

A WORD ON REVERSE MORTGAGES

By Donna Deos

I saw a commercial recently on TV that inspired me to speak to you about this subject. It's the one with Tom Selleck and he's talking about how he looked into reverse mortgages and found out they really are quite lovely, contrary to what you might have heard.

First, I need to state that I am not a financial expert and this is not financial advice. I believe you should always check with an unbiased financial person/expert when considering major financial decisions of any kind. Who would be an unbiased financial representative? Well, it likely would not be the person trying to sell you the reverse mortgage as they receive financial gain (commission) for selling it to you. You should go to your trusted local Certified Financial Planner/Advisor, the one who has your whole financial plan worked out for you and seek their input and advice. If you don't already have one of these, in my opinion, you should get one.

Reverse mortgages are a tool designed to enable homeowners to draw down on the equity in their home either for a lump sum payment or for a stream of income. In my experience, I find that people usually only consider this when their income is fixed and their expenses have continued to rise (through real estate tax increases, home maintenance needs, and a lack of cost of living increase in their social security or investments to offset it, most often) to the point where they are struggling to make ends meet so they look at ways in which to stay in their home. This is when the reverse mortgage becomes one viable option.

Again, I am not saying this to upset anyone. I am simply concerned with your awareness of the full picture. I know you have worked very hard for your whole life to purchase your home, pay it down and/or off and to maintain it, which can be very expensive. In many cases the equity in your home becomes your best, and for many the only, asset. That is why I would like to have you speak with a financial expert before you just sign over the rights to it to a bank who will give you additional income in exchange for it. There are other consequences to this action.

To illustrate this point, let me tell you a story of firsthand experience with reverse mortgages, by a wonderful woman I worked with years ago who I will give the fictitious name of Rose.

Rose was considering moving to Havenwood Heritage Heights (HHH), where I was working at the time helping people decide if a Continuing Care Retirement Community (CCRC) was the right option for them. CCRC's are wonderful communities that are designed for happy, healthy, truly indepen-



dent senior citizens to move to when they have a healthy desire to plan for their future needs, while no needs currently are necessary. In other words, people who could easily stay in their homes because they are managing just fine, however, they want more out of life than that. They want to know the future care they may receive is of the highest quality, they want access to an easier lifestyle where home maintenance is taken care of for them, where they are free to come and go as they please and all is taken care of. They have access to meals, to activities, to trips and entertainment, but are not required to take part in any of it if they do not wish to.

Okay, so Rose was looking at her options. She was a widow who had no children of her own. She lived on the Cape and her closest relatives were her siblings and nieces in New Hampshire. She was recently diagnosed with a progressive ailment that over time would necessitate that she receive care of some sort down the road. She now realized that being isolated on the Cape, away from her family, would be very difficult for everyone. It was a long way for them to travel and she would eventually not be driving anymore herself. What was she to do?

Well, she started evaluating her options closer to her family, which is how we met. I showed her around the two campuses, which are full of vibrant, active seniors like her and she fell in love almost immediately.

During the application process, I discovered that she had a reverse mortgage. This became a red flag for us because all communities of this sort have financial requirements that people need to meet to qualify. At HHH, when you are accepted the goal is for them to keep you there even if you run out of money - remarkable, I know! All of the for-profit organizations ship you off to the "county home" when you run out of funds to pay for care, unless they have a Medicaid licensed bed available at the time you need it. Fortunately for those of us living in Merrimack County this is not such a bad thing since the quality of care at the Merrimack County Nursing Facility is much better than the for-profit nursing homes in the state. Their reputation is second only to



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Prior to the application process, when I had informed her of the financial requirements she thought she could meet them easily because she forgot about the reverse mortgage. She was counting its income as her income, because that fit her current situation. She also counted owning her home and her ability to sell it to use her equity in it for meeting the liquid asset requirement of the community.

In actuality, her equity in the home was greatly diminished due to the reverse mortgage and her income would be less because when she sold her home, which she needed to do ASAP to get out of further equity being drained from her net worth, that stream of income would go away too.

For a moment it seemed her dream of happily ever after near her family in her final years had been dashed. She was devastated. The

family was devastated.

I am sure the person who sold it to her really thought they had her best interests at heart and that they were doing a good thing for her.

For some people a Reverse Mortgage can be the exact right tool but for others it can be a nightmare. Rose was able to get out of that trap just in the nick of time. She made just enough money on the sale of her house to meet the requirement for joining HHH and she did live happily ever after for years among her friends and family.

I want you to be well informed and able to make the best decisions for you and your family as well. Please go visit your financial expert when anyone tries to sell you anything that may sound too good to be true. Seek out a local professional who truly will guide you in the right direction for your unique plans and goals.

MARCH 17TH AND 18TH

The Junior Service League of Concord (JSL), a non-profit volunteer organization whose mission is to help women and children in crisis in the greater Concord community, presents The Bremen Town Musicians. Directed by Karen Braz, co-founder of the award winning Children's Theatre Project and performed by the all women cast members and alumnae of the JSL. This year's annual theater production is sponsored by the Merrimack County Savings Bank, Concord Pediatric Dentistry, Concord Orthodontics, and Upton and Hatfield, Attorneys at Law.

Kids and adults of all ages will enjoy this delightful journey based on the Brothers Grimm fairy tale, which follows four aging animals

on their journey from the barnyard to becoming town musicians - even though none of them knows how to play an instrument! Hilarity ensues. Along the way, they thwart bumbling robbers, and learn the value of teamwork and friendship.

The public performances will be held on March 17th at 7:00 and March 18th at 1:00 at St. Paul's School, Memorial Hall. Tickets are \$7 or \$5 with canned goods which will be donated to local food pantries.

Proceeds from the shows will provide necessities for children in the Concord and surrounding communities. For more information about Junior Service League visit their web page: www.jslconcord.org.