



**THE OHIO STATE UNIVERSITY**

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# **Aging in Place: Analyzing the Use of Reverse Mortgages to Preserve Independent Living- Summary of Survey Results**

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Disclaimer:

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# **OSU *Aging in Place* Research Program (2012-2017)**

## **1. Empirical Modeling**

- Take-up of HECMs (and other equity extraction products among seniors)
- HECM technical default (property tax and insurance default)
- HECM loan terms, withdrawal behaviors and termination outcomes
- Equity extraction (including HECMs) and longer term credit outcomes

## **2. Survey of Counseled Seniors**

- Longer term well-being of HECM borrowers
- May 2014-July 2015, about 2,000 respondents: (1) current HECM borrowers, (2) terminated HECM borrowers, and (3) seniors who sought counseling but did not get a reverse mortgage.

## **3. Post Origination Monitoring Pilot**

- RCT design; financial planning and reminders after closing
- Launched January, 2015

## Aging in Place Survey- Respondent Characteristics

	<b>Did not obtain HECM (N=471)</b>	<b>Obtained and Retained HECM (N=1,203)</b>	<b>Obtained and Terminated HECM (N=104)</b>
<b>Total Respondents: 1,778</b>			
Years since counseling	4.36	4.58	4.43
Monthly income at counseling	\$2,610	\$2,719	\$2,668
Non-housing assets at counseling	\$72,777	\$65,858	\$65,971
Zero non-housing assets at counseling	41.1%	43.4%	44.4%
Age at counseling, youngest hhld member	69.07	70.57	71.62
Foreclosure, started at counseling	2.6%	0.9%	3.2%
No revolving credit available, at counseling	11.9%	4.8%	4.3%
FICO score at counseling	677	707	703
Past due mortgage at counseling	8.2%	4.1%	4.3%
Home debt at counseling	\$78,355	\$75,119	\$104,587
Home value at counseling	\$220,400	\$273,513	\$419,800
Has any mortgage at counseling	73.1%	78.2%	78.9%
LTV at counseling	35.5%	27.3%	23.3%
Tax lien at counseling	10.3%	5.1%	9.7%
HECM, initial draw		78.8%	72.7%
HECM T&I Default, Ever		10.4%	8.5%

## Aging in Place Survey- 3 to 9 years post counseling

**Table 1.4 Primary Reasons for Considering a Reverse Mortgage**

(Select all that apply)	Did not obtain RM	Obtained and retained RM	Obtained then terminated RM	TOTAL
<b>Pay off mortgage</b>	42%	38%	24%	38%
<b>Pay off non-mortgage debt</b>	22%	27%	22%	25%
<b>Health or disability expenses</b>	13%	14%	23%	14%
<b>Home improvements</b>	27%	22%	21%	23%
<b>Everyday expenses</b>	39%	42%	36%	41%
<b>Big purchase</b>	6%	6%	6%	6%
<b>Financial help to family</b>	18%	19%	18%	18%
<b>Postpone other retirement income</b>	17%	15%	10%	15%
<b>Purchase new property</b>	5%	3%	5%	4%
<b>Other</b>	13%	16%	18%	15%
<b>Lock-in home equity</b>	12%	9%	6%	10%
<b>Don't Know/Refuse/Missing</b>	4%	2%	4%	2%
<b>Sample size</b>	467	1,192	102	1,761

## Aging in Place Survey- 3 to 9 years post counseling

**Table 1.6 Reasons for Paying off Mortgage Debt**

(Select all that apply)	Did not obtain RM	Obtained and retained RM	Obtained then terminated RM	TOTAL
<b>Behind on mortgage payments</b>	14%	10%	23%	12%
<b>Facing foreclosure</b>	10%	8%	17%	9%
<b>High interest rate</b>	20%	18%	23%	19%
<b>Adjustable Interest Rate</b>	10%	6%	7%	7%
<b>Unable to afford payments</b>	19%	38%	27%	33%
<b>Get rid of mortgage payments</b>	50%	66%	40%	61%
<b>Payoff home equity loan</b>	21%	19%	27%	20%
<b>Other</b>	15%	12%	13%	13%
<b>Don't Know/Refuse/Missing</b>	25%	3%	3%	9%
<b>Sample size</b>	197	523	30	750

## Aging in Place Survey- 3 to 9 years post counseling

<b>Table 5.1 Reason not Taking RM</b>	
<b>(Select all that apply)</b>	Percentage
<b>Personally ineligible</b>	17%
<b>Property ineligible</b>	22%
<b>Spouse under 62</b>	3%
<b>Costs of RM too high</b>	28%
<b>Amount of money from RM too low</b>	32%
<b>Desire to keep home in family</b>	28%
<b>Desire to own home with no mortgage</b>	32%
<b>Desire to sell home and move</b>	6%
<b>Family opposed to RM</b>	9%
<b>Found another way to meet needs</b>	32%
<b>RM process too complicated</b>	14%
<b>Did not trust loan officer</b>	10%
<b>Financial professional advised against RM</b>	2%
<b>Other</b>	22%
<b>Don't Know/Refuse/Missing</b>	8%
<b>Sample size</b>	467

