Reverse Mortgage Concept

for Estate Preservation

History Of Reverse Mortgages

- Reverse mortgages are anything but boring. This type of loan, which enables older homeowners to tap into their home equity while still living in and owning the home, was crafted in 1961 in a small local bank in Portland, Maine. This type of loan received government backing in the 1980s and has been continually tinkered with since, as new issues and needs emerge.

Parent/s Secure A Reverse Mortgage

- A reverse mortgage is a mortgage loan, usually secured by a residential property, that enables the borrower to access the unencumbered value of the property. The loans are typically promoted to older homeowners and typically do not require monthly mortgage payments. Borrowers are still responsible for property taxes or homeowner's insurance.

Parent/s Secure A Survivorship Life Insurance Policy

- Survivorship life insurance differs in that it is a policy that is written on two lives. However, both insureds must die before a death benefit is paid - in other words, only after the death of the second insured. For this reason, survivorship life insurance is often referred to as second-to-die life insurance. When one of the insured dies, no benefit is paid. However, to keep the policy inforce, the survivor must continue to pay the regularly scheduled premiums. In the future and upon the death of the second insured, the benefit will be paid out to the named beneficiaries in life insurance contract.

Insurance Policy Placed In A Life Insurance Trust

- A life insurance trust is an irrevocable, non-amendable trust which is both the owner and beneficiary of one or more life insurance policies. Upon the death of the insured, the trustee invests the insurance proceeds and administers the trust for one or more beneficiaries. If the trust owns insurance on the life of a married person, the non-insured spouse and children are often beneficiaries of the insurance trust. If the trust owns "second to die" or survivorship insurance which only pays when both spouses are deceased, only the children would be beneficiaries of the insurance trust.
- In the United States, proper ownership of life insurance is important if the insurance proceeds are to escape federal estate taxation.[2] If the policy is owned by the insured, the proceeds will be subject to estate tax. (This assumes that the aggregate value of the estate plus the life insurance is large enough to be subject to estate taxes.)[3] To avoid estate taxation, some insureds name a child, spouse or other beneficiary as the owner of the policy.

Let's Review