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### Stewardship Emphasis

*A lifetime of hard work, a lifetime of prudent planning and management, and a strategy for enjoying the fruit of your labor is a solid formula for putting the gold in the golden years.*

*Review back issues of The Empowerment Channel online at: [www.peaklevelinc.com](http://www.peaklevelinc.com)*

## Harvesting Retirement Income

A comfortable and even prosperous retirement is one of the key financial desires of most people. For those who were a part of the generation that worked for the same employer for the majority or all of their careers, it is likely that a pension makes up a decent portion of income in retirement. And for those persons already retired and those looking to retire in the next several years, you are likely to have the benefit of Social Security income as well, if you qualify. On the other hand, if you have had several jobs over the course of your career or if retirement is still a ways off for you, a substantial income from a pension or social security may not be in the cards. So, what sources of income will you be able to tap into to allow you to enjoy the lifestyle you have looked forward to over your many years of hard work?

In the next few issues of The Empowerment Channel, we will look in detail at important considerations about other income sources that may help you to enjoy the retirement you always dreamed of.

### The Reverse Mortgage – The New Kid on the Block

If you've heard of the reverse mortgage before, but weren't sure how it worked, simply put, a reverse mortgage is a vehicle that allows a homeowner to convert equity in their home into an income stream where a lender pays you, the reverse of a typical loan scenario. It is a great way for a retiree to gain additional benefit from what is often their most valuable asset.

In order to qualify for the reverse mortgage, the homeowner must be age 62 or above to qualify, and the real estate must be residential property. Once you complete the underwriting process, you can then receive tax-free income either in a lump sum, monthly payments (for a specified time up to life payments), a line of credit, or some combination of these options. Better yet, the payments received do not impact Social Security or Medicare benefits. The amount of income you can receive is dependent on the home's appraised value, interest rates, the type of income plan selected, and the age of the applicant. The older you are, the greater your income benefit can be. There are limits on the amount of the loan, and those limits are determined by factors such as location of the home and the agency that backs the loan. And of course, since a lender provides the financing, you must go through the closing process and the costs that go along with closing; however, just like a traditional mortgage, you can choose to finance the closing costs to minimize up-front out of pocket expense.

If you thought this source of income sounded great but were concerned about the security of your living arrangements, there is no reason to be concerned. Even though you are taking out the reverse mortgage, the loan does not have to be paid back until you move out, sell the home, or pass away because the loan is secured by the value of the real estate. In fact, you can take out a reverse mortgage in some cases even if you have a loan outstanding on the property. Regardless of whether the home is completely paid for or not, you retain ownership of the home. This also means that the home remains in your estate, and if listed in your will, is subject to probate.

So, considering its many benefits, the reverse mortgage is an excellent planning tool to take full advantage of an often untapped asset for retirement income.

*In the next issue of this series, we explore the considerations in using retirement plans as part of your retirement income strategy.*



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