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# HOME EQUITY'S ROLE IN FUNDING IN-HOME CARE

## A GUIDE TO PARTNERING WITH IN-HOME CARE AGENCIES

# LEARNING OBJECTIVES

The loan officer will be able to:

- Define the role of home care agencies as it relates to the growth of our older adult population
- Recognize the financial challenges the home care industry faces in attracting and keeping clients
- Discuss the benefits of using home equity to fund in-home care
- Provide examples of how home equity can assist clients who need home care solutions
- Recognize the various ways to educate the in-home care community and how to locate these providers



01

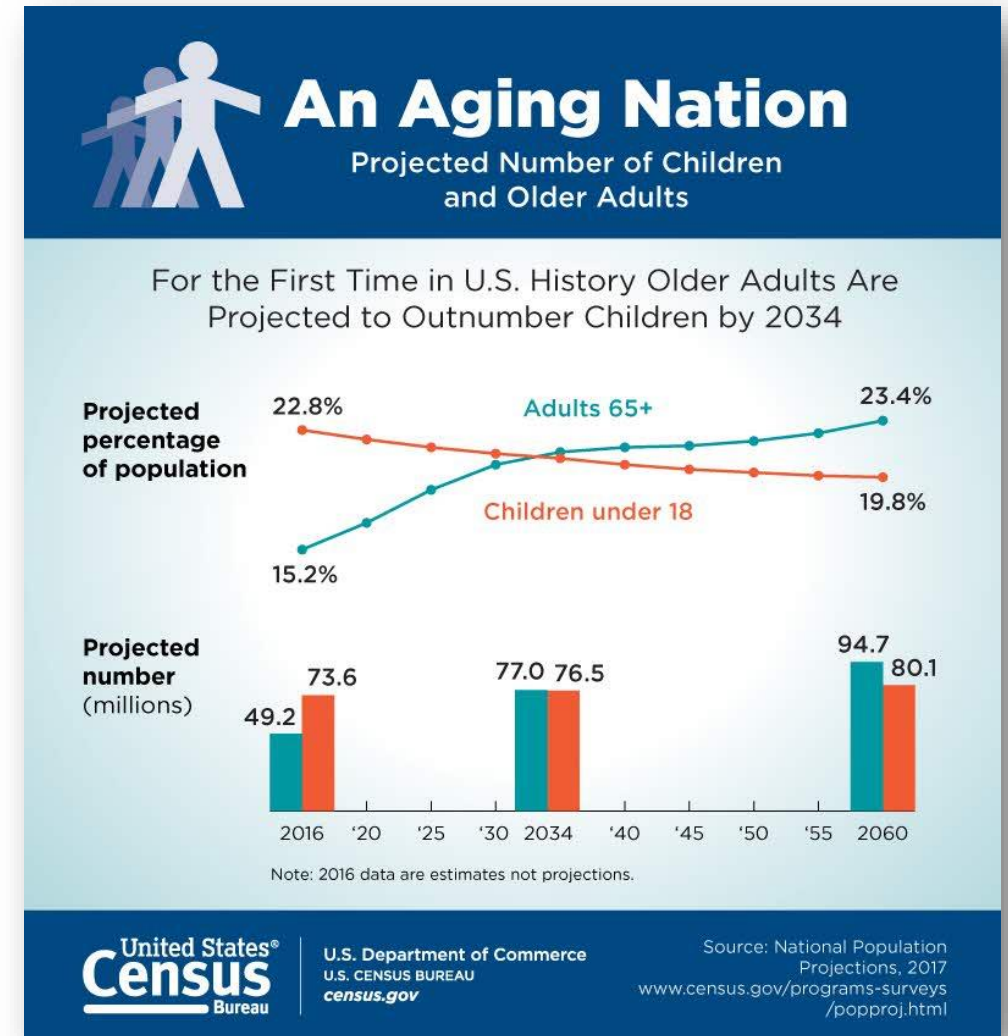
# THE OLDER ADULT POPULATION AND GROWING CARE NEEDS



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# OLDER ADULT POPULATION

- Over the next nearly 30 years, the older adult population will continue to grow. In 2050 that number is expected to reach nearly **84 million**.
- The oldest baby boomers (1946-1964) will turn 80 in 2026 – **the massive demand for many older adult related services is just beginning.**





A collage of study-related items on a dark blue background. In the top left is a grey calculator with a numeric keypad and function buttons like 'EX', 'CE', and 'C'. In the top center is a green fountain pen with a gold-colored nib and clip. In the top right is a brown spiral-bound notebook with a dark cover and some colorful tabs. In the bottom left is a white coffee cup with a green rim, filled with dark brown coffee and topped with a layer of white foam. In the center is a white sheet of lined paper with a question and four multiple-choice options.

