FACILITATOR GUIDE

Informed Retirement Decisions: Make the Most of Your Home's Value

WORKSHOP OVERVIEW

Audience profile: This workshop primarily is intended for adults in their 50s and early 60s who are nearing retirement and are weighing the payoffs and trade-offs of utilizing a home as a source of income during retirement. Some younger audience members also may be in attendance. Workshop participants may be considering whether or not to remain in their home and how their housing decisions will affect their retirement paycheck.

Owning a home in retirement was once a goal to which many aspired. However, homeownership comes with costs and benefits that need to be weighed as people move into and through their retirement years. Other options can be considered such as downsizing, renting or using one's home as a source of retirement income if needed. By sharing tools and resources, you will show participants how to get the clear answers they need so they can make better and more confident decisions about their housing situation and, ultimately, their financial security in retirement.

This workshop walks participants through the basics of determining how and when they might use their home's value in retirement. The information presented focuses on guiding participants to reflect on their housing preferences and ability to cover the expenses of owning a home in retirement. The workshop also directs participants to free, credible resources to answer questions they may have about using their home's value in retirement.

Length of workshop:
90 minutes

Description of content:
Topics addressed in the *Informed Retirement Decisions: Make the Most of Your Home's Value* workshop include:

— Financial obligations related to the costs of homeownership

— What to consider when deciding whether or not to stay in current homeownership situation

— How home equity credit works

— How reverse mortgages work

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Target Learning Outcomes:
Participants will use what they learn in this workshop to outline a housing strategy that intentionally makes use of their home's equity for income needs during retirement.

Participants will address the following learning objectives as they master the competency:

a. Analyze financial obligations related to the costs of homeownership.
b. Discuss what to consider when deciding whether or not to stay in a current homeownership situation.
c. Explain how home equity credit works.
d. Explain how reverse mortgages work.

Participants will know that they have achieved the learning outcomes when they have done the following:

a. Identified must-have criteria, nice-to-have criteria, and unacceptable criteria for housing and homeownership situation leading into retirement and during retirement.
b. Outlined a long-range housing transition plan. Weighed the payoffs and trade-offs of likely housing options.
c. Prioritized options for how home equity will be used for retirement income, if at all, including what to do with proceeds (if any) if a home is sold.
d. Outlined fallback plans for two potential circumstances that may trigger a need to re-evaluate homeownership.

FACILITATOR PREPARATION

- ☐ View NEFE's video resources to maximize your workshop facilitation and integrate best practices for engaging adult learners. (www.financialworkshopkits.org/getting-started.aspx)
  - About Financial Workshop Kits (length: 4:20)
  - How to Use Financial Workshop Kits (length: 1:33)
  - Plan Prior to Teaching (length: 3:53)
  - Better Engage Your Audience (length: 3:32)
- ☐ Promote workshop.
- ☐ If possible, gather demographic information about your audience to make the workshop relevant to their financial circumstances, skills and knowledge.
- ☐ Preview this guide so you are prepared for questions that may arise.
- ☐ Tour the U.S. Department of Housing and Urban Development website (http://portal.hud.gov/hudportal/HUD) to become familiar with information relating to the topics.
- ☐ Make note of the suggested length for each topic. This workshop is designed to be approximately 90 minutes from Introduction and Preview to Wrap Up, depending on the amount of class discussion.

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- ☐ Reflect on your own homeownership situation:
  - — How important is owning your home to you?
  - — What factors will affect your decision to stay in your home, transition to a different housing situation, or use your home as collateral for home equity credit or a reverse mortgage?
  - — How will retirement and aging impact your ability to maintain your home?
- ☐ Reflect on your own views about homeownership and financial security during retirement.
  - — What is (or was) your biggest question or concern about homeownership or your housing situation?
  - — What lessons learned from your own research and experience might be helpful to share with others?
- ☐ Throughout the workshop, keep these two points in mind:
  - — When it comes to talking about money, sharing your own successes and challenges will make the workshop much more engaging — and valuable — for participants. It makes the points you're discussing come alive, reassures them that they are not alone in having questions and concerns, and encourages them to share their own experiences, which can be equally valuable to other participants.
  - — Participants may feel self-conscious about their financial situation or some of the choices they've made, so include a statement in your opening that this workshop is a judgment-free zone and that there is no single right or wrong answer — it depends on the person's situation and values. The aim of this workshop is to empower individuals to make decisions that work for them and align with their values and needs, which might not look like everyone else's.

