

National Reverse Mortgage Lenders Association

Annual Meeting & Expo

November 18-20, 2019 Nashville, TN





Shelley Giordano

Mutual of Omaha, Enterprise Integration

Founder, Academy of Home Equity in Financial Planning, University of IL / Urbana-Champaign, IL

Started career almost 2 decades ago, and assumed various sales and sales management roles during her career at Wells Fargo and MetLife

Has spoken on reverse mortgage lending at retirement income planning conferences, and for organizations such as NAIFA, NRLMLA, ABA, Investment News Retirement Income Summit, FPA, and NAHB

Author of “What’s the Deal with Reverse Mortgages” and co-author of “What You Don’t Know About Retirement Income Can Hurt You.”



Ryan Ponsford

American Advisors Group

Strategic Business Specialist, Financial Advisor Division

Over 25 years in wealth management & financial services industry; specializing in wealth transition for families with substantial illiquid assets.

Business Strategist for American Advisors Group, specializing in loan officer development and financial professional engagement

Spoken and taught at industry conferences, summits, and retreats through out the US, Canada, and Europe.

Wrote & performed first country song a year ago after a trip to Bardstown and Nashville, KY



Hank J Sanders III

American Advisors Group

Strategic Business Specialist, Financial Advisor Division

Started career in 1986 as a Financial Consultant, worked with Merrill Lynch, Pierce, Fenner & Smith

Built a practice taking a holistic approach in designing comprehensive financial plans with a commitment to put the clients’ best interest first, and took fiduciary responsibility of guidance around their housing wealth

Business Strategist for American Advisors Group, mentoring and consulting industry professionals on the integration of housing wealth strategies into comprehensive planning for the mass affluent retirees



Stephen J. Resch

Finance of America Reverse

VP of Retirement Strategies

Over 30 years as a wealth manager, currently Chief Investment Strategist for ProEast Asset Management, LLC

Since 2003, has included reverse mortgages as an income and risk management tool for his mass affluent client base

At FAR, leads the education programs for financial professionals about the strategic use of home equity within a comprehensive financial plan

Frequent speaker at both national and regional professional conferences; and quoted as a subject matter expert in various print and media outlets

Why Financial Professionals?



- ✓ Over **680,000** Registered Individuals (FINRA)
- ✓ Over **49,000** Independent Advisory Reps managing over **43 million** clients and **\$84 trillion** in assets
- ✓ They have direct interaction and the trust and confidence of several hundred families.
- ✓ Their lack of understanding of reverse mortgage has resulted in the demise of countless opportunities for you and the families you serve.

We've done a poor job of engaging!!!

Why...?



By the end of this session...

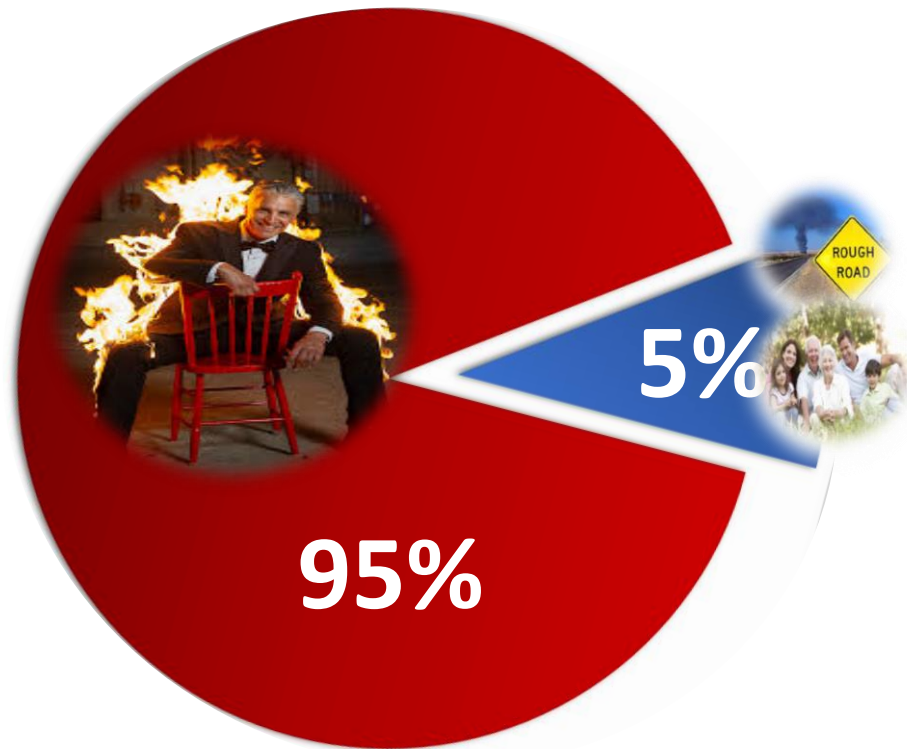
- ✓ Adjust our perspectives on engaging financial professionals
- ✓ Recognize the opportunity in your business
- ✓ Obtain new tools to initiate conversations
- ✓ Have the confidence to approach them tomorrow!

