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The financial challenge of retirement is to make one's money last while paying health care costs that inevitably increase with age. It is becoming clear that to meet that challenge, many older Americans will need to cash in their home equity. In a report last year, the National Council on Aging, a research and advocacy organization, made a compelling case for expanding the use of specialized loans known as reverse mortgages to help older people pay for the care they need to remain safely at home, even as they become frailer.

The idea is to free up money to improve the quality of daily life, while delaying or averting the need for a nursing home. And since that should also be the nation's overall goal when it comes to the well-being of the elderly, reverse mortgages have to be regarded as a kind of social policy.

Reverse mortgages are loans that are made to retirees against a portion of their home equity. They require no monthly repayments. Unless a borrower chooses to repay sooner, the loan comes due, with interest, only when the house is sold - such sales are often after the borrowers die. The sums are enormous: about 21 million homeowners are 62 or older and have an estimated \$2 trillion in housing wealth. Nearly half of that could be tapped through reverse mortgages.

Yet despite an upsurge in reverse mortgages since 2000 - to about 180,000 altogether - the loans have never really caught on. They're readily available, mostly through the Federal Housing Administration. But the obstacles are daunting.

An F.H.A. mortgage requires a hefty insurance premium that protects the lender in case the value of the house declines. And planning for long-term care is something most Americans don't do because, as surveys show, they don't believe they'll ever need it. They should be so lucky. Only one-fourth of the homeowners 62 and older have no disabilities. The rest have limitations that range from relatively mild to severe conditions. More than one-third of the nation's old people fall each year, and of those, some 30 percent suffer injuries that make it difficult for them to remain at home.

Perhaps the biggest reason reverse mortgages aren't used more widely is the lack of a high-profile, concerted partnership among government, private and nonprofit sectors to promote them for what experts call "aging in place." Some states have initiatives to link reverse mortgages and home-based care. But both the states and the federal government need to enact comprehensive incentives - and consumer protections - to encourage people to use reverse mortgages to pay for services that will allow them to grow old at home.

At their most basic, the inducements would involve waiving the upfront costs for people who use the loans to pay for health care. Perhaps the most powerful incentive would be to allow people who use reverse mortgages for home-based care to shield some assets from the Medicaid estate recovery process, which states use to recoup some of the money spent on Medicaid patients after the patients die.

Reverse mortgages are bound to become a social norm as the broad middle class of aging Americans begins to face a financial squeeze. The sooner there is debate, planning and action to link reverse mortgages to aging in place, the better the chances for an outcome that benefits the nation's elderly, and the nation at large.