MATERIALS NEEDED

- ☐ PowerPoint presentation, LCD projector, screen, laptop computer
- ☐ Flip chart and easel or whiteboard, markers
- ☐ Pens/pencils for participants
- ☐ Copies of Workshop Packet, one per learner
- ☐ Name tags or name tents
- ☐ Optional: Internet access for live tour of the NEFE website and resources
- ☐ Optional: Pre-workshop and post-workshop evaluation forms, one per learner

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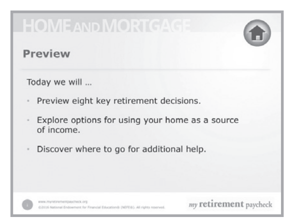
Presenter Notes	Materials
Introduction and Preview *10 minutes*	
☐ Display this slide as you greet people when they arrive and help them get settled. ☐ Ensure that everyone displays a name tag or name tent. ☐ Welcome participants and introduce yourself. ☐ Facilitate an introductory activity to engage participants as they share names and get to know one another. Provide a prompt to gain insight into your audience by asking a nonthreatening, housing-based question. — *What do you hope to gain by attending this workshop?* — *What is one question you have about leveraging your home equity as a financial asset in retirement?* List the questions on the flip chart or whiteboard. At the end of the workshop, review the list to evaluate whether or not issues have been addressed or point out where to get more information.	 Slide 1 - Workshop Title Name tags or Name tents Flip chart or whiteboard Markers
☐ Lead into the workshop introduction as the Preview slide is displayed to provide an overview of the workshop content and outcomes. ☐ Share that by the end of this workshop, participants will be better equipped with the tools to outline a housing strategy that intentionally makes use of their home's equity for income needs during retirement. Explain that during this workshop they will do the following: — Preview eight key retirement decisions. — Explore guidelines to decide how to use their home equity as a source of income during retirement. — Discover where to go for additional help.	 Slide 2 - Preview

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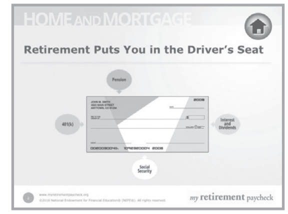
- ☐ Ask participants to give examples of ways people receive regular income. (Examples might include paycheck from a job, disability benefits, and alimony and palimony payments.)

- ☐ Note that individuals receiving these types of income probably had only partial control of these checks. Even if they negotiated the salary, their employer decided terms such as whether they'd be paid weekly or biweekly, when and how much their raises would be, or whether they were eligible for any bonuses — and how much and when those would be. For alimony and child support, the lawyers or court decided what they would receive and when. And for any kind of benefits check, the insurer or government determined how much they would receive and when.

- ☐ Point out that in these instances, the income earners simply focused on managing the money they received. But stress that this changes in retirement. Explain that once in retirement, they will be in the driver's seat because THEY will have to decide how much and how often they'll be paid.



Slide 3 - Retirement Puts You in the Driver's Seat

- ☐ Explain that a retirement paycheck is how people pay themselves throughout their retirement years. When a person takes an action within a decision area, it either produces or reduces retirement income. A "retirement paycheck" describes how each decision area and all income streams work together to create a paycheck.

- ☐ Point out that academic research and evidence suggests that retirement is a holistic process, with each decision area affecting other areas of consideration. For example, all of the questions shown in the illustration on the screen are connected to one larger question: *How much of a regular retirement paycheck can I expect to pay myself?* The answer to this question depends on decisions made about factors such as work, benefits and housing. By piecing together many different streams of income, taking responsibility for making informed decisions, and appropriately growing and protecting assets, individuals can make a small nest egg last longer during retirement.

