



Use Your Reverse Mortgage Equity 4 Ways

By David Prulhiere

Reverse mortgages allow you to access your home equity four different ways. We will examine those ways so you know how to access your reverse mortgage equity.

1. All At Once - A popular option is to take the funds available as a lump sum. The money is yours and you can use it for whatever you want. The most common use is using the reverse mortgage equity to pay off your current mortgage.

2. Monthly Annuity - Not a true annuity, but a monthly amount of money that is guaranteed to continue as long as you or your spouse lives in the home. Wouldn't retirement be more comfortable if you had a little more money each month? There is also a tenure option that gives you a larger payment for a specified period of time. More common though, is the lifetime payment.

3. Line of Credit - Why take the money and get charged interest if you don't need the money? This is a good option for you if you are more comfortable using the line of credit for a reserve account in case of emergencies. Since it is not borrowed, you don't accrue interest until you actually use the money.

4. Combine Any of the Above - If you want a little of each of the above plans, you can. Mix and match is a great way to go. For example, you can take a lump sum to pay off the mortgage and specify a monthly amount to enhance your income while leaving an amount set aside that you can draw in the event you need additional money down the road, say for a repair to your home. By the way, for a small fee, you can change the plan later if you decide the plan you chose doesn't suit you, or if your needs change.

If you choose anything other than a lump sum, know that you will have to take the adjustable rate mortgage (ARM). There is only one option if you choose the fixed rate. It is a lump sum. You will have to draw it all when your loan closes.

Prior to committing to any [reverse mortgage](#) programs, make sure you have all the facts. Visit our website for more reverse mortgage information. There is also a free [reverse mortgage calculator](#) to get an idea of how much money is available to you.