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Life-Changing Events Impact Retiree's Income

PLAINVILLE, MA -- More than 42 percent of all retirees will have significantly less income at age 80 than they did at age 67, according to a recent study by the Urban Institute.

Two life-changing events such as the death of a spouse or the onset of poor health can decrease the wealth and income that, at the time of retirement, may have seemed sufficient to last a lifetime.

The largest decline in wealth and income among retirees occurs for those who become widowed or divorced: median wealth declines as much as 44 percent, income falls by a staggering 37 percent, and 33 percent fall below or near the poverty level.

A decline in health can have a severe impact on the economic well-being and security for retirees. Almost 30 percent of those between the ages of 67 and 80 will experience the onset of poor health, which will decrease their wealth by 38 percent and their income by 13 percent.

The study concludes that current retirees who experience a life-changing event will have a \$16,000 drop in their yearly income.

Unfortunately, these retirees are still faced with the rising cost of living, putting their financial future at risk. So, what can you or someone you care for do? Here are three options to consider:

1. Contact the Area Agency on Aging (AAA) to discover what kind of programs and assistance are available to you. AAA's nationwide toll-free number is 800-677-1116.
2. Contact the Social Security Administration (SSA) to see if you qualify for Supplemental Security Income (SSI) to meet your basic needs. SSA's nationwide toll-free number is 800-772-1213.
3. Take out a reverse mortgage.

Reverse mortgages are growing in popularity as public awareness increases and associated costs continue to decrease. As of March 2007, there was a 56 percent year-over-year increase in the number of reverse mortgages taken out nationwide.

A reverse mortgage enables homeowners 62 and older to convert the equity in their home into cash for any purpose. The best part is that there is no repayment for as long as the homeowners live in their home. Credit and income are not used to qualify, and Social Security and Medicare benefits are not affected.

When the homeowners no longer live in their home, the reverse mortgage is typically repaid from the sale of the home. There is no debt left to heirs since the lender can only look to the property for repayment.

"We have worked with many widows and widowers to replace the income lost when their spouse passed away," Jack D. Belles, Vice President, Towne & Country Mortgage/Reverse Mortgage of New England, said. "With a number of reverse mortgage programs and pay out plans to choose from, we are able to provide the flexibility to meet the needs of our senior customers and to supplement their retirement income so they may be financially independent and secure for life." (Towne & Country Mortgage/Reverse Mortgage of New England provides you with a free reverse mortgage informational package and confidential estimate by calling them toll-free at 800-750-4419 or by visiting www.reverseanswers.com.)

You may also get a free copy of AARP's publication "Home Made Money, A Consumer's Guide to Reverse Mortgages" by calling 800-209-8085.

So, the good news is that retirees now have many options available to assist in realizing a more comfortable retirement free from dependence, want, and deprivation.