer means growing old.

We recognize that financial security is only part of the equation, so we're continually examining issues and trends that affect older Americans. From time to time, we bring what we've learned to the table for your review. One thing we've discovered is that as more and more senior citizens are living healthy, independent lives, their adult sons and daughters are called upon to care about them—not necessarily for them. It's a different way of thinking, perhaps. But it's a way that can help ensure a better quality of life for our parents and for us. The information and tips provided here may help you help your parents live well in retirement and balance their needs and desires with your own.

THOUGHTS ON

## Independent Living

More and more research shows that to live independently in their own homes is of paramount importance to older Americans. But you and your parents may have different ideas about what this means. For your own peace of mind and for the well-being of your parents, it's important to plan for the future by talking about the kind of help they'll need—or want—in order to be comfortable in their homes. Here are ten things that could make the conversation easy and effective.



- 1) Be positive.** Try broaching the subject when things are going well in your parents' life, rather than at a time of stress or in response to a problem or incident. Allow your parents to make their own choices and resist the temptation to push issues unless their health or safety is in jeopardy.
- 2) Ask for help.** Ask mom or dad to help you understand what's important to them and what kind of assistance they would like to help them stay in their home as long as possible.

**3) Make it easier for your parent to accept help.** Talk to your parent about your experience, or that of a friend or relative, in asking for help. Show understanding about how hard it is sometimes for all of us to ask for assistance from others.

**4) Focus on them.** Focus on your parents' needs, desires, and worries about their current and future living situation. Ask them how they feel about climbing the stairs, or if they have concerns about other possible safety issues in the home. Talk about modifications that can be made to make them more comfortable.

**5) Ask about daily activities.** Find out what your parent would like help with the most. Is it the cooking? Cleaning? Yard work? Transportation? Ask them if anything about their current situation detracts from their enjoyment of daily activities.

**6) Know the status of their health.** Ask your parents about any health problems they have and ascertain their ability to manage daily healthcare. How often do they fill prescriptions? Are they having any problems taking their medications as directed? Can they afford medications they need?



**7) Make sure they can pay their expenses.**

It may be difficult to “butt into” a parent’s finances, but it’s important to know if they can afford to pay bills, eat well, and take advantage of the things that bring joy to their lives.

**8) Find out how your parent gets around.**

Ask your parent how they get around on a typical day. Do they drive or take a bus? Are they getting rides with friends or are they walking? Knowing how your parents travel can help you help them find the best ways to get where they want to go safely.

“Show understanding about how hard it is sometimes for *all of us* to ask for assistance from others.”

**9) Research community resources.** Check out transportation, meal, or home care services that are readily available to make it possible for your parent to remain independent.

**10) Compare costs and services.** Compare the costs and benefits of remaining in the home with that of Assisted Living Centers or Continuing Care Retirement Communities. Many of these are viable alternatives to remaining in the home.

WHAT EVERY HOMEOWNER 62 YEARS  
AND OLDER SHOULD KNOW ABOUT

## Reverse Mortgages

**Reverse mortgages are helping older Americans across the country achieve greater financial security.**

And enjoy their retirement years to the fullest.

Imagine having the income you need to remain living comfortably in your home in retirement — and at the same time make much needed repairs or renovations, afford quality home healthcare, or even vacation with family and friends. Nearly 150,000 older Americans have done that thanks to the reverse mortgage, a unique financial product that gives senior Americans the freedom and peace of mind to fully enjoy their retirement years.

A reverse mortgage is a loan that allows seniors to use the equity they've accumulated in their homes over the years to improve their quality of life and knock down the financial barriers to independent living. By converting equity into income, a reverse mortgage is a way to stay in your home and receive cash to use for almost any purpose — whether it's day to day living expenses, home remodeling or repair, paying off existing debt, earning a college degree, or traveling the world. Best of all, you retain the title and you remain living in your home.

Homeowners who are at least 62 years and older can qualify and may be eligible even if there is an existing first or second mortgage. A reverse mortgage can give them tax-free\* cash for what

“For as long as a reverse mortgage is outstanding, *no* monthly mortgage payments are due.”

they want or need by allowing them to safely tap into their home equity. There are no income qualifications. The size of the reverse mortgage granted depends upon the applicant's age, the type of reverse mortgage sought, the home's value, and interest rates.

For as long as a reverse mortgage is outstanding, no monthly mortgage payments are due. The loan matures when the borrower no longer occupies the home as a primary residence. This typically occurs upon the sale of the home, or if the owner permanently moves or passes away.

### **Currently there are three reverse mortgage products available\*:**

The government-insured **HUD/FHA Home Equity Conversion Mortgage Program (HECM)**, the **Home Keeper product by Fannie Mae**, and the **Financial Freedom Cash Account Advantage plan**. The Cash Account Advantage product may provide increased benefit for higher valued property.

