

Illustrate a Reverse Mortgage

This is an input guideline for entering a reverse mortgage. It is assumed you know the details of the mortgage you are illustrating, such as the maximum amount of cash flow your client can take, this is only intended to show you how a typical reverse mortgage can be illustrated.

- 1 On the **Expected Cash Flow** tab, select and customize a schedule.
- 2 Enter the cash flow expected from the reverse mortgage. You will enter this same schedule in step 8, so you may want to highlight the values in the column and click the **Copy** button in the schedule's toolbar. When you get to step 8 you can then paste the column of data.

Expected Cash Flow

Column heading: Reverse Mortgage

Change level amount:
Amount: \$0
Level amount:
☒ in all retirement years
☐ from age: 60 to: 99

Year	Ages	After Tax Cash Flow from Reverse Mortgage	Including 0.00% Growth
1	60/55	0	0
2	61/56	0	0
3	62/57	0	0

- 3 On the **Principal Residence** sub-tab, located on the **Illiquid Assets** tab, enter the current value of the residence used for the reverse mortgage.
- 4 Enter the growth assumption of the residence used for the reverse mortgage.

Principal Residence

Current value: \$2,100,000

Growth: ☒ Growth: 2.30% ☐ Schedule growth ☐ Stored schedules:

Loan on principal residence: ☒ Illustrate loan: ☐ Amortized loan ☐ Interest-only loan

Refinance principal residence: ☐ Refinance loan in year: 1

Sale of principal residence: ☐ Assume the sale of principal residence in year: 1

- 5 To show the liability from a reverse mortgage, customize an available asset on the **Illiquid Assets** tab. Enter the description "Reverse Mtge Liability".
- 6 Enter the reverse mortgage interest rate in the **Growth** box.
- 7 In the **Asset Value** box, click the **Schedule...** button to enter the liability.

☒ Preliminary Data
 ☒ Desired Cash Flow
 ☒ Expected Cash Flow
 ☒ Retirement Plan Assets
 ☒ Liquid Assets
 ☒ Illiquid Assets

☒ Include Illiquid Assets

☒ Principal Residence
 ☒ Asset #2
 ☒ Asset #3
 ☒ Asset #4
 ☒ Asset #5
 ☒ Asset #6

☒ Include **Reverse Mtge Liability**

Asset value
☐ Current value: \$0
☒ Schedule values: **Schedule...**

Note: If you select "Schedule values", we will gray-out the Loan and Liquidation options (it is assumed that you have taken this into account when entering your values).

Growth
☒ Growth: 0.00 %
☐ Schedule growth
☐ Stored schedules:

Income
☐ Illustrate income from asset:
☐ 0.00 % of asset value
☐ Schedule income: **Schedule...**

Loan data
☐ Illustrate loan:
☒ Amortized loan
☐ Interest-only loan
☐ Include the payments as dedicated cash flow requirements.

Principal balance: \$0
 Years remaining: 0
 Interest rate: 0.00 %

Liquidation information
☐ Liquidate a
☒ Liquidate
☐ Schedule

Refinance data
☐ Refinance
 New
 Year
☒ Amortiz
☐ Interest

Charitable bequest
☐ Include cha
☒ 10
☐ Up

On the right side of the screen, click the **Reverse Mortgage Liability Calculator** button for easy input of your data.

Reverse Mortgage Liability

Year	Ages	Reverse Mtge Liability Scheduled Values
1	60/55	0
2	61/56	0
3	62/57	0
4	63/58	0
5	64/59	0
6	65/60	0
7	66/61	0
8	67/62	0
9	68/63	0
10	69/64	0
11	70/65	0
12	71/66	0
13	72/67	0
14	73/68	0
15	74/69	0
16	75/70	0
17	76/71	0
18	77/72	0
19	78/73	0
20	79/74	0

Change level amount
 Amount: \$0
 Level amount:
☒ in all years
☐ from age: 60 to: 99

Interpolate values
 From age: 60
 to: 99

Reverse Mortgage Liability Calculator

If you copied this schedule in Step 2 above, you can now paste them here. Otherwise enter the same income stream that you entered in Step 2. Here you will need to include any amount needed to pay off an existing mortgage in the year the reverse mortgage begins. When done, click the **OK** button.

Reverse Mortgage Liability Calculator

Enter the assumed income from the reverse mortgage. Be sure to include the amount needed to pay off any existing mortgage in the year the reverse mortgage begins.

The assumed income you enter here will also need to be entered on the Expected Cash Flow tab. To avoid entering this twice you can use copy and paste to enter the second schedule.

Note: When you click OK, the resulting liability will be placed in the previous schedule as negative numbers in order to represent this as a liability.

Change level amount:
Amount: \$0
Level amount:
☒ in all years
☐ from age: 60 to: 99
Apply

Interpolate values
From age: 60 to: 99
Apply

Year	Age	Income From Reverse Mortgage	Resulting Liability of Reverse Mortgage
1	60	289,000	289,000
2	61	0	289,000
3	62	0	289,000
4	63	0	289,000
5	64	0	289,000
6	65	0	289,000
7	66	0	289,000
8	67	50,000	339,000
9	68	100,000	439,000
10	69	0	439,000
11	70	0	439,000
12	71	0	439,000
13	72	0	439,000
14	73	0	439,000
15	74	0	439,000
16	75	0	439,000
17	76	0	439,000
18	77	0	439,000

OK
Cancel
Help
Clear Data

The results will populate the schedule as negatives since this is reflecting a liability.

Reverse Mortgage Liability

Change level amount:
Amount: \$0
Level amount:
☒ in all years
☐ from age: 60 to: 99
Apply

Interpolate values
From age: 60 to: 99
Apply

Year	Age	Reverse Mtge Liability Scheduled Values
1	60/55	-289,000
2	61/56	-289,000
3	62/57	-289,000
4	63/58	-289,000
5	64/59	-289,000
6	65/60	-289,000
7	66/61	-289,000
8	67/62	-339,000
9	68/63	-439,000
10	69/64	-439,000
11	70/65	-439,000
12	71/66	-439,000
13	72/67	-439,000
14	73/68	-439,000
15	74/69	-439,000
16	75/70	-439,000
17	76/71	-439,000
18	77/72	-439,000
19	78/73	-439,000
20	79/74	-439,000

OK
Cancel
Help
Clear Data

Reverse Mortgage Liability Calculator