The oldest Baby  
Boomers turn 80 in:

A. 2050

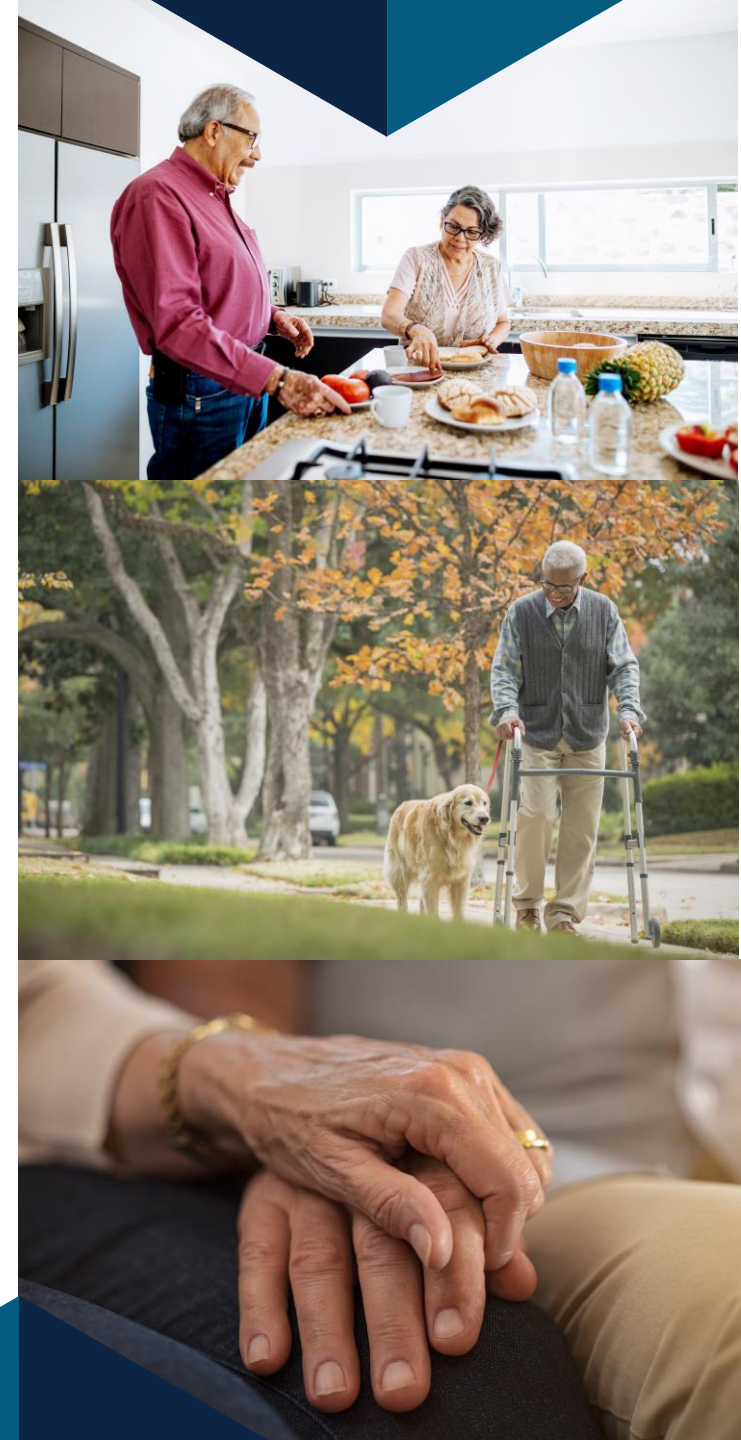
B. 2060

C. 2026

D. 2018

# AS THE POPULATION AGES, THE NEED FOR CARE INCREASES

- The aging of our population continues, and the need for many services which focus on older adults will increase at a rapid pace.
- 7 out of 10 people will require long term care in their lifetime. -Genworth Cost of Care Survey, 2020
- Long-term care can mean either healthcare needs and homecare.
- This class focuses on in HOME care (non-medical) non-related to health as this has been where most financial needs arise...**AND where YOU can make the most difference.**