Types of Situations

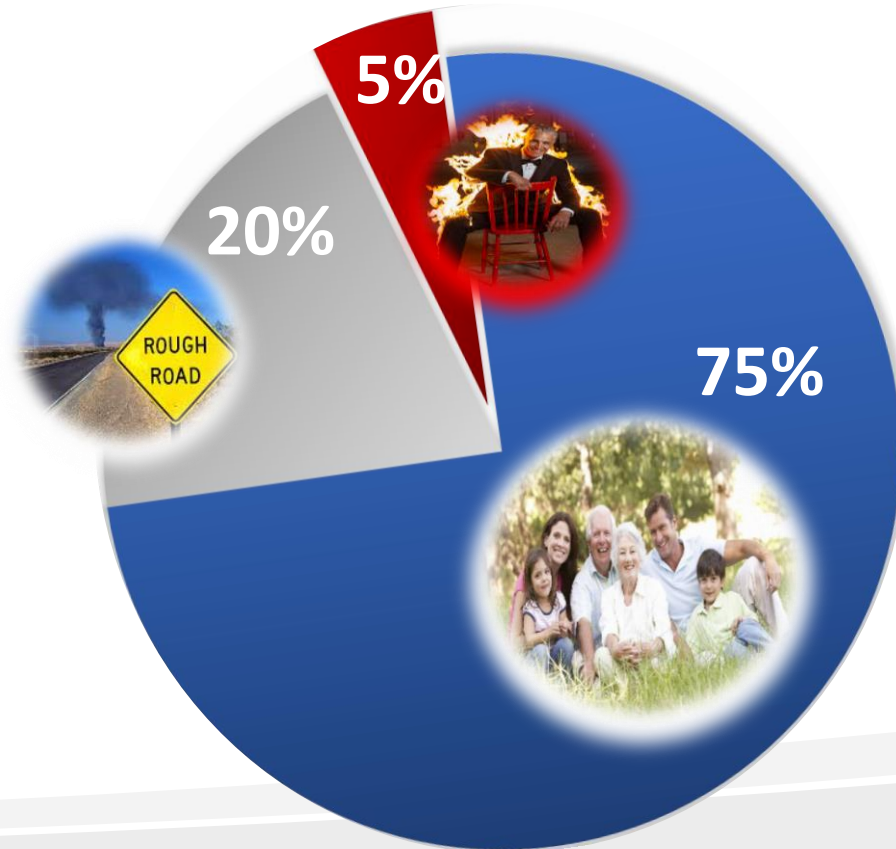


The Contradiction

Reverse Mortgage Industry



Financial Industry



Perhaps we're communicating the wrong message

What does your Financial Professional need to know?



