



# ATTENTION FINANCIAL PLANNERS

## *Using Home Equity as Part of a Financial Plan*

- *Do you have clients who are waiting to claim social security but could use more income?*
- *Are your clients looking for ways to generate more retirement income without touching investments?*
- *Would they like to fund long-term care using home equity?*

➤ **USE HOME EQUITY TO AVOID TAPPING INTO INVESTMENTS & GENERATE RETIREMENT INCOME WITH A REVERSE MORTGAGE!**

➤ **ACCESS TAX-FREE FUNDS FROM HOME EQUITY RATHER THAN TAXABLE ASSETS**

➤ **UTILIZE A GROWING LINE OF CREDIT THAT INCREASES YEAR AFTER YEAR WHEN MARKET DOWNTURNS OCCUR**

**WHEN THE MARKET DROPS, HOME EQUITY CAN FILL THE GAP.**

“Home equity represents about 66% of the average retired American’s wealth...‘Research in the financial planning profession consistently shows that reverse mortgages can improve retirement planning outcomes’, said Pfau, who has written a book about the products.”  
(Program Director at The American College of Financial Services)

**Source:** <https://www.cnn.com/2022/05/30/here-what-you-need-to-know-about-reverse-mortgages.html#:~:text=E2%80%9CResearch%20in%20the%20financial%20planning,provide%20a%20backstop%20for%20people.%E2%80%9D>

Home equity, utilizing reverse mortgages, is using money which is not taxed as it is not income but your own equity. Home equity is another asset source apart from investment funds that can provide reinforcement to your client’s investment portfolio. We can show you how to structure clients’ investments using home equity as they retain their investment assets, improve retirement planning, and improve outcomes. With sufficient equity, a growing line of credit can be established.

Tax-free withdrawals from the line of credit are a plus, rather than having to sell investments at a loss or pay taxes on the withdrawals and sales. Any portion of the reverse mortgage which is paid back to the lender goes back into the line of credit for future use. Every investor fears market drops, but using home equity can be a buffer, a cushion against fluctuations in business or financial activities.

## IMPORTANT USES FOR HOME EQUITY:

- ▶ Purchasing a second home as rental property
- ▶ Paying off high-interest credit cards
- ▶ Paying for in-home care or medical assistance

- ▶ Safety renovations to a home such as:
  - ▶ Upgrading from gas to electric
  - ▶ Creating an environment on one level
  - ▶ Retrofitting your home (baths, etc.)

**▶ LOAN AMOUNTS UP TO \$4 MILLION, MAX HOME VALUE \$10 MILLION.**

## REQUIREMENTS:

- ▶ Must be at least 62 years of age (some proprietary products permit age 55 and up)
- ▶ Must reside in your home as your primary residence (at least 6 months of the year)
- ▶ Type of properties: 1-4 single family residences, condos, co-ops in New York, and manufactured homes (*You must reside in one of the multi-family units.*)
- ▶ Condos (single units) must be FHA approved
- ▶ Co-ops must be approved by co-op board (only offered in New York state)
- ▶ Must continue to pay taxes, insurance, and all fees associated with your residence. (Common charges, maintenance fees, HOA fees, etc.)
- ▶ Must receive reverse mortgage counseling with a HUD-approved counselor
- ▶ **NO MONTHLY MORTGAGE PAYMENTS**
- ▶ **BORROWERS REMAIN ON TITLE**
- ▶ **WILL NOT AFFECT SOCIAL SECURITY, MEDICARE, OR RETIREMENT INCOME!**
- ▶ **YOU MAY BE ABLE TO REFINANCE EVERY 12 MONTHS IF EQUITY REMAINS IN THE HOME AND DEPENDING ON INTEREST RATES AND OTHER QUALIFYING FACTORS**

**Note: All jumbo / proprietary reverse mortgages are arranged through third party providers.**

## USE THE REVERSE MORTGAGE AS PART OF A LARGER STRATEGY FOR RETIREMENT!

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**KATHIE ADLER**  
Senior Reverse Mortgage Specialist

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