Reverse mortgages are a big part of our commitment to helping even more people meet the challenges that make staying in their homes and living independently a dream come true.

\* Consult financial advisor. Not all products and options available in all states.

FOR THE FAMILY

## Of Seniors

A reverse mortgage could be an ideal way for your parents to benefit from the wise investment they made in real estate perhaps decades ago. If you are the son or daughter of a senior who is age 62 or older, you should understand the facts about reverse mortgages.

- **Get money without moving.**

Borrowers will never, under any circumstances resulting from the reverse mortgage, be forced to leave their homes providing they retain their ownership interest, make their real estate property tax and insurance payments and pay other obligations that may become a priority lien against their home.

- **Financial independence.**

A reverse mortgage allows seniors to tap into money they've earned in the form of home equity, and avoid having to depend on relatives for financial assistance. They've taken care of their home all these years, now they can let their home take care of them.

- **Keep title to the house.**

Your parents retain full title to their home. This loan creates a lien against their property that is paid off when they decide to no longer occupy the home. Your parents remain on title as long as they choose.

- **Proven safe.**

Over 150,000 Americans have already benefited from reverse mortgages. Among them, HECM reverse mortgages are government-protected loans and many safeguards are in place to protect seniors from unethical lending practices.

- **Repayment options.**

If your last-remaining parent passes away while living in the home, you, as the heir(s), simply pay off the reverse mortgage principal plus accrued interest. If you—or a sibling or other relative—want to keep the home in the family, you can take out a new traditional mortgage or use other assets to pay for it. If no one in the family is interested in keeping the home, it can be sold to repay the loan. Any money left over goes to the estate to be shared according to your parents' last wishes.

Your parents will *never* owe more than the current market value of their home upon repayment of the loan.

## HOMEOWNERS BENEFITING FROM A Reverse Mortgage

Below are some of the ways borrowers have used their reverse mortgage proceeds.

They have used it to:

- **Supplement Income**

“ My reverse mortgage supplemented my income... it was a great help.” - CA

“ My husband passed away eight years ago. I was barely keeping my head above water. I was able to pay off my lien, get a check every month... life has changed... freed me from financial worries.” - CT

“ Allowed us to pay off our mortgage... able to retire early.” - FL

- **Pay Off Debts**

“ Got rid of credit card debt to better use monthly income.” - NE

“ Living expense in California is next to impossible. I paid off \$20,000 in credit card debt. I would highly recommend it.” - CA

- **Home Repairs**

“ My spouse passed away... I was able to upkeep my home with a reverse mortgage. I was able to repair my doors, windows, garage, driveway, and have my interior repaired.” - NY

“ I had work done to pave my driveway and patio... redo front porch ...freed me from financial worries.” - WA

“We can now keep our home  
and pay for our medication.”

- **Pay for Healthcare**

“ I have a rare disability. Social Security was not enough to cover my high bills... with a reverse mortgage I paid for my bills and modified my wheelchair.” - TX

“ My husband was ill... I was financially strapped... reverse mortgage relieved us from financial disaster.” - SC

- **Pay for In-Home Healthcare**

“ We have a Caregiver that assists us 3-4 hours, five days a week... we needed financial assistance to help pay for this.” - WA

- **Pay for Prescription Bills**

“ I was able to retire early, pay for my medication and other bills.” - CA

“ ...we had heavy medical expenses which created a cash flow problem... a reverse mortgage relieved us from our limited monthly income.” - CA

“ Our pension left very little with high medication bills for both of us and a high mortgage payment. We can now keep our home and pay for our medication.” - FL

- **Remain in Home**

“ Without a reverse mortgage, I would have been forced into a nursing home.” - OH

“ ...able to save my home from foreclosure.” - TX

“ Now I can stay in my home always and pay for my medicine, proper food and enjoy my life.” - MI

## THE RIGHT INSURANCE - THERE

# When You Need It

**The right health insurance can make all the difference in the world** to you and your aging parent, freeing you both from worry and assuring your parent receives the best healthcare possible. There are several options you should know about:

Medicare is a widely used, comprehensive federal health insurance program available to people 65 and older. Federal benefits such as Social Security and Medicare are generally not affected by a reverse mortgage. For information on Medicare, visit the Medicare website at [www.medicare.gov](http://www.medicare.gov).

For information on State benefits, such as Medicaid, consult appropriate government agencies.