# THERE'S NO PLACE LIKE HOME

- Multiple studies that show older homeowners live happier, healthier, and longer lives remaining in their home as needs and abilities change.
- **In-home care can help to accomplish this goal.**
- In the Nearly 80% of adults ages 50 and over want to remain in their home and community as they age.\*  
- 2018 AARP Home and Community Preferences Survey

What options are available when an older adult requires some assistance in order to safely remain at home?

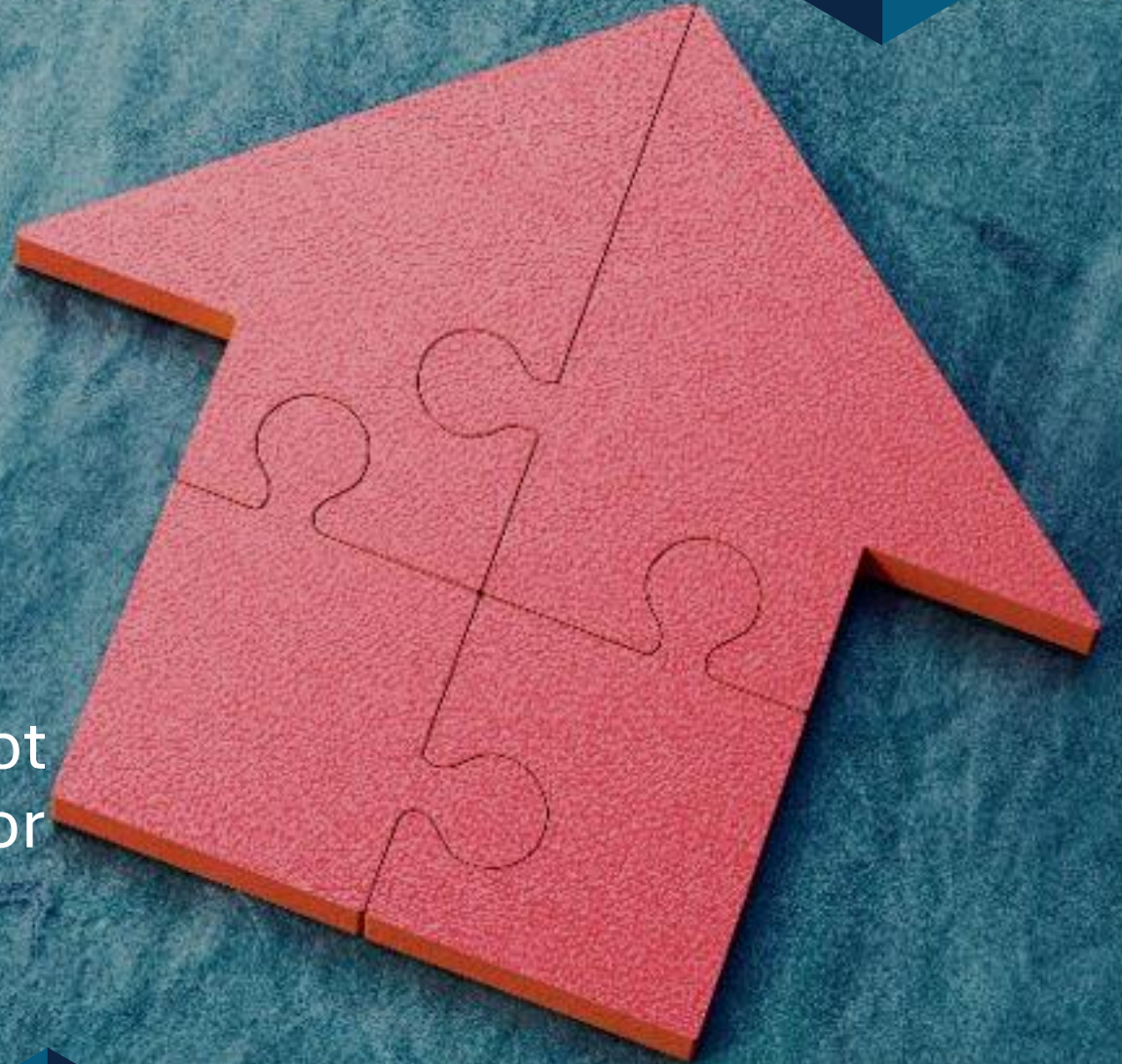
- Spouse as caregiver (what if the spouse also requires assistance?)
- Other family members as caregivers (more on this later)
- One more option that may be the best



