



TOWNE & COUNTRY
Mortgage

A Helpful Article Showing How a Reverse Mortgage can Help Seniors Cover Life's Growing Expenses.



COMMENTARY:

Top Tips by Gerri Willis

Stay afloat financially after 55

Worried about mortgage debt and healthcare expenses? Gerri Willis offers some tips to ease your money pains.

By [Gerri Willis](#), CNN

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NEW YORK (CNMoney.com) -- Americans over the age of 55 are filing for bankruptcy at a faster rate than the larger U.S. population thanks to growing mortgage debt and higher healthcare costs, according to a new study. Here are some strategies to avoid becoming part of this scary statistic.

1: Consider reverse mortgages

If you own a home that you're worried you can no longer afford, you may want to consider a reverse mortgage. In a "regular" mortgage, you make monthly payments to the lender.

But in a "reverse" mortgage, you receive money from the lender and generally don't have to pay it back for as long as you live in your home. To qualify for most reverse mortgages, you must be at least 62 and live in your home. The downside is that it can be expensive.

You have to pay closing costs, which could be thousands of dollars - this generally comes out of the home's equity - and you may not be able to pass your home to any relatives, according to Doug Flynn of Flynn Zito Capital Management.

To figure out how much cash you could get, crunch the numbers at www.rmaarp.com

2: Think long-term care

The average nursing home stay is expected to cost \$75,000 annually and healthcare costs are expected to increase 5 to 7 percent each year. If you are between 45-65 years old, you may want to look into long-term-care insurance.

You will pay thousands less for a policy during these years than if you're over 70 years old. A long-term-care policy will protect your assets in case you need to pay for assisted living, home care or a nursing home stay.

3: Downsize

If you are really in dire need of some cash, you may also want to consider moving to a smaller home or a less expensive area. For most Americans, their biggest asset is their home. If you move to a lower-cost city, you could really put some cash away.

Check out Bestplaces.net. This Web tool lets you compare the cost of living between one area and another. You'll be able to see how housing costs, transportation and food expenses add up.

4: Borrow with caution

Nowadays some 401(k) plans will let you borrow money. But you will have to pay it back. This should be seen as a last resort, since tapping your nest egg can jeopardize your retirement savings. Typically the interest you'll pay on this loan is about 4 to 8 percent.

Some 401(k) plans also have an emergency disbursement feature. But your circumstances must qualify as an emergency, such as a job loss or an unforeseen medical situation.

Please contact Jack Belles at 800-750-4419
visit our website www.ReverseAnswers.com
or email Jack@ReverseAnswers.com



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