

Are Your Parents Running Out Of Money For Retirement Or Care?

Your parents have always been thrifty. They helped you through college and were very careful about saving for retirement, but lately you notice that they aren't going out very often, they are very careful when they shop, they often complain about the high cost of fuel or their utility bills?

Your parents are not alone. Even some of the best laid plans can come up short. With medical costs rising in the double digits, exponential rising fuel costs and lower returns on investments, their nest egg might be coming up short. Our parents have traditionally relied on a three component retirement plan: Social Security, pension and savings. Your parent's average Social Security check is \$1,002. You've read it in the news, you've seen it on sixty minutes, pension plans are under funded and benefits are being cut. That leaves your parents with their nest egg to retire on. It may be enough now. They are getting by with a few hundred dollars here and there from you and your siblings but what about as they get older? Are they pinching penny's and still do not have quality of life? Money for travel? Extras? What if they need in home care? A couple of hundred dollars might pay for someone to come in for a three or four days. Then what? A reverse mortgage may be the answer. If you haven't heard of them, your parents have. They are being inundated with advertisements in the mail for them every week. These loans are increasing in volume every month. So why doesn't anyone know about them? They haven't hit the mainstream yet, but they will. Reverse mortgages are a special type of loan strictly for senior citizens. In the past they have had a bad reputation because in the early years of introduction there were predatory lending practices that occurred and many senior signed over a portion of the equity in their homes, "equity sharing programs". Well thanks to the federal government reverse mortgages have been cleaned up. They are federally insured and heavily federally regulated. Reverse mortgages have turned into an empowering financial tool for seniors that can make the difference in whether or not a senior has to work part-time at Wal-Mart to make ends meet or live comfortably in their retirement years. Here's how they work. To attain a reverse mortgage you must be 62 years old or older. They are very similar to an equity loan except that there are NO PAYMENTS for the life of the loan. The senior qualifies a percentage of their equity to be turned into cash. The amounts of their proceeds are based upon the senior's age, the value of their home and their homes location. If there is a first mortgage on the home this must be paid out of the proceeds. Paying off the mortgage in itself is often times a substantial increase of cash flow each month for a senior. Can you imagine if you didn't ever have to make another house payment? These loans are exceptionally flexible and safe. Before a senior can even submit a loan application they must attend an independent counseling session paid for by the federal government to insure that they understand the loan completely. This counseling session is independent from the lender and the originator and has no cost to the senior. And did I mention that these loans have NO OUT OF POCKET COSTS and NO PAYMENTS FOR THE LIFE OF THE LOAN! Reverse mortgages also have no credit requirements. The senior can take the proceeds in a number of ways. They can set up a line of credit that they can draw on as needed. The credit line grows at the same rate as the loan if unused and does not count as loan principle until used. They can receive a lump sum of cash up front at closing; they can set up a guaranteed monthly tenure payment for life, or a combination of these. One of our clients, a very active woman of eighty did part time catering to make ends meet. After she refinanced with a reverse mortgage, she paid off her first mortgage, she set up a credit line of \$25,000.00 that she can draw from at anytime; she took \$25,000.00 at closing and set up a guaranteed tenure payment of \$1000.00 per month for the rest of her life. Formally she worked part time and worried. Presently, she travels, gets massages and has peace of mind. Reverse mortgages have changed and make financial sense. If your parents need money for quality of life either for things they want or things they need. Reverse mortgages may be the answer. Call me and get the facts about how a reverse mortgages can help the senior in your life. Angella Conrard, Reverse Mortgage Advisor
www.reverse-your-mortgage.com