# GETTING CARE IN MY HOME- CLIENT CONSIDERATIONS

Getting Care in My Home – some important considerations

- Is my home suitable for me to age in place?
- Do I need companion care vs personal care?
- In either case, Medicare will often not cover this cost, and the older adult or other family members are shouldering this financial burden.





# TYPICAL REVERSE MORTGAGE PROFESSIONAL REFERRAL PARTNERS

When we think of the typical referral partners, the following come to mind:

- Financial Planners, Realtors, Attorneys, & CPAs
- Now we add another profession to this growing list: **In Home Care Professionals**

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# IN-HOME CARE AGENCIES AND THE FINANCIAL CHALLENGES THEY FACE



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# ROLE OF THE IN-HOME CARE AGENCY

## *In-Home Care*

- In-home care or home care, is provided for a resident while they remain in their home.
- However, within the category of in-home care, the services provided may range from simple companionship to hospice care.

## *Senior Care* can consist of:


- Memory care, assisted living, nursing homes, adult day care, continuous care, and hospice.
- The largest category of care is non-medical, and the costs associated with each of these services can vary greatly depending on the need for a qualified nurse, doctor, therapist, or licensed medical professional.

# INTERVIEW WITH ADAM CORCORAN FROM GOLDEN CARE



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A blue semi-truck with a white trailer is shown from a side profile, parked on a dark grey road. The truck has a blue cab and a long white trailer with a grey checkered border. The background features a city skyline with various buildings, green trees, and a light blue sky with a few clouds. The text is centered on the white trailer.

Among the reasons  
for increased in home  
care needs is:



# IS THERE AN IN-HOME CARE CRISIS?

Care needs are increasing and expected to continue:

- Supply vs demand – Baby Boomers
- Families living all over the country/world
- Older Americans are unmarried

The average cost of care for Homemaker Services is **\$4,481** and Home Health Aide is **\$4,576** (Genworth 2020 Cost of Care Study)

The costs for non-medical care are often **private pay**. You can see how quickly this could deplete an older adult's investments.



# WHAT ARE THE OPTIONS FOR THE IN-HOME CARE AGENCY?

- A shortage of caregivers plus higher wages to retain staff result in the agency having to make some tough choices.
- Do they increase rates to cover those increased costs and risk losing long time clients or do they cut back on services offered to avoid raising rates?



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# BENEFITS OF UTILIZING HOME EQUITY AS A WAY TO FUND IN- HOME CARE



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# THE OPPORTUNITY

- So, why do I think reaching out to In-Home Care professionals is the right solution?
- First, most providers are Franchisees, which means they call on specialists that their franchise tells them to call. This works perfectly for a retail operation that takes in-bound calls.
- Next, this is a completely untapped market. I've spoken with several recently, and they had no idea housing wealth can pay for the costs of aging in place.
- Third, NOBODY in our space is approaching them. They are all focusing on Planners and Realtors.

Lastly, we solve their biggest problem – *How do potential clients pay for the care?*

- **Home Equity As A Solution-What's in it for them?**
  - You solve one of their biggest problems – FUNDING FOR THE CARE THEY PROVIDE



# COMMON WAYS TO FUND IN HOME CARE

What are the most common ways to fund home care:

- Long Term Care (LTC) policy
- Veterans Affairs (VA)
- Medicare
- Medicaid

\*[https://www.urban.org/research/publication/who-covered-private-long-term-care-insurance?utm\\_source=iContact&utm\\_medium=email&utm\\_campaign=Retirement%20Policy%20Update&utm\\_content=Retirement+Policy+Update+-+8%2F9%2F2016](https://www.urban.org/research/publication/who-covered-private-long-term-care-insurance?utm_source=iContact&utm_medium=email&utm_campaign=Retirement%20Policy%20Update&utm_content=Retirement+Policy+Update+-+8%2F9%2F2016)



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# COMMON WAYS TO ACCESS EQUITY?

