Using Home Equity to Sustain Cash Flow for Aging-in-Place

Prepared for the National Council on Aging by:

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In today’s uncertain times, many Americans find it hard to manage their household budgets. Older homeowners whose finances are precarious often have few places to turn for relief. For those who have a substantial portion of their retirement resources tied up in their home, one option is to tap into home equity. This report examines the Home Equity Conversion Mortgage (HECM) reverse mortgage as a tool to ease financial challenges in later life. The aim of the study is to explore how older Americans consider using this loan for financial problem-solving.

Homeowners often face many sources of financial stress which can reduce income or increase expenses as they age. This study looks at these cash flow challenges using data from 70,089 HECM counseling sessions conducted in 2017. A unique feature of this loan is that all potential borrowers must first attend consumer counseling. In addition to discussing the loan, HECM counselors ask a series of questions to identify potential sources of vulnerability which could make it hard to age-in-place and benefit from a HECM for many years. They also ask prospective borrowers about their financial goals, and how they plan to use the loan to supplement retirement income.

The analysis examines the prevalence of 18 internal household stressors among HECM counseling households in 2017. They include immediate risks such as poor health, signs of transition such as recent fall or loss of a spouse/partner, and sources of longer-term financial volatility due to needing help or an aging house. To gauge their susceptibility to potential disruptions in cash flow, the total number of immediate, transition, and longer-term vulnerabilities are tallied for each household. The aim of this effort is to assess the type and timing of financial constraints that could influence the decision to tap into home equity.

To put the findings into perspective, demographic attributes and financial vulnerabilities of HECM counseling households are compared to those of homeowner households ages 62 and older in the general U.S. population, using data from the 2014 Health and Retirement Study. The analysis includes an assessment of financial insecurity among these two groups, using the Elder Economic Security Standard™ Index (Elder Index). It also considers variations by household debt. Older homeowners who are still burdened by a mortgage or other housing debt may be especially concerned about paying these fixed expenses for many years.

Another objective is to gain insights into the ways that older homeowners consider using home equity for retirement planning. The analysis examines how financial goals varied among HECM counseling households who were facing different cash flow risks. Financial advisors are also starting to incorporate housing wealth to reduce the possibility of running out of income in retirement. The study analyzes the diverse reasons for considering a HECM, to better understand how these innovative financing strategies might align with the planning horizons of potential HECM borrowers. It also identifies specific vulnerabilities for aging-in-place that could increase interest in using this asset for retirement income planning.
In addition to evaluating household vulnerability, the study considers the strengths that HECM borrowers could draw on should they experience problems with aging-in-place. A measure of resilience was calculated for each household, based on a tally of five sources of strength: economic security, little or no housing debt, a house without stairs, access to unpaid help, and good health. Understanding the extent to which potential borrowers have diverse resources to bounce back from trouble can further clarify their risks for defaulting on a HECM loan. The study highlights how additional financial education, decision support, and access to community services could support the orderly drawdown of home equity in later life, and help HECM households keep up with borrower obligations.

Summary of Key Findings

Most households considering a HECM in 2017 were concerned about easing cash flow challenges:

- **Reduce fixed expenses**: 67.8 percent of all HECM counseling households considered a HECM for debt reduction. About two thirds (63.7 percent) had existing housing debt (Debt Risk Group), versus 29.4 percent of homeowner households ages 62 and older in the general population. 7.4 percent did not have housing debt, but worried about other non-housing debt such as credit cards (Other Debt Risk Group).

- **Increase income**: 11.9 percent had no debt and intended to use a HECM to help cover daily expenses (Income Risk Group). In this group, 42.6 wanted to increase their quality of life, and 36.0 percent wanted to make home repairs or renovations.

- **Alleviate economic insecurity**: Close to half (45.1 percent) of all HECM counseling households were economically insecure, as measured by the Elder Index. Among these households, 19.6 percent expected to rely primarily on HECM funds to pay for everyday expenses, health-related expenses, or other immediate cash needs. HECM counseling households were more likely to be economically insecure than older homeowner households in the general population (38.8 percent).

- **Buffer potentially destabilizing financial shocks**: 49.1 percent of HECM counseling households were coping with one or more of the following: 1) possible financial instability due to recent loss of a spouse or divorce, recent fall, recent or nursing home stay, or imminent home repairs; 2) poor health or difficulty with everyday tasks; or 3) they may have been fully dependent on Social Security for income. About half (44.8 percent) planned to use a HECM for emergencies or for major future expenses.

