

BEST REVERSE MORTGAGES



GOLD WINNER HEARTLAND SENIORS FINANCE

Drawing on equity in their home can provide retirees with a better lifestyle

Please note the following changes to the Heartland Reverse Mortgage.

Application Fee - \$495

Valuation Fee - Waived*

* if loan proceeds to settlement and valuation less than \$2m

Maximum Loan - dependent on valuation, no maximum dollar amount

The latest annual Reverse Mortgage Report from Deloitte found that for many retirees home equity represents two-thirds or more of their entire wealth – well in excess of personal super savings. For these seniors, a reverse mortgage can help fund a more comfortable and fulfilling retirement.

Reverse mortgages let seniors dip into home equity by providing a loan secured by their property. Interest charges and fees are capitalised (added to the loan) with no repayments necessary until the property is sold or the last borrower has passed away.

These costs will compound over time, and a reverse mortgage can have a significant impact on the final value of your

INSTITUTION	PRODUCT	RATE	TOTAL COST ¹	APPL'N FEE	VALN FEE	ANNL FEE	MAX LOAN	COMBO LUMP SUM, INSTALTS	MIN AGE
1 Heartland Seniors Fin	Reverse Mtge	6.19%	\$95,595	\$995	\$350	none	\$1 million	✓	60
2 Bankwest	Snrs Equity Rlse	6.20%	\$94,416	\$695	none	none	\$250,000	✗	65
3 Commonwealth Bank	Equity Unlock	6.37%	\$98,908	\$950	none	\$144	\$425,000	✓	65

Source: CANSTAR. All loans allow extra repayments. ¹Total cost at the end of year 10 is the compounded interest payment, where interest is capitalised, and fees over the 10 years and repayment of the principal.

The winners were ranked by scores for product features (30%) and cost (70%), based on a variable-rate 10-year loan for a \$50,000 lump-sum payment. Products were required to have a no negative equity guarantee and be available in NSW, Victoria and Queensland.

estate and your ability to fund aged care. This highlights the need to seek independent legal advice before signing up for a reverse mortgage.

The **Heartland Seniors Finance** reverse mortgage offers the flexibility of three

payment options, each with differing fees.

First, the loan can be received as a lump sum, which can be used for a variety of purposes including a refundable accommodation deposit for aged care. In addition to the lump sum, home owners can elect to receive further funds in the future as an annual, quarterly or monthly drawdown.

Alternatively, seniors can receive monthly, quarterly or annual payments through a regular advance over five to 10 years, which can be useful to supplement retirement income.

A third option is to set up a cash reserve facility, which allows seniors to set aside funds for future needs such as health care or emergency expenses. Interest is charged only on the cash withdrawn.

As with all our winners, Heartland applies a “no negative equity” guarantee, meaning the final

HUGE POOL OF WEALTH TO BE TAPPED

More than \$500 billion of home equity is held by Australians aged over 65, according to Deloitte. Yet only about 40,000 of the nation's seniors have a reverse mortgage, with a total of just \$3.66 billion outstanding in these loans at the end of 2014. Not only is there a massive pool of funds for seniors to tap into, retirees with a reverse mortgage have an average loan size of just \$92,000, suggesting a very conservative approach to this strategy. For seniors concerned about the possible impact of a reverse mortgage on the value of home equity over time, a reverse mortgage calculator is available on the government's MoneySmart website.

value of the loan can't exceed the proceeds of the property's sale.

Bankwest's Seniors Equity Release offers just two funding options. Cash can be withdrawn when needed, or as a lump sum.

As with all reverse mortgages, contact Centrelink to check whether payments could impact age pension entitlements.

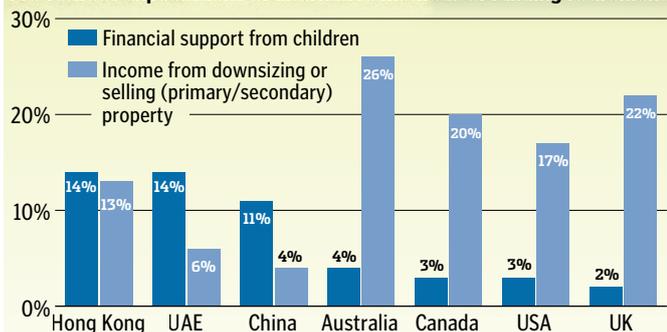
Commonwealth Bank's Equity Unlock loan steps the amount borrowers can borrow in line with age. For 65- to 69-year-olds the maximum is \$275,000, rising to \$425,000 for home owners aged 85 and over.

WHO WILL PAY THE BILLS?

Retirees' reliance on state retirement funding



Pre-retirees expectations of alternative methods of funding retirement



Source: HSBC