Slide 4 - A Holistic Approach

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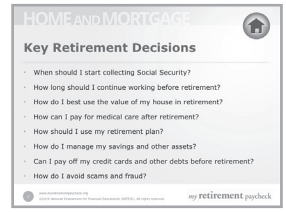
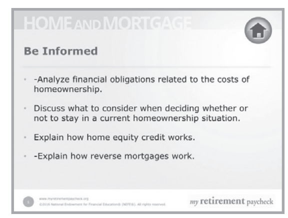
- ☐ Explain that just as retirement planning encompasses savings, work, pensions and Social Security, decisions about drawing down assets are interrelated as well.
- ☐ Note that there are eight decision areas: Home and Mortgage, Insurance, Retirement Plans, Savings and Investments, Debt, Fraud, Work and Social Security. While most of these decision areas are income producers — meaning they contribute income to one's retirement years — areas such as Debt and Fraud are examples of income reducers.
- ☐ Explain that decisions that are made in each of these areas have a real impact on what a person can pay themselves as part of their retirement paycheck.



Slide 5 - Key Retirement Decisions

- ☐ Preview that this workshop specifically will help participants be informed about factors that impact their decision about how to use their home equity. Distribute the Workshop Packet and point out the Action Plan. Preview the directions and explain that today participants will address the following topics to help them devise a realistic strategy for using their home equity as income during retirement.
  - — Analyze financial obligations related to the costs of homeownership.
  - — Discuss what to consider when deciding whether or not to stay in a current homeownership situation.
  - — Explain how home equity credit works.
  - — Explain how reverse mortgages work.
- ☐ (Optional) Ask participants to complete the pre-workshop evaluation.



Slide 6 - Be Informed

Action Plan: Maximize My Home's Value

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Topic A: Analyze financial obligations related to the costs of homeownership.
10 minutes
Important

- [ ] Facilitate a brainstorming session to consider issues related to the costs of owning a home beyond any mortgage debt obligations. Share that to make informed housing decisions, participants need to consider all financial obligations related to homeownership. Ensure that answers include property taxes, homeowners' insurance, utilities, homeowners association (HOA) fees, occasional assessments for common areas in a housing complex, repairs and cost-of-living increases.

- [ ] Review generally accepted budgetary guidelines related to home expenditures.

  — According to the U.S. Department of Housing and Urban Development (HUD), families who pay more than 30 percent of their income for housing are considered cost burdened. The general guideline is to spend less than 30 percent of income on housing, although an estimated 12 million households (renters and homeowners) pay more than 50 percent of their incomes on housing. Many large mortgage providers set their guidelines for spending on principal, interest, taxes and property insurance (PITI) for housing at 28 percent of gross household income: This income cutoff rate, called a front-end ratio, applies for home loans purchased from lenders. For example, 28 percent of a gross monthly income of $4,000 ($48,000 annually) is a maximum of $1,120 per month for PITI.

  — Another rule of thumb is to pay off one's mortgage before retirement and to plan so one does not have to use home equity, if possible. While conventional belief is that people enter retirement without mortgage debt, there is some indication that mortgage debt is becoming more common for retirees. Because of low mortgage rates, in some cases it may make sense to invest that money in ways that achieve a higher rate of return.

Slide 7 - Homeownership Costs

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☐ Discuss the positive tax implications of homeownership: — Income tax laws provide special breaks for homeowners in the form of tax deductions for mortgage interest and property taxes. — Interest on mortgage payments and annual property taxes often are large enough to enable homeowners to itemize their deductions instead of using a standard deduction. — The law generally allows a married couple filing a joint tax return to exclude up to $500,000 of capital gains (not sale price) on the sale of their home. A capital gain is sale price of the home minus its cost basis (i.e., the original cost of the home plus capital improvements over the years). For single return filers the capital gains exclusion limit is $250,000. The home must have been the homeowner's primary residence for at least two of the five years before the sale. Homeowners are eligible to claim this benefit every two years.	
ACTIVITY: Guide participants to complete the Homeowner's Budget activity. Direct participants to complete each expense area to the best of their knowledge. Then have them consider whether their total housing expenses are less than 30 percent of their anticipated retirement income. As they finish, revisit the Action Plan so participants can complete Tasks #1 - #3. ☐ Ask participants: *Do you have steady, reliable income to meet housing cost needs during retirement?* Use this to transition into the rest of the workshop to explore sources of income that can be used to fill income gaps to cover housing expenses.	Activity: Homeowner's Budget Action Plan: Maximize My Home's Value (#1-#3)

