Reverse Your Thinking in Retirement

Test case results: John vs "Mary, Mary, quite contrary"

Two people named John and Mary each start off in Year-1 with a retirement portfolio of $500,000, at age 65. Each experience the same investment performance over the course of a 30-year retirement period.

 John, however, embraces the conventional wisdom of taking out a Reverse Mortgage later in life, and only does so once his portfolio has been exhausted, and that happened in year 24.

"Mary, Mary, quite contrary", on the other hand, gets a Reverse Mortgage with a line-of-credit feature in Year-2 of her retirement at 66 years old. Mary then draws from her 'tax-free' standby line-of-credit in years following negative returns to her portfolio in years 2, 3, 6 and 23.

At the end of a 30-year retirement, Mary had drawn $295,000 from her reverse mortgage credit line, owed $692,000 on the reverse mortgage loan, but left an investment portfolio of $1,086,000—more than doubling her portfolio value since retiring.

John, unfortunately, ran out of money in the 24th year. John had drawn a total of $447,955 over the course of the seven years he had his reverse mortgage line-of-credit, but without any money left in his retirement portfolio.

*Jason Oliver gives this example of the benefits of a coordinated effort (Reverse Mortgage Specialist, Aging adult(s), and Financial Adviser) to employ a reverse mortgage tax free credit line, to work with a client portfolio, to provide more financial longevity. As financial professionals, we all know the risks and consequences of aging adults prematurely exhausting their retirement funds. Let's work together to try to prevent that from happening to any of our clients.

Jack Benke, MMP®, CEA®

Minnesota Mortgage Professional® Mortgage Loan Originator   NMLS 322773
Certified Estate Advisor®   Senior Real Estate Advisor
Spectra Home Mortgage NMLS 836603
Reverse Mortgage Specialist   www.ShouldIGetAReverseMortgage.com
Email: jtbenke@pro-ns.net

- Reverse Mortgages Offer "Disruptive Retirement Strategy October 26, 2015 by Jason Oliver