77% of retirees net worth is tied up in home equity Market Watch Study

Extending cash flow

Favorable access to liquidity

Overall risk management



Three Key Concepts to Know and Effectively Present

HECM Line of Credit Growth

1

**Alternative or Supplement
to In-Home Care**

2

**Optional Mortgage Payments
& How It Can Work With LOC**

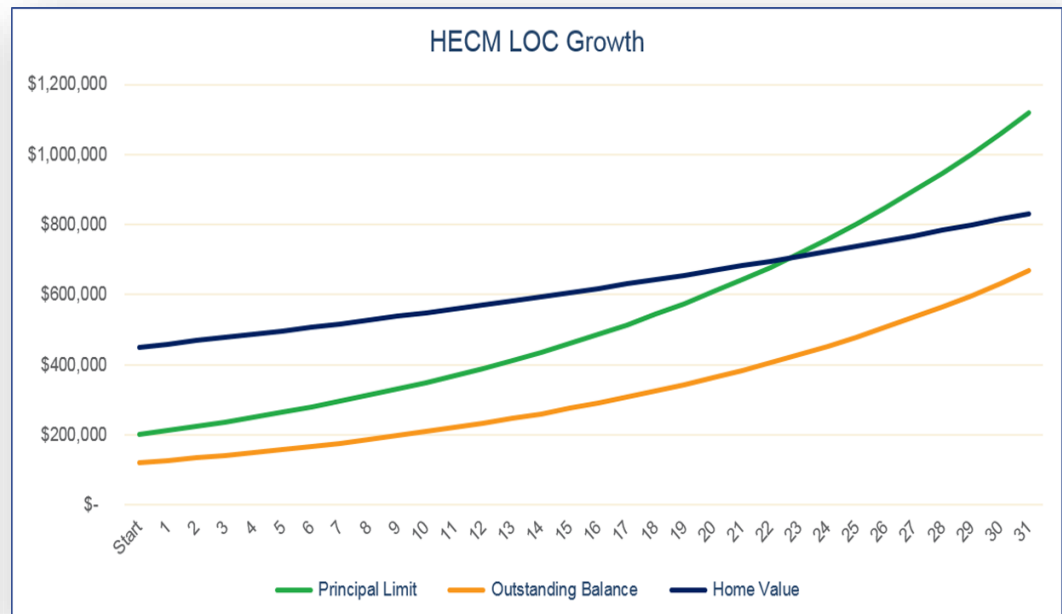
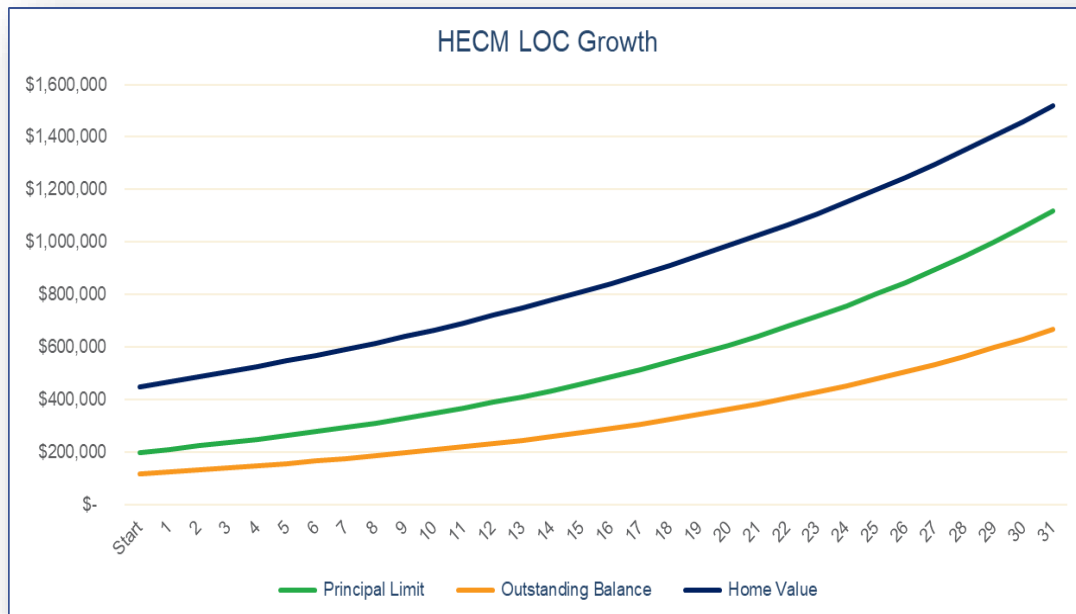
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HECM Line of Credit Growth

With home value of \$450,000 and first mortgage of \$100,000, what will happen to their access to liquidity over their lifetime?

