Stretching Retirement Savings

Using a Reverse Mortgage Loan

The Situation

Perry and Stephen Zimmerman thought they had saved enough for retirement but now at age 67, they are not so sure. They worry every time they look at their retirement account statement. They have been withdrawing about $1,500 per month ($18,000 per year) since they retired two years ago and have $350,000 left in their account. If they continue withdrawing at their current rate, they may be at risk of running out of money in their late-80's.

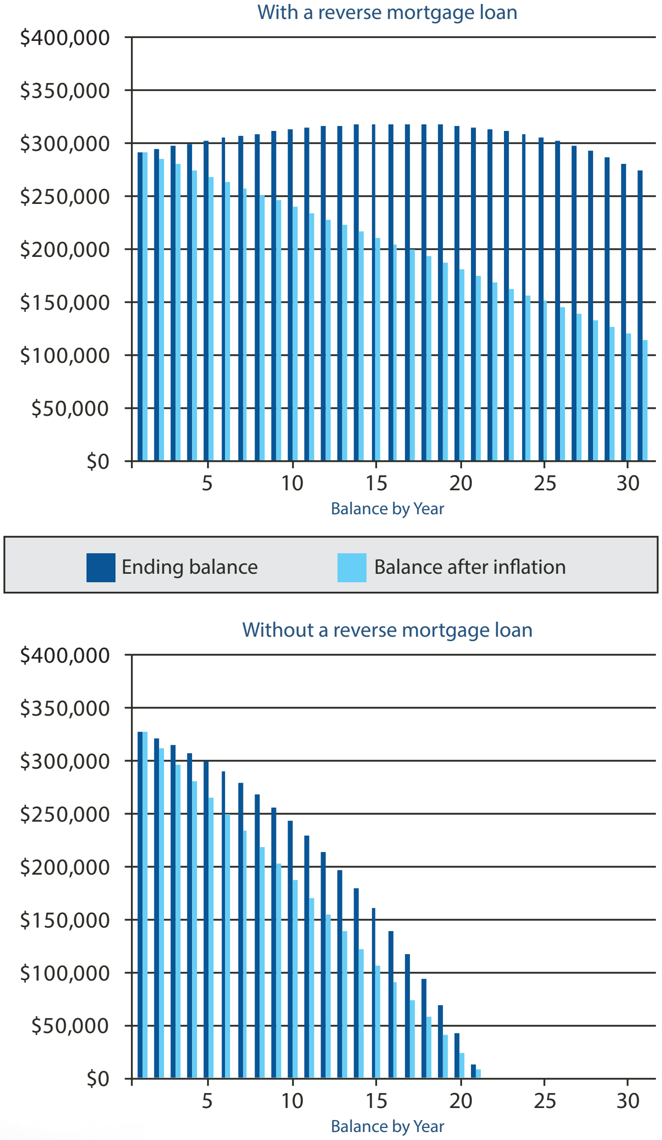
The Solution

A reverse mortgage loan can provide the Zimmermans with an additional source of tax-free funds so that they don't have to withdraw as much from their retirement account.[1]

By using a reverse mortgage line of credit loan with a monthly draw to supplement 45% of their income needs ($8,100 per year), their current retirement account can last over 30 years compared to only 20 years without a reverse mortgage loan.

Example of Savings Spend Down Scenarios[2, 3, 4]

With and Without a Reverse Mortgage Loan



Insert Contact Information Here...

1 Consult appropriate government agencies for any effect on taxes or government benefits.

2 This example is calculated using Retirement Shortfall Calculator from Bankrate.com. (http://www.bankrate.com/calculators/retirement/calculate-retirement-income-money.aspx)

3 Savings Spend Down Scenario Assumptions

- Beginning savings balance of $350,000
- Monthly contributions of $0
- Zero years before retirement
- 30 years in retirement
- Initial annual withdrawal of $18,000
- Initial annual withdrawal of $8,100 with reverse mortgage loan
- 7% Rate of return before retirement, calc. default setting
- 4% Rate of return during retirement, calc. default setting
- Federal tax rate of 10%, current federal tax rate for couple with annual income of $18,000 or less
- State tax rate of 6%, calc. default setting
- Adjusted for 3% annual inflation rate

4 **Reverse Mortgage Loan Calculation Assumptions**
Source: reversecalculator.libertyhomeequity.com

Example for a LIBOR HECM Line of Credit

Current Home Value	$500,000
Available Principal Limit	$275,500
Mandatory Obligations	$11,063
Total Net Settlement Costs	$11,063
Less Current Mortgage	$0.00
Other Mandatory Obligations	$0.00
Available Loan Proceeds	$264,437
Available Line of Credit During First 12 Month Disbursement Period	$154,237
Available Line of Credit After Initial 12 Month Disbursement Period	$110,200

This example is based on the youngest borrower, who is 67 years old, a variable rate HECM loan with an initial interest rate of 2.422% (which consists of a Libor index rate of 0.172% and a margin of 2.250%). It is based on an appraised value of $500,000, origination charges of $6,000, a mortgage insurance premium of $2,500, other settlement costs of $2,563; amortized over 204 months, with total finance charges of $18,853.03 and an annual percentage rate of 15.50%. Interest rates may vary. The stated rate may change or not be available at the time of loan commitment or lock-in.

The preceding example and any calculations therein are hypothetical and are for illustrative purposes only. We do not guarantee applicability or accuracy in regard to a client's individual situation or circumstance. Information contained within this strategy is not intended to replace qualified, professional investment and/or tax advice. Reverse mortgage loans may not be appropriate for certain individuals and some restrictions may prevent a homeowner from obtaining a reverse mortgage loan. All reverse mortgage borrowers are required by the federal government to meet with HUD-approved counselors to determine loan suitability. Failure to pay property taxes, hazard insurance, or maintain the residential property can result in a loan default requiring immediate repayment of the loan balance or foreclosure. Interest, mortgage insurance and other fees will accrue annually until the loan balance is repaid in full.

FOR PRODUCER/AGENT USE ONLY. NOT TO BE REPRODUCED OR SHOWN TO THE PUBLIC.