There are many ways for a homeowner to access their home equity nest egg.

**The conventional wisdom is that homeowners can simply sell the home.**

- But moving is very difficult at older ages, and so 9/10 baby boomers prefer to stay in their own home,
- Renting comes with its own costs and challenges.
- Some will move in with family members to afford the care they need, but for most retirees and their families, this is not an ideal solution.
- Many will ultimately opt for assisted living facility, which in our view is also not optimal. Seniors live happier, healthier lives in their own home.

**For those that wish to stay in their home, they often look at Home Equity Line of Credit (HELOCs) and traditional cash-out refinances.**

- But some won't qualify, and
- The required monthly payments hurt their monthly cash flow.

The HELOC is a good short-term solution for homeowners that have the ability repay the loan quickly with surplus monthly income. But it is a terrible long-term solution for seniors on a fixed income.



# A BETTER OPTION

That brings us to our expertise:

## The reverse mortgage

There are significant advantages of using reverse mortgages to fund care:

1. Flexibility – LOC, term, tenure or combination; tailored to the specific needs of the borrower. Tax implication – the reverse is not taxed as income; however, the borrower should always check with their tax advisor.
2. No monthly mortgage payment requirement – payment of property charges in a timely manner as well as occupying the home as the primary residence is required.



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# BE THE SOLUTION

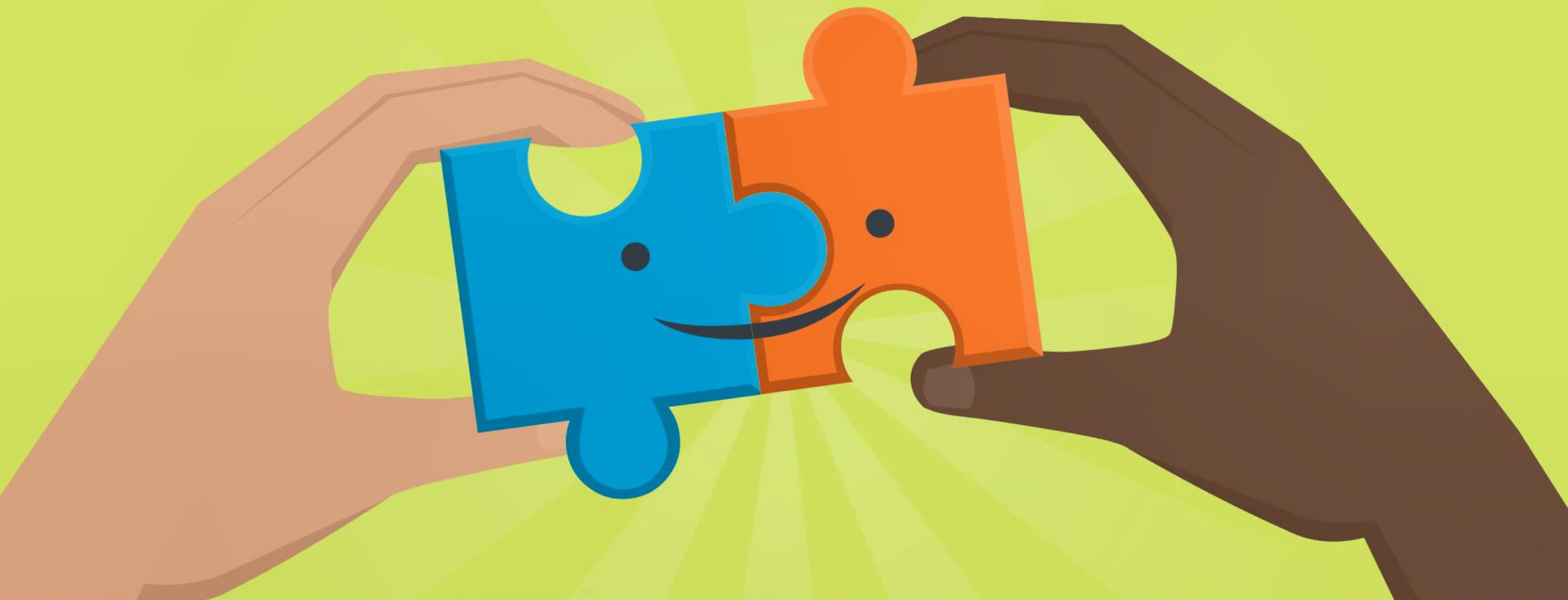
Be the solution – be a partner to the in-home care agency.