Home value appreciation assumed at 4.0%

Home value appreciation assumed at 2.0%



Providing **access to liquidity**, at a **predictable growth** rate, while **removing the risk** of a downturn in real estate



Advisor asked

“I have a client age 62 today; we’d like to plan for a long term care need at age 80. What home value does he need today to cover 3 years of long term care?”

Alternative or Supplement to In-Home Care

Current Age:

62

Forecast Age of Care:

80

Current Cost of Care:

\$5,000 / month

Forecast Cost of Care:

\$10,129/ month

Forecast Months of Care:

36 months

Projected Line of Credit
to Cover Need

\$364,647

Current
Home Value

\$360,077

Current
LOC Available

\$145,111

If I knew then what I know now..



- ✓ The future is unpredictable
- ✓ The gradual loss of impairment can be far more difficult than an acute event
- ✓ The practical use of LTC insurance is more difficult than many realize
- ✓ The Reverse Line of Credit can provide flexibility both in plan design and in utilization



Optional Payments - “Right Size” and Preserve Assets

Situation:

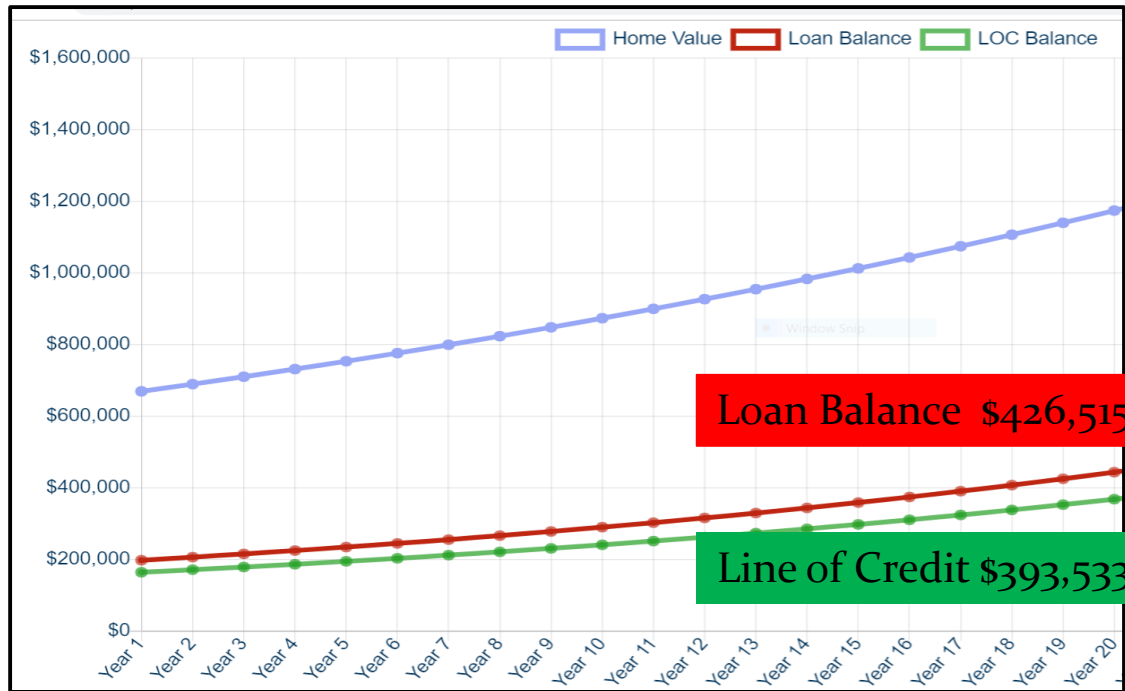
Jim and Sandy are both 68 years old. They are purchasing a home for \$650,000 in a Florida golfing community. After receiving \$460,000 from the sale of their current home, they have an additional \$175,300 available using the Reverse for Purchase.