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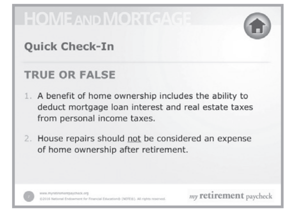
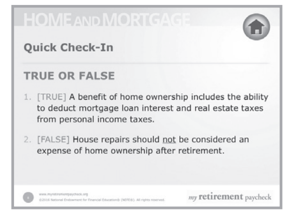
- ☐ **CHECK-IN QUIZ ACTIVITY: Display two questions and ask individuals to silently reflect on whether the answers are "True" or "False." Click to the answer key slide to review responses and answer any questions at this point.**



Slide 8 – Quick Check-In



Slide 9 – Quick Check-In (answers)

Topic B: Discuss what to consider when deciding whether or not to stay in a current homeownership situation.
20 minutes
Essential

- ☐ Facilitate a discussion about what to consider when deciding whether or not to stay in a current homeownership situation. Begin with the following activity.

ACTIVITY: Arrange participants into groups of two or three people. Assign each group one of the following homeownership options: 1) downsizing, 2) selling home and renting, 3) transferring title while continuing to live in the home. Direct the groups to use the Homeownership Trade-offs and Payoffs activity to determine the near-term and long-term financial and nonfinancial trade-offs and payoffs of their assigned options. Invite the groups to share their answers with the whole group. Capture the answers on a flip chart for use later in the session. Direct participants to list options that they might consider for their own circumstances.

- ☐ As each group reports out on their housing options, make sure to address tax liabilities, housing expenditures for upkeep and maintenance, upgrade costs, costs of retrofitting a house for needs of aging or disability, housing market trends, debt responsibilities and the availability of adequate income sources to cover rising expenses.

Slide 10 – Stay or Sell?

Activity: Homeownership Trade-offs and Payoffs

Flip charts and markers

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☐ Discuss some of the pros and cons of downsizing. — If there no longer is a need for larger living space, downsizing to a smaller dwelling could mean less overall maintenance and cost while retaining typical aspects of homeownership, such as keeping a garden or spending time outdoors on yard work. — If one does not want maintenance responsibilities, moving to a retirement community or condominium may be a good option. However, homeowners' association fees covering the maintenance on the dwelling and surrounding property typically will increase over time to keep pace with inflation and generally are not tax deductible. Plan ahead to ensure that what may seem to be a reasonable expense at the time a unit is purchased does not become a burden over time. — If a primary residence is sold to purchase a less-expensive home, the government allows up to $250,000 of gain tax-free for singles or up to $500,000 for married couples if the home was used as a primary residence for at least two of the last five years. That money can be an unexpected windfall in retirement. — A twist on downsizing is to move to a less expensive part of the country, which may allow a person to get more home for his or her dollar and still have money left over. Be sure to consider local and state tax rates and whether or not a social support network will need to be developed in a new location. — Some participants may be hesitant to make a move because of all of the stuff they have. Brainstorm various ways to downsize before making a move, such as gifting or holding a garage sale.	
ACTIVITY: Guide each participant to complete the Change in Plans activity to brainstorm different scenarios that potentially could impact someone's original plan for housing during retirement. Arrange for participants to work individually or in pairs. (This activity will be revisited later in the workshop.)	Activity: Change in Plans

