Financial Securities Services, LLC

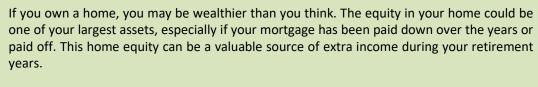


Helping to bring clarity and confidence to financial decisions

Some food for thought, etc.

December 2018

Your Home as a Source of Dollars in Retirement



How do you tap your home equity?

There are two ways to tap your home equity if you're approaching retirement (or already retired) and don't want to make mortgage payments: You can trade down, or you can use a reverse mortgage. Trading down involves selling your present home and replacing it with a smaller, less expensive home. A reverse mortgage is a home mortgage in which the lender makes monthly payments to you, rather than you making monthly payments to the lender. Both of these strategies can give you substantial additional income during retirement. Note: You could get money from your home by taking a home equity loan, where you place a regular mortgage on your home. But you must repay the home equity loan, with interest, like other regular home mortgages.



Trading down can give you increased income

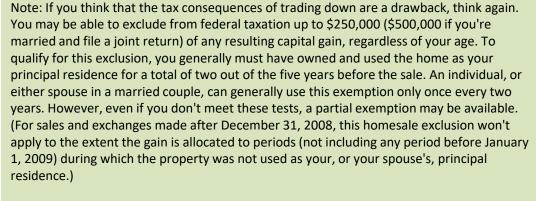
If your home is larger than you need, trading down to a smaller place may be a good way to increase your retirement income. The difference between the price that you receive for your present home and the cost of a smaller new home can be added to your retirement funds to provide you with additional investment income. The amount of cash that you can get by trading down depends on the value of your present home, the cost of purchasing a new home, and the incidental costs involved in the trade (e.g., brokerage commissions, legal fees, closing costs, and moving expenses). You should estimate these amounts to get some idea of the net amount that you will receive. To check the present value of your home, you should get an estimate of its selling price from two or three real estate agents. You should also get an estimate of the cost of your replacement home by shopping around for the type of home that you think you'll want.



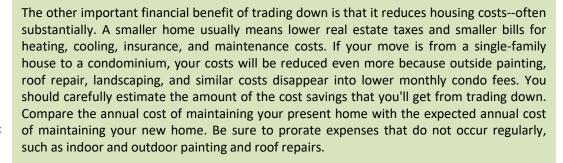
Alexander Parris
President
Financial Advisor



"Financial crises require governments."
- Timothy Geithner



Trading down can reduce your housing costs





But trading down may have disadvantages

Consider the possible drawbacks of trading down. For instance, you may not want to reduce your living space by moving to a smaller home. Or, you may not be able to find a smaller home as attractive as your present home. Another common problem with trading down occurs if you are strongly attached to your present home. You may not want to be uprooted from your home and the social network around it. Still, you may also be troubled by worries that afflict many older homeowners, such as rising property taxes, the threat of escalating insurance, and the unexpected cost of major repairs. You may decide that trading down is warranted to lighten these worries as well as your financial burden.

Note: If you sell your home at a gain and aren't eligible for the capital gain homesale exclusion, you'll have to pay federal income taxes on the difference between the selling price and your adjusted basis (the initial cost of your home, plus amounts you've paid for capital improvements, less any depreciation and casualty losses claimed for tax purposes) in the home.

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"Great money management is not a prediction, but a disciplined reaction."

- Bill Miller



"Derivatives are financial weapons of mass destruction."

- Warren Buffett

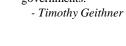


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A reverse mortgage can also give you increased income

If you are older and have substantial equity in your home, a reverse mortgage can give you a valuable supplemental source of retirement income. You can receive this income based on the equity that you have built up over the years in your home--without having to repay the reverse mortgage during your life. The amount of the monthly payment you receive from a reverse mortgage depends on four factors:

- Your age
- The amount of equity in your home
- The interest rate charged by the lender
- Closing costs

The older you are and the more the equity in your home, the larger your monthly payments will be. Also, a lower interest rate and lower closing costs will increase your payments.

A reverse mortgage lets you keep your present home for life

As discussed, you may not want to trade down for a variety of reasons, including attachment to your present home. With a reverse mortgage, you can increase your income and continue to live in your present home for life. The mortgage typically becomes due when you no longer live in the home.

When reverse mortgage payments last as long as you live in your home, the mortgage is known as a tenure reverse mortgage. You can get other types of reverse mortgages, including an annuity advance reverse mortgage. With the annuity mortgage, payments last as long as you live, regardless of whether you continue to live in your home.

But a reverse mortgage is not without drawbacks

With a reverse mortgage, you must mortgage your home to the lender. Each payment that you receive from the lender increases the amount of principal and interest that you owe on the mortgage. Although the mortgage typically does not become due while you're still living in the home, the equity value of your home is reduced by each payment that you receive. This reduction in the equity value of your home may have a negative effect on your children's ultimate inheritance.

Note: If you face a retirement income shortage, this equity reduction may be preferable to a reduction in your standard of living. Also, in the rare case where the value of your home appreciates more rapidly than the mortgage loan increases, equity reduction does not occur.

A reverse mortgage may have other drawbacks, including:

High up-front costs: The closing costs for a reverse mortgage normally exceed the closing costs for a conventional mortgage. This means that a reverse mortgage may not be cost effective if you plan to remain in your home for only a few years.

No reduction in homeowner costs: Unlike trading down to a home with lower housing expenses, a reverse mortgage does not reduce your housing costs. Since you stay in your home, you still face real estate taxes, insurance, repairs, and other costs associated with the home.

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Recipe of the Month

Fluffy Pancakes

Prep Total Time: 25 min

Ingredients:

• 3/4 cup milk

• 2 tablespoons white vinegar

• 1 cup all-purpose flour

• 2 tablespoons white sugar

• 1 teaspoon baking powder

• 1/2 teaspoon baking soda

• 1/2 teaspoon salt

• 1 egg

• 2 tablespoons butter, melted

• cooking spray



Directions:

- Combine milk with vinegar in a medium bowl and set aside for 5 minutes to "sour".
- Combine flour, sugar, baking powder, baking soda, and salt in a large mixing bowl. Whisk egg and butter into "soured" milk. Pour the flour mixture into the wet ingredients and whisk until lumps are gone.
- Heat a large skillet over medium heat, and coat with cooking spray. Pour 1/4 cupfuls of batter onto the skillet, and cook until bubbles appear on the surface. Flip with a spatula, and cook until browned on the other side.

Original recipe makes 4 servings.