Financial Planning Option:

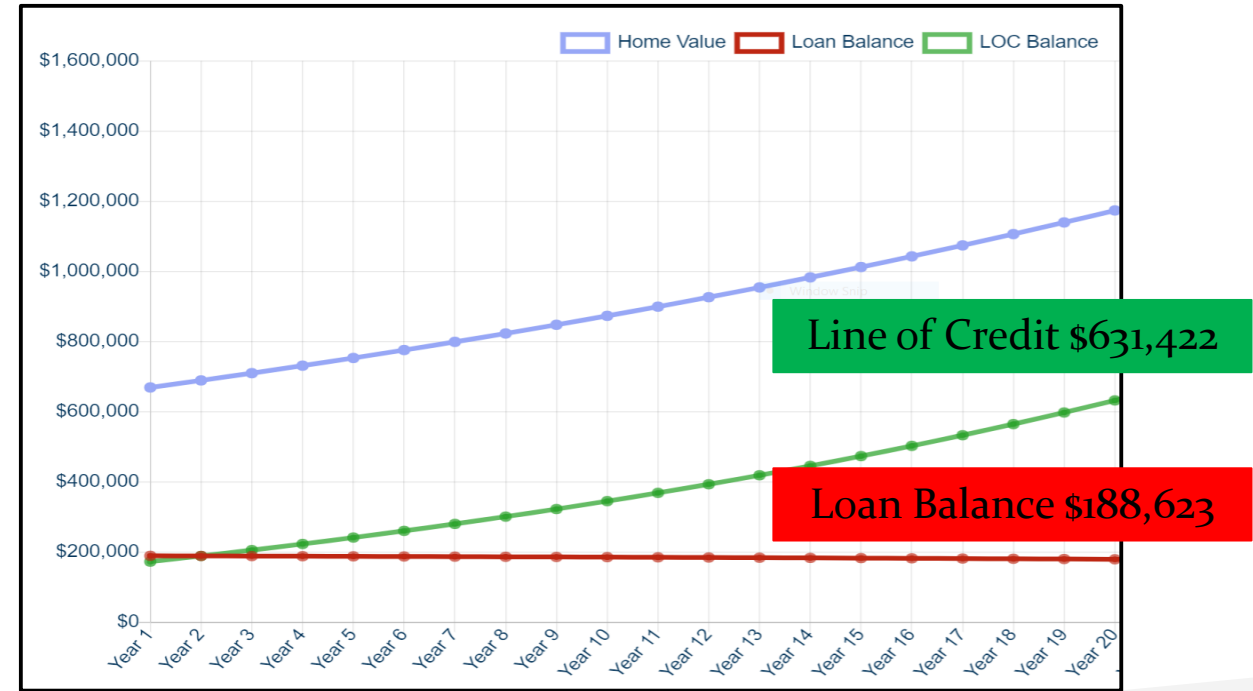
1. Take all proceeds to build up long-term investment reserves.
2. Reduce their loan balance by up to \$175,300, and instead have a growing line of credit available for future use if needed.
3. Make voluntary payments to maintain their equity position, and still create a growing line of credit.
4. Select any combination of these.