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☐ Post the following question on a flip chart: *How do your values and lifestyle preferences impact the decision to maintain your existing circumstances or transition into a different situation?* Ask participants to consider their social network; proximity to family, friends and caregivers; access to transportation; weather/climate; proximity to health care services; mobility issues; family legacy and security; local income taxes and/or inheritance and estate taxes.	Flip chart with Question A
☐ Post another question on a flip chart: *Who should be involved in a housing decision?* Examples might include a qualified attorney, financial advisors, bankers, a family member or friend.	Flip chart with Question B
☐ Share that some decisions may have permanent consequences and may not be in one's best interest (e.g., an early reverse mortgage; title change; allowing others to live in one's home thereby making eviction difficult; or cosigning a refinancing or home equity line of credit). To protect against predators that may influence misguided decisions, encourage participants to do the following: — Take good notes. — Get a second opinion. — Never respond to unsolicited advertisements. — Be wary of claims that one can purchase a home without a down payment. — Never sign anything that you do not fully understand.	
ACTIVITY: Ask each participant to identify and prioritize factors they would consider when making a personal decision about near-term and long-term housing circumstances. Have them refer to the flip charts you created during the Homeownership Tradeoffs and Payoffs activity to prioritize the upsides and downsides identified by the small groups.	
Direct the participants to list their priorities in their Action Plans (Task #4). Invite participants to share some of their top priorities. Reiterate that personal values and goals will vary and that there are no right or wrong answers, just that values and goals influence homeownership decisions just as much or more than financial considerations.	Action Plan: Maximize My Home's Value (#4)

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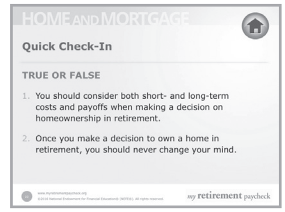
- [ ] **CHECK-IN QUIZ ACTIVITY: Display two questions and ask individuals to silently answer "True" or "False." Click through the next slide to review responses and answer any questions at this point.**



Slide 11 – Quick Check-In

Slide 12 – Quick Check-In (answers)

Continued on page 13

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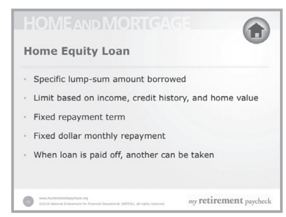
Topic C: Explain how home equity credit works.
20 minutes
Important

- ☐ Lead into this section by pointing out ways to leverage a home's value. Examples include the ability to customize a home for any in-home care needs, providing cash through a home sale or serving as collateral if there is a need to borrow funds. Preview that participants will compare three types of credit options: home equity loans, home equity lines of credit and reverse mortgages.

Slide 13 – Leverage Home Value

- ☐ Present information on home equity loans and home equity lines of credit (HELOC). If there's a need for cash, home equity loans and home equity lines of credit may be an option for homeowners. Note that freeing up this cash does not increase retirement income; rather, these loans will be a new expense. Caution participants that as they approach retirement, the acquisition of new long-term debt on one's home may be difficult to pay back without a plan in place to do so.

- ☐ Share that a home equity loan is a loan for a fixed amount of money that is secured by one's home.
  - — A home equity loan typically provides a borrower a one-time lump sum. Normally there is a fixed repayment term (such as 5 to 10 years) and a fixed dollar monthly repayment. For example, an individual obtains a home equity loan of $20,000. With a loan term of 7 years and an 8 percent annual interest rate, the monthly payment would be approximately $312. Once the loan is paid off, the borrower can apply again for another home equity loan. If the loan is not repaid as agreed, the lender can foreclose on the home.
  - — The amount that can be borrowed usually is limited to 85 percent of the equity in one's home. The amount of the loan also depends on one's income and credit history, as well as the market value of the home. Note that market value is determined by a professional appraisal which can cost $200 - $400 and usually is paid up front by the borrower.



Slide 14 – Home Equity Loan

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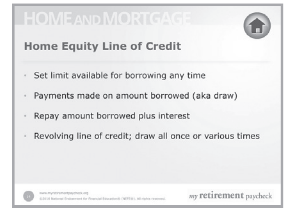
- [ ] Share that a home equity line of credit – also known as a HELOC – is a revolving line of credit, much like a credit card. A HELOC provides an individual with a set amount of cash that can be borrowed all at once or over time as needed, generally by writing a check or an electronic transfer connected to the account. Interest rates usually are variable, meaning that costs can rise or fall over time. Once an individual borrows against the line of credit, payments begin at a rate determined by the loan documents.

