

# In Reverse

July, 2008

For homeowners 62+ and their families,  
professionals, and senior service providers

## Retirees Find Alternative to Going Back to Work

After leaving the rat race to enjoy retirement, many retirees find that their financial demands are greater than expected. Going back to work may seem like the only solution, however, an increasing number of retirees are opting to take out a reverse mortgage.

According to a report by the Employee Benefit Research Institute, 37% of retirees report having to go back to work after retirement. This is up from 27% in 2006. Finances were identified as one of the primary reasons.

When you factor in retirees unable to go back to work due to a health-related problem or caring for a spouse, the percentage is much higher.

For some retirees, going back to work is more a matter of wanting to stay active and productive. For others, it is a financial necessity. In either case, there are financial consequences to consider:

- ▶ It can decrease the benefit amount from Social Security for those who have begun receiving Social Security and have not yet reached the "full retirement age" (65 to 67, depending on when you were born).
- ▶ There is no change in the benefit amount from Social Security for those who have reached "full retirement age."

It is a good idea to check with the Social Security Administration before deciding to go back to work. They provide an online benefit calculator and useful information on their website [www.socialsecurity.gov/retire2/whileworking.htm](http://www.socialsecurity.gov/retire2/whileworking.htm). You can also reach them at 800-772-1213.

Other important considerations include a possible increase in your tax obligation and work-related expenses. Social Security benefits received at any age become partially taxable once your income exceeds a certain level (the specific amount is adjusted annually). Also, you have the expense of commuting to and from work. With the rising cost in gas prices, this may make going back to work cost-prohibitive.

An alternative for many retirees faced with having to go back to work is to take out a reverse mort-

gage, which enables homeowners 62 and older to convert the equity in their home into a lump-sum payment, monthly income, a line of credit, or a combination. No repayment is required for as long as you occupy your home as your primary residence.

"Funds from the reverse mortgage do not affect Social Security or Medicare benefits," Robert J. Petrelli, President and Reverse Mortgage Advisor at Mount Vernon Mortgage Corporation said. "Our senior customers have been able to continue to enjoy their retirement with the peace of mind of knowing they will not outlive their retirement income." The money from the reverse mortgage is tax-free because it is not considered income.

As a retirement tool, the reverse mortgage is growing in popularity. The Department of Housing and Urban Development (HUD) reports that 9,112 reverse mortgages were endorsed in May 2008. This brings the year-to-date total to 73,875, a 3.3% increase over 2007.

For retirees who are not able, or do not enjoy the prospect of having to go back to work, the reverse mortgage may just be the answer. Before making any important financial decision, look at all of the available options and what impact they may have, seek advice from trusted professionals, and consider discussing everything with loved ones so you can be confident that you are making the right decision for you and your family.

To learn more about Reverse Mortgages,  
Mount Vernon Mortgage Corporation provides a  
free informational booklet and confidential needs  
assessment by calling toll free at  
800-869-5882 or by visiting their website at  
[www.MtVernonMortgage.com/Reverse](http://www.MtVernonMortgage.com/Reverse).



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Committed to helping senior homeowners  
achieve financial security.

**Robert J. Petrelli**

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