One in ten households considering a HECM (9.6 percent) had no apparent cash flow challenges, nor were they economically insecure. They may have been interested in strategic use of home equity, since 67.6 percent gave only one reason for considering this loan. These homeowners (No Economic Insecurity Risk Group) were the most likely households to want to plan for emergencies (35.7 percent). They also represented 23.7 percent of all households considering a HECM for Purchase in 2017.

Differences among households with and without housing debt may influence the timing for tapping into home equity. Age distribution varied little by housing debt status among HECM counseling households. However, there were age differences between these households and older homeowner households in the general population. Such differences might reflect variations in when they decided to tap into home equity:

- Households with housing debt may have been more inclined to tap into home equity at older ages. Two-thirds (65.1 percent) of HECM counseling households with housing debt in 2017 were ages 70 or older. In contrast 52.4 percent of households with housing debt in the general population in 2014 were in this age group.

- Homeowners without housing debt may be more interested in tapping into home equity at earlier ages. Over one-third (35.9 percent) of these households, who were considering a HECM in 2017, were ages 62 to 69. Among older homeowner households in the general population, 22.0 percent were in this age group.
These differences may also reflect varying retirement planning horizons:

- HECM counseling households with housing debt may have been seeking immediate financial relief, since 51.2 percent were economically insecure in 2017. Using the Federal Poverty Level (FPL) as a measure of income sufficiency, 46.6 percent had modest incomes (more than 150 percent to 300 percent of FPL) versus 22.1 percent of older homeowner households in the general population with housing debt.

- 46.7 percent of HECM counseling households without housing debt were living alone. These households may have been motivated by a desire to plan for the future. Older adults with limited access to support from friends and family often struggle with social isolation. Chronic loneliness can also adversely affect mental and physical health.¹

Many HECM counseling households wanted to solve multiple financial problems, and could face tough choices in how to allocate their loan funds.

- Overall, 53.5 percent of all households considering a HECM gave two or more reasons for wanting this loan (from a list of nine possibilities). The number of reasons that households gave varied by the type of cash flow challenges they were facing.

- 40.3 percent of households in the Other Debt Risk Group gave three or more reasons why they wanted to tap into home equity, as did 31.2 percent in the Income Risk Group. Many were dealing with both immediate and longer-term concerns.

- 72.8 percent of households in the Housing Debt Risk Group gave one or two reasons for considering a HECM. These homeowners must first pay off any existing liens with their loan proceeds, which may leave little extra cash for other financial goals.

- About 68 percent of those who did not report any cash flow challenges (no debt; did not need funds to pay for daily expenses) gave just one reason for wanting this loan.

Over half of HECM counseling households had two to three potential sources of financial vulnerability that could derail their ability to age-in-place.

- In 2017, 56.2 percent of households considering a HECM had two or three total sources of financial vulnerability (out of a total of 17 potential internal household stressors). Only 1.2 percent had seven or more of potential sources of vulnerability.

- HECM counseling households had fewer potential sources of financial vulnerability for aging-in-place than those in the general population. 57.3 percent of older homeowner households in the general population had three to five total sources of financial vulnerability, and 19.6 percent could be facing seven or more of these potential risks.

- Among HECM counseling households, the most prevalent sources of financial vulnerability for aging-in-place was living alone (42.5 percent). Maintaining the livability of the house over time could also be a significant source of potential financial volatility for about half of HECM counseling households (48.9 percent).

- The Economic Insecurity Risk Group faced the most financial vulnerabilities that could lead to prolonged or permanent financial hardship. These included immediate health issues (21.7 percent), difficulty getting unpaid help (56.7 percent), home livability issues (54.1 percent) and keeping up with homeowner expenses (13.1 percent). Among these households, 30.7 percent were ages 80 and older, and 60.0 percent may have been fully dependent on Social Security for income.

More than two-thirds of HECM counseling households had three to four sources of resilience, out of five considered in this study.

¹ Loneliness Among Older Adults Before and During the COVID-19 Pandemic. National Poll on Healthy Aging, September 2020. http://hdl.handle.net/2027.42/162549
67.4 percent of HECM counseling households had three to four sources of resilience.

Among those with housing debt, 36.2 percent had four or five sources of resilience, as did 79.9 percent of those without housing debt.

Levels of resilience among households at risk for a financial shock were comparable to HECM counseling households overall. Over half (57.7 percent) of those in the Immediate Health Issues group had three or four sources of resilience, as did about two-thirds in the Recent Instability and Social Security Dependent groups.

