

Deferring Social Security

With a Reverse Mortgage Loan

The Borrower Situation

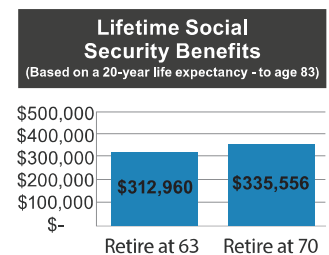
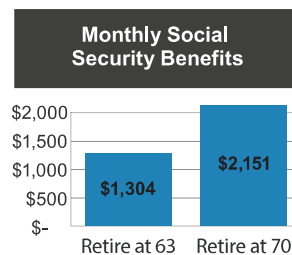
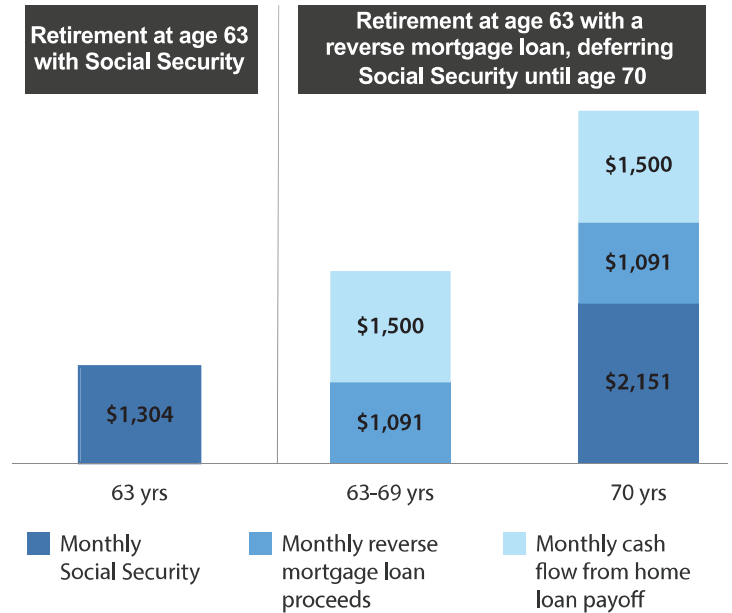
Susan Parker earned \$60,000 per year as a systems project manager until she lost her job nine months ago. At 63, she was having a difficult time finding another job and was considering retiring early.

She knew that this would mean lower lifetime Social Security benefits than if she deferred until age 70, but what else could she do? She had exhausted her unemployment benefits and was drawing down on her savings to pay for her mortgage and other living expenses.

The Solution

A reverse mortgage loan helped Susan pay off her existing home mortgage and improved her monthly cash flow by \$1,500. She also elected to receive her remaining reverse mortgage loan proceeds in equal monthly payments of \$1,091 for as long as she lives in the home. She was in excellent health and expected to live well into her early 80s. With these additional sources of funds, Susan could defer drawing her Social Security benefits until age 70, resulting in increased monthly benefits of \$847 or \$22,596 over her lifetime.

Sources of Retirement Funding^{1,2}



Deferring Social Security from age 63 to 70 resulted in increased Social Security benefits of \$847 per month or \$22,596 total lifetime (to age 83)





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¹ This example was developed using Bankrate.com Social Security Benefits Calculator to calculate estimated monthly Social Security benefits.

² Source: reversecalculator.libertyhomeequity.com

Example for a LIBOR Reverse Mortgage - Modified Tenure

Current Home Value	\$500,000
Available Principal Limit	\$265,500
Mandatory Obligations:	\$61,063
Total Net Settlement Costs	\$11,063
Less Current Mortgage	\$50,000
Other Mandatory Obligations	\$0.00
Available Loan Proceeds	\$204,437
Monthly Payments for the Life of the Loan	\$1,091
Available Line of Credit During First 12 Month Disbursement Period	\$15,965.48

This example is based on the youngest borrower, who is 63 years old, a variable rate reverse mortgage loan with an initial interest rate of 2.424% (which consists of a LIBOR index rate of 0.174% 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, a mortgage payoff of \$50,000; amortized over 240 months, with total finance charges of \$462,399.19 and an annual percentage rate of 12.16%. 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 financial 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.