Optional Payments - "Right Size" and Preserve Assets

No Voluntary Payments



Voluntary Interest only Payments of \$645 per month



In both examples Home Value increases to \$1,173,972 at 3% Appreciation Rate



Building Relationships and Your Financial Professional Network

Financial Professionals

Certified Financial Planner (CFP)

Enrolled Agent (EA)

Chartered Financial Analyst (CFA)

Estate Planning Attorney (JD)

Retirement Income Certified Professional (RICP)

Chartered Life Underwriter (CLU)

Certified Divorce Financial Analyst (CDFA)

Chartered Financial Consultant (ChFC)

Certified Public Accountant (CPA)

Registered Investment Advisor (RIA)

Certified Retirement Counselors <https://infre.org/find-a-crc/>
CFP www.letsmakeaplan.org
CPA www.aicpa.org
Divorce Lawyers www.aaml.org
Divorce Planners <https://www.institutedfa.com/>

Elder Lawyer <https://www.naela.org/findlawyer>
Estate Planners <http://www.naepc.org/>
NAIFA http://member.naifa.org/Member_NAIFA_ORG/AgentLocator/start.aspx
RICP www.designationcheck.com
Senior Move Manager <https://www.nasmm.org/find/index.cfm>



What you think is the problem may not
be the problem...

Approach Your Pitch With a Strategy

Jamie Hopkins in Forbes

Busting Three Half-Truths About Reverse Mortgages

Jamie Hopkins Contributor
Retirement
Director of Retirement Research at Carson Wealth

A few years back, I conducted and published research in the *Journal of Financial Planning* that showed Americans don't understand reverse mortgages. In fact, respondents scored below 50 percent on a 10-question true-false quiz.

One possible explanation for the poor performance is a lot of misinformation floating about. A recent *USA Today* article titled "Considering reverse mortgages? Better to reverse course on this risky course" confirms my belief. The article contains many half-truths and misunderstandings and projects a negative connotation on reverse mortgages onto the reader.

Divorce Financial Analyst (DFA) Barry H & Stephen R Sacks (PHDs)

Using Housing Wealth to Facilitate Asset Division in "Silver Divorce"

3 Scenarios Show How Reverse Mortgages Can Simplify Divorce for Seniors

Barry H. Sacks, Ph.D., J.D.
Mary Jo Lafayette
Stephen R. Sacks, Ph.D.

In a remarkable contrast to other age cohorts whose divorce rates are decreasing, the divorce rate among older Americans is actually increasing.

A study prepared by academic sociologists Susan I. Brown and I-Fen Lin and reported in the *Washington Post* states that "Since 1990, the divorce rate for Americans over the age of 50 has doubled, and more than doubled for those over age 65." The report goes on to note that "As a time when divorce rates for other age groups have stabilized or dropped, fully one out of four people experiencing divorce in the United States is 50 or older, and nearly one in 10 is 65 or older."

ASSESS "SILVER" ASSETS
Having an understanding of two important economic concerns for divorcing couples in the 50-and-over demographic, known as "Silver Divorce," will help financial planners better advise clients.

Wade Pfau in Forbes

HECM For Purchase Program

Wade Pfau Contributor
Retirement
Professor @ The American College; Principal @ McLean Asset Management

The HECM for Purchase program can be used to either downsize or upsize a retirement home. RETIREMENT RESEARCH

The HECM for Purchase program began in 2009 as a way to use a reverse mortgage to purchase a new home. The government saw enough people using a costlier and more complicated two-step process—obtaining a traditional mortgage to purchase the home and then using a reverse mortgage to pay off the first one—that it sought to simplify the process and costs. The HECM for Purchase program allows fewer distribution needs from the investment portfolio, because a greater portion of the home's cost can be financed by the

Ask questions!

Be curious!

You don't need all the answers!

Let them do the talking!

<https://www.forbes.com/sites/jamiehopkins/2019/06/24/busting-three-half-truths-about-reverse-mortgages/#76ec4d0461a6>

<https://learning.institutedfa.com/products/using-housing-wealth-to-facilitate-asset-division-in-silver-divorce>

<https://www.forbes.com/sites/wadepfau/2019/04/10/hecm-for-purchase-program/#dd625f650du>



It's More Than a Mortgage!