  — Like a home equity loan, a HELOC requires the use of one's home as collateral on the loan. This may put one's home at risk if payments are late or missed altogether. Also, if the home is sold, most plans require the credit line to be paid off at the same time.

  — Because a HELOC is a line of credit, payments are made only on the amount borrowed, not the full amount available. The credit limit may not be exceeded. For instance, assume an individual qualifies for a $15,000 home equity line of credit and takes a $5,000 draw in the first month. Payments begin based on the $5,000 draw. A few months later, the individual could draw an additional $3,000. Payments would then be based on roughly $8,000 of the loan. At some point in the future, he or she could borrow the remaining balance of the line. Or, if the individual eventually pays down the $8,000 loan, he or she would have up to $15,000 available again to borrow when needed.

  — Note that lenders offer HELOCs in a variety of ways and in addition to variable interest rates, there may be continuing costs throughout the life of the loan. Repayment terms vary as well, such as allowing lower payments for a certain period of time with a large balloon payment due at the end of a loan.

  — Before signing loan documents, read the paperwork carefully. Don't sign the loan if it contains unexpected details. Either negotiate changes or walk away. Both home equity loans and HELOCs provide the right to cancel the deal without penalty within three days after signing loan documents.



15 - Home Equity Line of Credit

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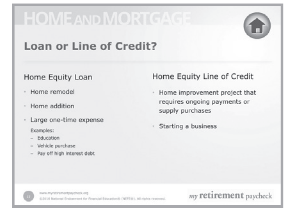
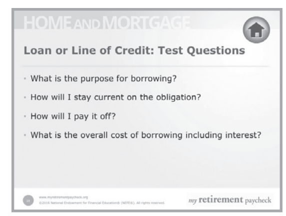
- ☐ Summarize differences between a home equity loan and home equity line of credit.
  - — Home equity loans generally are used for a one-time event such as paying for a large unexpected expense, while a HELOC generally is kept for a period of time to defray ongoing, irregular expenses.
  - — Terms of payment, such as the amount and length of a loan, are fixed for a home equity loan and variable for a HELOC.
  - — Home equity loans generally have higher interest rates, while HELOCs have adjustable interest rates that may be lower, depending on market rates.
  - — Home equity loans generally have higher upfront fees and costs than HELOCs. However, HELOCs may have annual fees for each year the credit line is open.



Slide 16 – Loan or Line of Credit?

- ☐ Point out questions to consider related to taking on home equity debt in retirement, especially the potential for decreased cash flow while debt obligations remain the same. Ask participants to consider these questions when determining if some type of home equity loan is being considered:
  - — *What is the purpose for the home equity loan or HELOC?*
  - — *How will you stay current on the obligation?*
  - — *How will you pay it off?*
  - — *What is the overall cost of borrowing, including interest and any fees?*



Slide 17 – Test Questions

- ☐ Note that home equity loans and HELOCs can be difficult to obtain once an individual has stopped working or is in retirement without a regular source of income, as lenders make these loans based on income levels and credit score.
- ☐ Share that debt obligation decisions may be irreversible and carry with them the possibility that future choices and cash flow may become limited. It's wise to prepare for scenarios that affect income changes, such as the death of a spouse.

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ACTIVITY: Have each participant review the scenarios they identified in the Homeownership Trade-offs and Payoffs activity. Direct the participants to review whether any of those scenarios would be good candidates for a home equity loan or home equity line of credit option. If helpful, reference the Loan or Line of Credit slide. Encourage participants to share their scenarios and decisions. Invite input from others and review generally accepted situations when a home might be useful to obtain credit.	Activity: Homeownership Trade-offs and Payoffs

Continued on page 17

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Topic D: Explain how reverse mortgages work.
20 minutes
Important

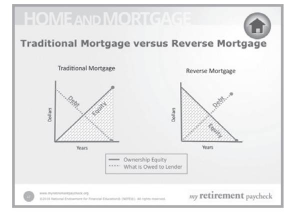
- [ ] Share that in addition to home equity loans and HELOCs, a reverse mortgage may be a consideration for some participants. Reverse mortgages are complex products with many consequences, and decisions to use them should not be taken lightly. Encourage participants to have all the facts before proceeding with a reverse mortgage.