**Supplemental Insurance** is private insurance that helps pay any costs not covered under Medicare and includes HMOs, Medigap, and Long-Term Care. Health Maintenance Organizations (HMOs) negotiate price and coverage with healthcare providers and hospitals, and typically provide patient treatment with minimal deductibles, making them a relatively easy way to receive health services. Shop around before you or your parent joins an HMO. Ask friends and relatives about their experiences with various HMOs, and be sure to compare the co-pays for:

- Hospitalization
- Prescriptions
- Doctor visits
- Dental and Vision
- Care outside the country

Consult your physician, financial advisor, and appropriate government agencies.

## Long-Term Care Insurance — Ten Things You Need to Ask

Life is always handing us the unexpected. And while everyone's hope is to live healthy and independently until a ripe old age, this is not always possible. That's where Long-Term Care Insurance can help. It's there for you when the unexpected illness or situation occurs and your parent's best option is to spend time in the care of a nursing home or Assisted Living Center, or long-term, at-home care. One year in a nursing home can mean a whopping bill—sometimes up to \$50,000. When shopping for Long-Term Care, do your homework and be sure to consider the following:

1. What are the premium costs?
2. What, specifically, will the policy cover? Nursing homes? Home care? Look for the most comprehensive plan available.
3. What is the waiting period before coverage starts?
4. What additional healthcare benefits are covered?
5. Are there any optional benefits available, and if so, at what cost?
6. How many years will the policy pay? The average stay in a nursing home is three years.
7. Does the policy cover pre-existing conditions?
8. Is the plan backed by an A+ rated insurance company?
9. Does the policy cover 100% of actual expenses?
10. Act quickly—for your parent and for yourself. Locking in premiums at a younger age saves money, and your parent must be in good health to qualify.

# Discounted Opportunities

## FOR SENIOR AMERICANS

**1. Phone bill discounts.** Visit the Federal Communications Commission at [www.fcc.gov](http://www.fcc.gov) to find out if your parents qualify for the Lifeline Program and other phone bill discounts.

**2. Don't have a set of wheels?** Many localities offer free or reduced fares to people 65 and older. Some even offer pick-up services to the nearest bus stop. Call your local public transit system for more information.

**3. Hunting and fishing licenses.** Most states offer these free of charge to people 65 and older. Contact your State Department on Aging for more information.



**4. Admission to state parks.** Many states offer free or reduced entrance fees to state parks for senior citizens. Contact the park or your State Department on Aging for details.

## SOME COMMON CONCERNS OF Senior Americans

You may not be aware of the worries your parents may be facing as they age. Concerns about the legacy or inheritance they'll leave their families, the loss of friends they face due to age or illness and the fear that may be associated with that loss, financial concerns, and concerns about their health and safety, just to name a few. Too often, these concerns can lead to depression. In fact, clinical depression does affect numerous older Americans, and although it's treatable, many people don't receive the treatment they need. Maybe they think depression is a normal part of aging. Maybe they feel helpless and don't know where to turn. As a son or daughter, here are some things you need to know if your parent is singing the blues:

- While many older adults think depression is normal, clinical depression is not a normal part of the aging process.
- Occasional bouts of grief or the blues can be found at any age.
- Clinical depression is treatable.
- Screenings for depression are available.

**If you suspect your parent may be suffering from depression,** encourage them to talk to their doctor.

**Is your retired parent looking for a part-time job?** [www.seniorjobbank.com](http://www.seniorjobbank.com) can help. Established in 1975, it is a free referral service specifically designed for seniors that posts job opportunities and resumés. The site also includes links to U.S. Government sites such as The Social Security Administration, Administration on Aging, and Access America for Seniors.

# Find Out More:

## ESSENTIAL WEB SITES

- **AARP, [www.aarp.com](http://www.aarp.com)**  
AARP is a nonprofit, nonpartisan membership organization for people 50 and over. They provide a wide variety of unique benefits and services.
- **American Council of Life Insurance, [www.acli.com](http://www.acli.com)**
- **American Society on Aging, [www.asaging.org](http://www.asaging.org)**  
“Enhancing the knowledge and skills of those working with older adults and their families”
- **Fannie Mae, [www.fanniemae.com](http://www.fanniemae.com)**  
As the leader of the housing finance system, Fannie Mae works to expand homeownership opportunities.
- **HUD, [www.hud.gov](http://www.hud.gov)**  
U.S. Department of Housing and Urban Development
- **Social Security Administration, [www.ssa.gov](http://www.ssa.gov)**
- **SPRY Foundation, [www.spry.org](http://www.spry.org)**  
Brings together information from federal agencies and national associations.
- **[www.agenet.com](http://www.agenet.com)**  
Information and referral network for aging parents and adult children, offering products and services to enhance quality of life.
- **[www.seniorjobbank.com](http://www.seniorjobbank.com)**  
Posts resumés and job listings specifically for senior citizens.



Consult your financial advisor. Not all products and options available in all states. Consult appropriate government agencies.

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