

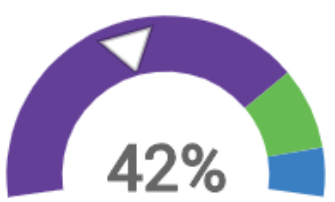
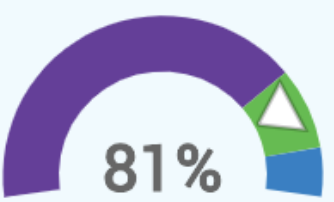
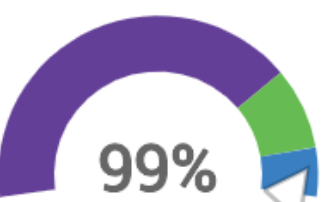
HECM Case Studies

How to Model and HECM Reverse Mortgage in
YOUR Financial Planning Software

Impact of HECM's on 62 Year Old Client's Probabilities

- **Age: 62 Years Old**
- **Assets: \$1,000,000 IRA MoneyGuidePro default rates of return**
- **Income: \$37,500 Social Security Income for both**
- **Life Expectancy: 91 & 93 Years Old**
- **Core Living Expenses: \$72,000 for both (\$54,000 for survivor)**
- **Mortgage: \$100,000 Balance**
 - 3.92% Rate for 120 months (10 years)**
 - \$1,009 monthly payment**

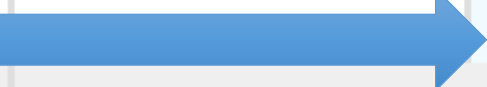

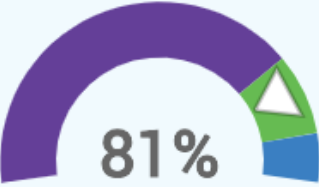

What If Worksheet [?](#)

Calc Method: <input type="text" value="SmartCalc"/>	Select Scenario(s) Go					
View: <input type="text" value="Needs/Wants/Wishes"/> Go	<input type="text" value="Current Scenario"/>		<input type="text" value="Refi into HECM"/>		<input type="text" value="HECM for Purchase"/>	
Goals	Estimated % of Goal Funded					
	Current Scenario		Refi into HECM		HECM for Purchase	
	Average Return	Bad Timing	Average Return	Bad Timing	Average Return	Bad Timing
Needs	93%	80%	100%	100%	100%	100%
10 Retirement - Basic Living Expense						
10 Mortgage						
Safety Margin (Value at End of Plan)						
Current Dollars	\$0	\$0	\$419,176	\$122,321	\$1,187,953	\$989,444
Future Dollars	\$0	\$0	\$901,230	\$262,991	\$2,554,108	\$2,127,311
Monte Carlo Results	Likelihood of Funding All Goals					
<input checked="" type="checkbox"/> Your Confidence Zone 75% - 90% Edit	 <p>42% Probability of Success Below Confidence Zone</p>		 <p>81% Probability of Success In Confidence Zone</p>		 <p>99% Probability of Success Above Confidence Zone</p>	
Total Spending ?	\$2,299,080		\$2,190,108		\$2,004,108	
	Explore		Explore		Explore	

Impact of HECM's on 62 Year Old Client's Probabilities

- **Payoff \$100,000 Mortgage**
- **Eliminate \$1,009 monthly principal and interest payment**
- **HECM Tenure Payment \$719.25**

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Mr. and Mrs. Mortgage Phase 2: Move Close to Children

1 Sale Home #1:
Net \$750,000



2 Buy Home #2:
Price \$400,000



Impact of HECM's on 62 Year Old Client's Probabilities

- **Sell home for \$750,000**
- **Pay off \$100,000 mortgage and \$50,000 in closing costs**
- **Client is left with \$600,000 from the sale of their property**
- **Purchase new House for \$400,000 with \$200,000 down**
- **Finance 50% of home with HECM for Purchase**
- **Reduced basic living expenses by \$6,000**
- **Take \$400,000 from sale of primary residence to add to portfolio**

Optimal Strategy for Mr. and Mrs. Mortgage

1

Home #2 Price \$400,000
Home #1 Proceeds: - \$200,000
HECM for Purchase: \$200,000



2

NO Payments Required
Reduce basic living expenses \$500 a month
Excess Home Proceeds \$400,000



3

99%
Probability
of Success



What If Worksheet ?