  — A reverse mortgage operates in the opposite manner of a traditional mortgage. With a traditional mortgage, the homeowner pays the lender, decreasing debt (the mortgage loan balance) and increasing equity (ownership) in the home over time. With a reverse mortgage, the lender pays the homeowner: There are no monthly repayments to the lender and over time, equity decreases while debt increases. A reverse mortgage converts a home into cash while a traditional mortgage converts cash into an owned home. A reverse mortgage is a non-recourse loan. This means that it will never cost a borrower or heirs more than the fair market value of the home.

  — A reverse mortgage loan terminates when the last homeowner dies, sells the home or moves permanently (such as to an assisted living facility). At that point, proceeds from the sale of the home can pay off the reverse mortgage balance.

  — The Home Equity Conversion Mortgage (HECM) is the Federal Housing Administration's (FHA) reverse mortgage program, which enables the withdrawal of some of your home's equity. A HECM line of credit option also is available and works much in the same way as a traditional HELOC.

  — To be eligible for a HECM, the FHA requires borrowers to be 62 years of age or older, own their home outright or have a low mortgage balance that can be paid off at closing; have sufficient financial resources to pay ongoing property charges including taxes, insurance and HOA fees; and the home must be one's primary residence. Other requirements also may apply.



Slide 18 – Traditional Mortgage Versus Reverse Mortgage

Slide 19 – Reverse Mortgage: How it Works

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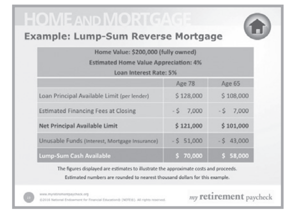
- The primary factors that affect the amount of a reverse mortgage include the age of the borrower, the value of the borrower's home (including the amount of equity) and the interest rate. Older borrowers will be able to borrow higher amounts. Likewise, the higher the value of the home, up to certain limits, the more money can be borrowed.
- HECM loans include fees and charges, including mortgage insurance premiums, third-party charges, origination fees, interest, and servicing fees. If fees are absorbed in the loan, the amount of the total disbursement will be reduced.
- Mandatory mortgage counseling is required for reverse mortgages. A counselor will discuss eligibility requirements, financial implications and provisions for the mortgage becoming due and payable.
- Proceeds from a reverse mortgage are not subject to federal or state income taxes and do not affect Social Security or Medicare benefits. They could, however, affect eligibility for means-tested public programs such as SSI and Medicaid.
- Because of the high upfront costs of reverse mortgages, they need to be evaluated carefully. In the past, reverse mortgages were considered a last resort to use after all other financial resources (financial savings, retirement accounts, the cash value of insurance, etc.) were exhausted. There is a school of thought that reverse mortgages may serve other purposes and financial objectives, such as providing a source of income to delay applying for Social Security benefits or to pay taxes due on Roth IRA conversions. However, such strategies can be complex and often require the help of a professional financial advisor.
- Source of data for Lump-Sum Loan example: National Reverse Mortgage Lenders Association, www.reversemortgage.org/about/reverse-mortgage-calculator



Slide 20 – Example: Lump-Sum Reverse Mortgage

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- ☐ Share that there are certain circumstances when a reverse mortgage may or may not make sense.
  - — Reverse mortgages may make sense if a supplement to income is needed and there are no other sources of cash from which to draw. Available cash is needed to cover the upfront costs.
  - — Reverse mortgages may not be the best option for those who are early in retirement or for those who wish to leave the house to heirs.
- ☐ Discuss the impact of a reverse mortgage after the death or relocation of the homeowner(s) on family members, particularly for any live-in caregiver(s).
  - — Point out that transferring ownership of the home to others will not be an option. Once the reverse mortgage becomes due and payable, people living in the home, including non-spouse family members, have no claim or standing to stay in the home when it needs to be sold. Typically, the sale of the home is what pays off the loan, so the home and its value generally are not passed on to heirs.
  - — Caution that although there now are new protections for spouses of borrowers, some rules still apply. For example, the spouse must be named in loan documents, and they must be married to the borrower at the time of the loan closing and remain married to the borrower for the duration of the borrower's lifetime.