Remember we are all working toward the same goal, helping our clients age in place.

Utilizing home equity:

1. Keep current clients who may be running low on cash.
2. Attract new clients who don't yet understand the role home equity can play to allow them to comfortably afford in-home care without depleting other investments or cutting back on other monthly budget items.





**BE THE SOLUTION!**

# KEEP CURRENT CLIENTS

## **Current Client Is Running Low on Funds To Pay For Care:**

A long-time client is running out of funds to pay for their care. They will have to either cut back on services or do without them altogether...

### **THEN WHAT?**

## **Family member as an untrained and unpaid Caregiver:**

- One or more adult children are forced to leave their job or cut back on hours!!!
- Family caregivers: they think they cannot afford to pay for In-Home care- leads to other challenges for the caregiver- family life- uprooted, less income due to leaving the job, financial as well as emotional impact-

### **Caregiver Burnout!**



# ATTRACT NEW CLIENTS

- Marketing to the In-Home Care business – Become a partner with the In-Home Care Agency.
- Financial considerations are a significant part of the discussion. How many clients have walked away because they thought they could not afford the services?
- No longer relying on family to pay for these services

Or

- Having the family be your caregiver.

**Note:** See previous slide for the unpaid family member as caregiver

- Perhaps they can even increase the services they are using (and need!)

04

# EXAMPLES



# BRAIN TRAIN

**Two reasons In Home Care agencies should consider partnering with a reverse mortgage specialist include:**





# HECM LOC EXAMPLE



Rates and Fees		CMT Month10 Brk
Margin		1.400%
Initial Interest Rate		1.450%
Expected Interest Rate		3.040%
Annual Mortgage Insurance Rate		0.50%
Cap on Interest Rate		11.450%
Initial Line of Credit Growth		1.950%
Calculation		
Home Value		\$400,000.00
Maximum Claim Amount		\$400,000.00
Principal Limit		\$235,200.00
- Initial Mortgage Insurance Premium		\$8,000.00
- Origination Fee		\$6,000.00
- Other Costs		\$9,366.95
+ Credits		\$0.00
Remaining Principal Limit		\$211,833.05
- Liens and Mortgages		\$0.00
- Repair Set Aside		\$0.00
Property Charge Set Aside	Not Required	
First Year Property Charge Set Aside		\$0.00
Additional Property Charge Set Aside		\$0.00
- Total Property Charge Set Aside		\$0.00
Total Mandatory Obligations		\$23,366.95
% of Principal Limit		9.94%
Initial Disbursement Limit		\$141,120.00
% of Principal Limit		60.00%
Available Principal Limit		\$211,833.05
Available Funds and Requested Payments		
Max Available Cash at Closing		\$117,753.05
Cash Request		\$0.00
Total Line Of Credit		\$211,833.05
Line Of Credit Available 1st Year		\$117,753.05
Additional Line Of Credit Available After 1st Year		\$94,080.00

For illustration/educational purposes only.

# HECM TERM AND TENURE EXAMPLES

George could also select term or tenure payments to help cover the cost of his in-home care.

<b>Available Principal Limit</b>	<b>\$211,833.05</b>
<b>Funds Available at Closing</b>	<b>\$117,753.05</b>
<b>Monthly Tenure During 1st Year</b>	<b>\$991.63</b>
<b>Monthly Tenure Available</b>	<b>\$991.63</b>
<b>Cash Request</b>	<b>\$0.00</b>
<b>Monthly Payment During 1st Year</b>	<b>\$0.00</b>
<b>Monthly Payment Request</b>	<b>\$0.00</b>

For illustration/educational purposes only.

