

THE COORDINATED & NON COORDINATED STRATEGY

STANDARD & POOR'S 19 YEAR HISTORICAL NUMBERS

THE COORDINATED & NON COORDINATED STRATEGY

Coordinated Strategy Reverse Mortgage Loan HECM Lifeboat

Period	Investment Value	Rate of Return %	Distribution	Sample Loan Rate Same Credit Line Growth Rate				
				HECM Draw	Total HECM Draws	Y/E Loan Balance	Available Credit Line	Max Credit Line
1/1/98	\$1,000,000		8.00%				\$250,000	\$250,000
12/31/98	\$1,203,400	28.34%	\$80,000				\$264,102	\$264,102
12/31/99	\$1,374,790	20.89%	\$80,000				\$278,999	\$278,999
12/31/00	\$1,250,647	-9.03%		\$64,000	\$64,000	\$65,939	\$228,798	\$294,737
12/31/01	\$1,102,445	-11.85%		\$64,000	\$128,000	\$135,598	\$175,765	\$311,363
12/31/02	\$860,238	-21.9%		\$64,000	\$192,000	\$209,185	\$119,740	\$328,926
12/31/03	\$1,024,201	28.36%	\$80,000		\$192,000	\$220,985	\$126,495	\$347,480
12/31/04	\$1,054,201	10.74%	\$80,000		\$192,000	\$233,451	\$133,630	\$367,081
12/31/05	\$1,025,118	4.83%	\$80,000		\$192,000	\$246,619	\$141,168	\$387,787
12/31/06	\$1,105,139	15.61%	\$80,000		\$192,000	\$260,530	\$149,131	\$409,661
12/31/07	\$1,085,701	5.48%	\$80,000		\$192,000	\$275,226	\$157,543	\$432,769
12/31/08	\$688,877	-36.55%		\$64,000	\$256,000	\$356,690	\$100,491	\$457,181
12/31/09	\$787,572	25.94%	\$80,000		\$256,000	\$376,810	\$106,159	\$482,969
12/31/10	\$824,290	14.82%	\$80,000		\$256,000	\$398,065	\$112,147	\$510,213
12/31/11	\$761,600	2.10%	\$80,000		\$256,000	\$420,519	\$118,473	\$538,993
12/31/12	\$802,619	15.89%	\$80,000		\$256,000	\$444,240	\$125,156	\$569,396
12/31/13	\$980,661	32.15%	\$80,000		\$256,000	\$469,299	\$132,216	\$601,514
12/31/14	\$1,033,246	13.52%	\$80,000		\$256,000	\$495,771	\$139,674	\$635,444
12/31/15	\$967,505	1.38%	\$80,000		\$256,000	\$523,736	\$147,552	\$671,289
12/31/16	\$1,001,090	11.74%	\$80,000		\$256,000	\$553,279	\$155,876	\$709,155
	\$1,001,090	8.02%	\$1,200,000	\$256,000	\$256,000	\$553,279	\$155,875.62	\$709,154.50

(1) The numbers above, sample loan rate and the sample credit line growth rates are for illustration purposes and may or may not be indicative of what a reverse mortgage loan consumer may experience with his/her own loan.
 (2) The HECM draws shown above were reduced by 20% to reflect the fact that reverse loan proceeds are usually not taxable.
 (3) Investment Values (second column above) were calculated with entire withdrawal at the end of the year. HECM draws monthly.

Coordinating retirement investments along with a HECM Line of Credit can potentially allow for your clients to maintain more wealth later into their retirement. The table above shows a coordinated strategy. Starting a standby line of credit earlier, rather than later, in retirement could allow for:

- Investments can be held in down markets
- Home equity can be turned into a usable source of cash flow
- Portfolios can last longer without an impact on remaining wealth
- The need for a large cash buffer lessens

There are different combinations that investments and the options of a reverse mortgage can be utilized together. Clients may be able to extend their wealth well into their retirement when the two are utilized correctly.

Non-Coordinated Strategy Reverse Mortgage Loan HECM Lifeboat

Period	IRA Value	Rate of Return %	Distribution
1/1/98	\$1,000,000		8.00%
12/31/98	\$1,203,400	28.34%	\$80,000
12/31/99	\$1,374,790	20.89%	\$80,000
12/31/00	\$1,170,647	-9.03%	\$80,000
12/31/01	\$951,925	-11.85%	\$80,000
12/31/02	\$662,787	-21.97%	\$80,000
12/31/03	\$770,754	28.36%	\$80,000
12/31/04	\$773,532	10.74%	\$80,000
12/31/05	\$730,894	4.83%	\$80,000
12/31/06	\$764,987	15.61%	\$80,000
12/31/07	\$726,908	5.48%	\$80,000
12/31/08	\$381,223	-36.55%	\$80,000
12/31/09	\$400,112	25.94%	\$80,000
12/31/10	\$379,409	14.82%	\$80,000
12/31/11	\$307,377	2.10%	\$80,000
12/31/12	\$276,219	15.89%	\$80,000
12/31/13	\$285,023	32.15%	\$80,000
12/31/14	\$243,558	13.52%	\$80,000
12/31/15	\$166,919	1.38%	\$80,000
12/31/16	\$106,516	11.74%	\$80,000
	\$106,516	8.02%	\$1,360,000

Coordinated Strategy Leaves Client With:

Higher IRA Value		
No HECM	IRA Value	HECM
\$106,515.63		\$1,001,089.81

Greater Liquid Assets Available		
No HECM	IRA Value	HECM
\$106,515.63		\$1,001,089.81
\$0.00	Remaining Available LOC	\$155,875.62
\$106,515.63		\$1,156,965.43

Greater Net Asset Value		
No HECM	IRA Value	HECM
\$106,515.63		\$1,001,089.81
\$0.00	HECM Loan Balance	-\$553,278.89
\$106,515.63		\$447,810.92

(4) Yearly gains and losses are consistent with S&P, and include potential tax benefits from using HECM line of credit or interest rate adjustments.
 (5) This is not tax or financial advice. Your client should consult a tax and/or financial advisor for his or her specific situation.
 Annual Returns S&P 500 Source: http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html

**TALK TO YOUR LOCAL FAIRWAY REVERSE MORTGAGE PLANNER
TO RECEIVE YOUR WORKING SPREADSHEET.**