Slide 21 – Reverse Mortgage: Does it Make Sense?

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ACTIVITY: Have each participant review the scenarios they identified in the Change in Plans mind map activity. Direct participants to discern whether any individuals in the scenarios would be good candidates for the reverse mortgage option, home equity loan and/or home equity line of credit. Arrange for participants to work individually or in pairs to add to their mind maps. Instruct participants to write (outside the border of each rectangle) a feasible contingency strategy to cope with that particular scenario. As time allows, encourage participants to share their scenarios and decisions. Invite input from others and provide feedback and points to consider. [Action Plan, #5]	Activity: Change in Plans Action Plan: Maximize My Home's Value (#5)
☐ Begin to wrap up the workshop asking participants to reflect on what they learned about the role of their home in retirement income decisions. Ask if any have changed their mind compared to what they were planning prior to this workshop and why. Revisit the questions that participants wanted answered at beginning of workshop.	

Continued on page 21

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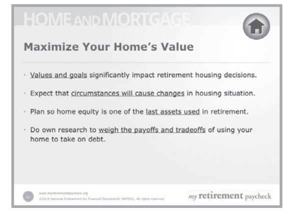
Wrap up: Take Action

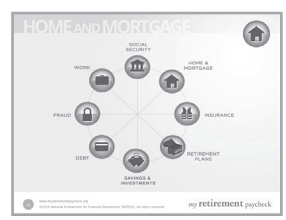
15 minutes

- ☐ Transition into the Wrap Up for this workshop by reviewing what was covered in the workshop. Reinforce that deciding what role homeownership will play in retirement is a decision that impacts retirement income in various ways. Remind participants of the following:
  - — Your values and goals in retirement play an important part in deciding whether or not owning a home is an important part of your retirement.
  - — Unexpected circumstances in retirement may prompt desired changes in your housing situation.
  - — It's preferable to plan so that a home's equity is one of the last assets used in retirement; however, options exist to use equity in your home for cash flow. For retirement income, a reverse mortgage can provide opportunity at a cost.
  - — Home equity loans and HELOCs should be assessed based on research and your specific needs, especially because debt taken on in retirement can be risky without a specific plan to pay it back. Similarly, reverse mortgages should be evaluated carefully. Investigate all charges, fees and other options.



Slide 22 – Maximize Your Home's Value

- ☐ Point out that how to use the value of your home is only one of eight important retirement decisions (as presented in the slide). Explain that this decision impacts several other decisions, including protecting oneself from fraud and planning to pay off debt loads from mortgages and housing costs. And vice versa: Other retirement decisions impact how homeowners utilize the value of their home.
- ☐ Suggest that participants look at www.MyRetirementPaycheck.org or other workshops in this series for more information about the other retirement decision areas.



Slide 23 - My Retirement Paycheck

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- ☐ Provide your contact information (if desired) so participants can follow up later with questions.

- ☐ Point out the list of resources provided in the Workshop Packet. Call attention to the following online resources:

  — www.myretirementpaycheck.org/retirement-mortgage.aspx

  — http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/hecmhome

  — http://files.consumerfinance.gov/f/201409_cfpb_guide_reverse_mortgage.pdf

  — www.consumer.ftc.gov/articles/0227-home-equity-loans-and-credit-lines#loans

Slide 24 - Resources

- ☐ Encourage the participants to use what they have learned to complete the Action Plan. If feasible, arrange for participants to continue to work on their own or with your guidance after the workshop concludes. Provide Internet access in a lab setting so participants can utilize the HUD website links and other online resources

Slide 25 - Are You Ready?

Action Plan: Maximize My Home's Value

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