- 1 Integration of Insurance**
- 2 Risk Management Tool**
- 3 Cost of accessing liquidity**

Taking a Different Approach

 Transaction

Relationship 

 Referrals

Introductions 

 Products

VS

Solutions 

 Cost

Value 

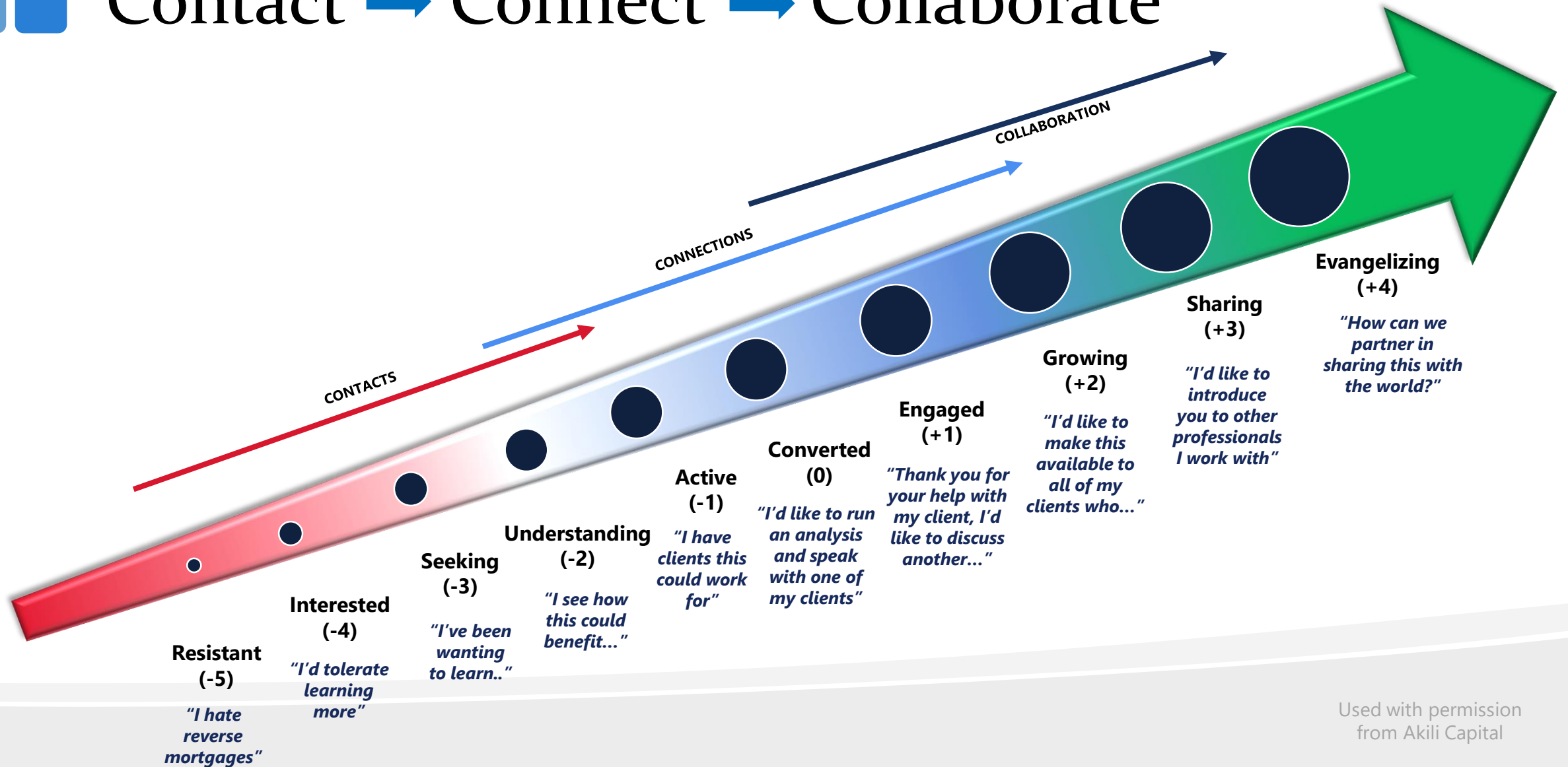
 Litigator

Witness 

 Parasite

Pollinators 

Contact → Connect → Collaborate



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Stump The Panel