Calc Method: SmartCalc ▾	Select Scenario(s) Go					
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	Explore ▾		Explore ▾		Explore ▾	

TECHNIQUES Modify

No techniques added

ADVANCED TECHNIQUES Advanced

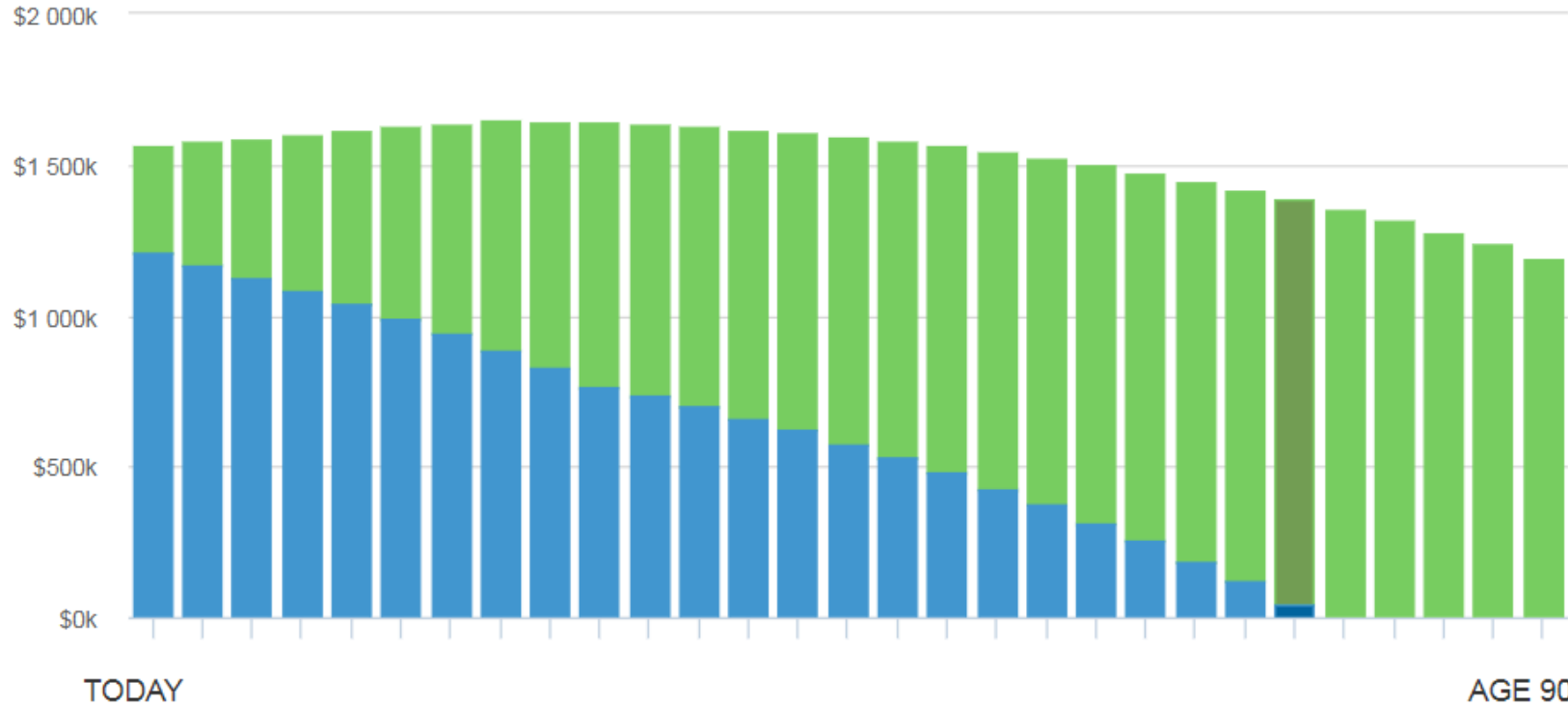
HECM for Purchase

Living Expenses

Taxable Investment 1

All On · All Off

[View in Present Value](#) ?



ASSETS LAST UNTIL
Age 90

FUNDING GAINED
↑ 5 Years

VALUE GAINED
↑ \$1,338,820

Details by Year: 2041

Contact me for a personal demonstration
of how to do this for any client you who
is not in the confidence zone

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