

# A Family's Guide

## A suggested payment option for caring for loved ones

### THE PROBLEM

The cost for Alzheimer's care and many other health care services are not covered by health insurance plans. Many families may lack the money for current and future self-pay health care costs and are worried they may have to sell their home if they run out of money.

In too many situations, heart filled efforts have resulted in a lessening of quality care and lifestyle changes for family members as they try to find money for the needed care.

### A POSSIBLE SOLUTION – A WIN-WIN FOR SOME FAMILIES

Families that own homes may have equity **"MONEY IN THEIR WALLS"** they may not have considered. A program is available for approved homeowners over 62 to convert a portion of their home equity into a growing savings account to help meet planned, future and/or unexpected health care costs and other needs.

The program is a **Home Equity Conversion Mortgage (HECM)**. It provides using their converted home equity money first, and eliminates, reduces or delays early accessing of their savings, investments and other assets that are a part of their retirement savings funds. And with a **HECM**, if the homeowners meet a few conditions, they can continue to live in their home and not be required to make any repayments while living there.

### THE NEXT STEP

For some families, one spouse may have to be moved to a location offering Memory Care or other Care services. In other situations, some families may decide to have their loved one be cared for at home. Contact Allan Berger, a licensed **HECM** specialist, to learn if your equity **"MONEY IN YOUR WALLS"** is available to help pay for the needed care.

**What type of home qualifies?** Single-family homes, town homes and FHA-approved condos. The home must be applicant's primary residence.

**What is a HECM based on?** It's based on the age of the youngest borrower (62-100+) and the FHA appraised value of their home and land. From a scale tied to age, 35-65% of the appraised value is used to determine the homeowners gross Initial Line of Credit (LOC). Subtracted are loan closing costs, FHA insurance and existing mortgage pay-offs (if any) to determine the homeowners net available HECM loan proceeds. This calculation is determined by the Department of Housing and Urban Development (HUD), not the HECM company.\*\*



### Example (with an existing mortgage)

(\*\*Based on 50% of Your Home's Appraised Value)

Appraised Value of Your Home .....	\$400,000
50% of Appraised Value (varies).....	\$200,000
Available HECM Loan Proceeds.....	\$200,000
Paying Off Existing Mortgage(s).....	(\$75,000)
HECM Loan Closing Costs (varies).....	(\$10,000)
FHA Insurance (2% of Appraisal).....	(\$8,000)
<b>Cash Proceeds Remaining Available for Financial Planning.....</b>	<b>\$107,000</b>

### Example (without an existing mortgage)

(\*\*Based on 50% of Your Home's Appraised Value)

Appraised Value of Your Home .....	\$400,000
50% of Appraised Value (varies).....	\$200,000
Available HECM Loan Proceeds.....	\$200,000
HECM Loan Closing Costs (varies).....	(\$10,000)
FHA Insurance (2% of Appraisal).....	(\$8,000)
<b>Cash Proceeds Remaining Available for Financial Planning.....</b>	<b>\$182,000</b>

Note: All existing mortgage balances (if any) are paid first from the Available HECM Loan, freeing up that cash to meet other needs and dreams.

\*Borrower is responsible for property taxes, home owners insurance and property maintenance in order for the loan to remain in good standing. A HECM is a home-secured loan that must be repaid upon default or a maturity event such as when the home is sold, all home owners have passed away or the last surviving borrower no longer lives there as their primary residence.

## YOU ARE LIVING LONGER. PLAN FOR FUNDING YOUR HEALTH CARE AND OTHER NEEDS

### To Help Pay for Your

- Personal Home Care
- Skilled Home Health Care
- Alzheimer's Care
- Memory Care
- Long Term Care
- Health Insurance
- Life Insurance
- Medical expenses not covered by Medicare or Insurance

### To Meet Your Life-Changing Needs

- Sudden Major Medical Expenses
- Assisted Living/Nursing Home Expenses
- Planning for Final Expenses

### To Improve Your Quality of Life

- Home Remodeling for Better Access Safety
- Elective Medical and Dental Procedures

### To Help Pay for Normally Re-Occurring Larger Home Expenses

- Real Estate Taxes
- Home Owners Insurance
- Flood insurance
- HOA Dues
- Electricity, Gas and Water

### To Meet Your Unanticipated Expenses

- Auto Repairs or New Vehicle Purchase
- Heating/Air Conditioner or Replacement
- Major Home Repairs (roof, major plumbing, foundation)
- Wind, Hurricane and Flood Damage Deductibles or Not Covered by Insurance
- Increased Living Expenses
- Emergencies
- Income Taxes

### To Pay For Other Items As You Wish