## Aging in Place Survey- 3 to 9 years post counseling

**Table 6.1 Satisfaction with Different Aspects of Live, Average Ratings**

<b>(1: Not at all satisfied-5: Completely satisfied)</b>	Did not obtain RM	Obtained and retained RM	Obtained then terminated	ANOVA test of different mean satisfaction by status: Prob > F
<b>Life overall</b>	3.61	3.71	3.73	0.22
<b>Condition of inhabitation</b>	3.87	4.14	4.01	0.00
<b>City or town of inhabitation</b>	4.00	4.10	4.09	0.17
<b>Daily life and leisure activity</b>	3.65	3.77	3.88	0.05
<b>Family life</b>	3.83	3.98	3.92	0.03
<b>Present financial situation</b>	2.97	3.19	3.31	0.00
<b>Health</b>	3.39	3.42	3.30	0.59



## Aging in Place Survey- 3 to 9 years post counseling

Financial Planning Do you have a:	Did not obtain RM	Obtained and retained	Obtained then terminated	Total
Written will	60%	72%	77%	69%
Trust	18%	23%	30%	22%
Estate plan	16%	17%	17%	17%
Living will and/or health care power of attorney	57%	66%	73%	64%
Don't know/ Refuse/ Missing	10%	8%	16%	9%
Sample size	467	1,192	102	1,761

## Aging in Place Survey- 3 to 9 years post counseling

<b>Condition of primary residence</b>	<b>Did not obtain RM</b>	<b>Obtained and retained</b>	<b>Obtained then terminated</b>	<b>Total</b>
<b>Very good</b>	48%	58%	59%	56%
<b>Good</b>	28%	27%	22%	27%
<b>Average</b>	19%	13%	16%	15%
<b>Poor</b>	4%	1%	3%	2%
<b>Very poor</b>	1%	0%	0%	0%
<b>Don't know/ Refuse/ Missing</b>	9%	7%	15%	8%
<b>Sample size</b>	467	1,192	102	1,761

## Aging in Place Survey- 3 to 9 years post counseling

<b>Difficulty with everyday tasks</b>	<b>Did not obtain RM</b>	<b>Obtained and retained</b>	<b>Obtained then terminated</b>	<b>Total</b>
Climbing one flight of stairs without resting	31%	30%	30%	30%
Bathing or showering	13%	12%	15%	12%
Shopping for groceries	20%	20%	19%	19%
Managing own money (paying bills, keeping track of expenses)	11%	10%	16%	11%
Household chores, yard work, or simple home repairs	41%	42%	35%	42%
Don't know/ Refuse/ Missing	13%	11%	21%	12%
<b>Sample size</b>	467	1,192	102	1,761

## Aging in Place Survey- 3 to 9 years post counseling

Health insurance	Did not obtain RM	Obtained and retained	Obtained then terminated	Total
Medicare Part A	90%	93%	95%	92%
Medicare Part B	89%	89%	84%	89%
Medicare Part C	60%	63%	67%	62%
Medicaid	17%	10%	17%	12%
Veterans Affairs CHAMPVA or TRICARE (formerly CHAMPUS)	14%	11%	8%	12%
Private plan from an employer (includes state retirement pension)	18%	17%	14%	17%
Private plan purchased directly	27%	35%	30%	33%
Other	8%	13%	13%	11%
Don't know/ Refuse/ Missing	11%	8%	16%	10%
Sample size	467	1,192	102	1,761

# **OSU *Aging in Place* Research**

Full survey report to be released publicly by early January, 2016

Thank you!

## Aging in Place Survey- Respondents/Non-Respondents

	Response (Consent) N=1,778		No Response N=14,571		
	Mean	SD	Mean	SD	
<b>Years since counseling</b>	4.61	1.16	4.71	1.24	**
<b>Monthly income</b>	\$2,621	1,986	\$2,489	1,977	**
<b>Non-housing assets</b>	\$65,842	227,981	\$78,341	2,801,917	
<b>Zero non-housing assets</b>	0.448	0.497	0.505	0.500	**
<b>Age, youngest hhd</b>	70.11	9.63	70.17	10.41	
<b>FICO score</b>	698	98	683	101	**
<b>Past due mortgage</b>	0.052	0.222	0.065	0.246	*
<b>Home debt at counseling</b>	\$75,686	100,900	\$72,133	109,534	
<b>Home value at counseling</b>	\$265,931	264,780	\$252,924	278,320	
<b>Has any mortgage</b>	0.749	0.434	0.723	0.447	*
<b>LTV at counseling</b>	0.286	0.261	0.279	0.281	
<b>Tax lien</b>	0.067	0.251	0.090	0.286	**
<b>HECM T&amp;I Default, Ever</b>	0.110	0.313	0.124	0.330	
<b>HECM Default, Severe</b>	0.035	0.183	0.049	0.216	*
<b>HECM, initial draw</b>	0.777	0.291	0.779	0.291	