HECM Monthly CMT Broker	
Available Principal Limit	211,833.05
Funds Available At Closing	117,753.05
Cash To Borrower	0.00
Monthly Payment Plan	<b>Term</b>
Term in Months	120
Monthly Payment Year 1	2,092.52
Monthly Payment	2,092.52
LOC Available Year 1	0.00
Additional LOC After Year	0.00
Total LOC Available	0.00
Unavailable Principal Limit	0.00

# FAR'S EQUITYAVAIL™

- Beverly lives in a home she loves in Florida. She purchased the one level home 20 years ago and still has 13 years left on her mortgage.
- She knows she needs help around the house now that she sometimes uses a cane after her stroke, and she has considered moving to an assisted living community, but she's made so many friends in her neighborhood over the years and her doctor is only 5 minutes away.
- If she could just get someone to help with starting meals and maybe even the laundry. With her mortgage payment of about \$1,500.00 per month, that is just not in the budget.
- Utilizing FAR's EquityAvail™ product, she could lower her monthly payment dramatically and afford help around the house.

For illustration/educational purposes only.



EquityAvail allows consumers to significantly lower payments for 10 years, and then eliminate them completely.

Cash to Borrower

**\$15,240.00**

Remaining Equity

**\$198,550.00**

Interest Rate

**5.58%**

LTV

**\$351,450.00**

Closing Cost

**\$8,910.00**

T&I Reserves

**\$2,300.00**

Payment

**\$718.89**

Taxes & Insurance

**\$383.33**

Payment Term

**10**





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# TAKING ACTION: WAYS TO EDUCATE AND LOCATE THE IN-HOME CARE AGENCY



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# THE APPROACH?

- Speak to the Director or Marketing Manager
- Education is Key – caregiver bias (reverse mortgage rumor vs reality). **Teach them** how to introduce you into the overall conversation.
- **Learn about their business** – special services offered, what sets them apart- long term, respite care



# IMPORTANT SAFEGUARDS

Focus on the safeguards (set the stage for you to speak with the client)

- Non-recourse
- Mandatory Counseling
- Borrower retains title to home

The care agency needs to understand these safeguards, so they have confidence in recommending the use of home equity to their clients.





# WHAT CAN WE OFFER THEM?

- Literature
- Point of contact – local, in the community
- Introductions to doctor's offices, suggest they review their fall through list
- Webinar, or in-person training – sponsor an educational session
  - “Financial Elder Abuse”
  - “Using housing wealth to age-in-place”



# TAKING ACTION

Ask for warm introductions to local in-home care agencies

- Talk to: Aging Life Care Managers (formerly geriatric care managers)
- Chamber of Commerce
- Department of Aging
- Elder Care attorneys
- Physicians: audiologists, physical therapists
- Hospital discharge/case managers
- Local networking groups focused on older adults
- Local Resources (Senior Blue Book, Pro-Aging Source Book- find the one in your area) Attend the functions sponsored by these organizations.
- Participate in seminars, conferences- Home Care Association of America (**and your state**)  
**<https://www.hcaoa.org/>**
- Internet search- local agencies and franchises (possibly several locations in the state/region)





# Brain Train

In what ways can a reverse mortgage specialist assist the in-home care agency staff?





# IN HOME CARE FRANCHISES

- Home Instead  
<https://www.homeinstead.com/>
- Comfort Keepers  
<https://www.comfortkeepers.com/>
- Visiting Angels  
<https://www.visitingangels.com/>
- Right at Home  
<https://www.rightathome.net/>
- Senior Helpers  
<https://www.seniorhelpers.com/>
- Synergy HomeCare  
<https://www.seniorhelpers.com/>
- ComForCare Home Care  
<https://www.comforcare.com/>

# FINAL THOUGHTS

- Expand your sphere and the number of older adult service providers who will readily refer you as they see you as the “go to” partner who is in their corner.
- Begin today since we know the need and the opportunity are only going to accelerate.
- Add in-home care to the list of professional relationships you are building.



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# Thank you for attending!

Questions? The FAR Learning & Development team is here for you.  
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