Resiliency among HECM counseling households was similar to that of the overall older homeowner population. 71.0 percent of households in the general population had three to four total sources of resilience.

Implications for Easing Cash Flow Challenges

By increasing the liquidity of the largest asset of many Americans, a HECM can address a variety of financial needs for aging-in-place. These range from immediate budget shortfalls to longer-term planning. Using a cash flow perspective helps to identify the many underlying sources of financial stress that could heighten interest in tapping into home equity. The findings also highlight how older homeowners across the economic spectrum could benefit from additional support to navigate the orderly drawdown of housing wealth in later life.

The high proportion of financially insecure homeowners among HECM counseling households suggests that this loan is an important safety net. Close to half of homeowners considering a HECM in 2017 were financially insecure, suggesting that they may value this loan as a tool to ease cash flow challenges. This may be especially important to older homeowners with housing debt, since they were more likely to be economically insecure than those without an existing mortgage. The challenge is that these older homeowners are likely to face multiple financial vulnerabilities for aging-in-place, and may have limited funds to mitigate all these risks. Additional consumer financial education could help them decide how best to draw down this asset over time.

Shorter-term planning may be an important goal for many HECM counseling households. Keeping cash shortfalls from becoming bigger problems may be an important driver for deciding to tap into home equity. Nearly half of HECM counseling households in 2017 could have been facing the possibility of a financial shock. About half of these households wanted to pay for major anticipated expenses or for emergencies. More than one in four homeowners in the Economic Insecurity Risk Group and in the Other Debt Risk Group also intended to use this loan for to pay for large future expenses. In contrast, only 8.8 percent of HECM counseling households may have considered this loan as a last resort. These homeowners were both economically insecure and indicated that they would struggle to pay for everyday expenses, health-related costs, or other expenses without a HECM.

There may be opportunities to bolster the use of home equity for shorter-term planning, especially for the middle market. For example, a lower-cost, small-dollar HECM could help more lower-income homeowners respond proactively, before they face a cash flow crunch. Given the magnitude of financial need among older households, many could also benefit from leveraging limited housing wealth with services and supports for aging-in-place. It will be important to evaluate how many older homeowners use community services. The income needed to cover homeowner expense, especially property taxes and insurance, often makes it difficult for them to qualify for means-tested public benefit programs.

Households considering a HECM have numerous sources of resilience. Based on resiliency measures used in this study, it appears that most HECM counseling households had numerous sources of resilience that can help them cope with changing circumstances. In addition, many of these households had fewer sources of financial vulnerability for aging-in-place compared to older homeowners in the general population. This is important since a higher proportion of homeowners who considered a HECM in 2017 were economically insecure, compared to older homeowner households in the general population.

Reinforcing household resilience may offer a cost-effective way to increase the financial stability of older homeowners. This could include evaluating a household’s specific financial vulnerabilities for aging-in-place. More proactive
responses also help borrowers reduce their risk of defaulting on a HECM. Increasing household resiliency may offer HECM loan servicers more options intervene earlier, to help borrowers before instituting a foreclosure action. These could be especially important as a borrower’s health declines over time. Timely access to programs that support caregivers and improve home livability could help to mitigate diverse sources of strain on cash flow. Education and decision support can make it easier for at-risk borrowers to set priorities and avoid a cascade of troubles.

HECM counseling households may have a limited view of the potential role of home equity in retirement planning. Income volatility has been growing as Americans rely more on personal savings and investments in retirement. As such, it is hard for retirees to be confident of sustaining income for life. In response, some financial advisors are incorporating home equity into retirement income planning, and to reduce sequence of returns risk. However, these strategies may not align with planning horizons of many potential borrowers in 2017. In general, dealing with immediate needs and increasing quality of life held more appeal for HECM counseling households than preparing for the future.

Homeowners have specific vulnerabilities for aging-in-place that could increase their interest in using a HECM to sustain cash flow. One challenge is “aging solo.” HECM counseling households were more likely to be living alone than older homeowner households in the general population. In addition, over one-third of those considering a HECM, who owned their homes free and clear, were under the age of 70. Households in the No Economic Insecurity Risk Group may also be receptive to more comprehensive retirement planning strategies. This relatively small group did not have any debt or other apparent cash flow concerns. Learning more about these older homeowners could provide new insights into how to expand the vision for HECMs as a tool to sustain wellbeing and homeownership in later life.

Introduction

In today’s uncertain times, many Americans find it hard to manage their household budgets. Older homeowners whose finances are precarious often have few places to turn for relief. For those who have a substantial portion of their retirement resources tied up in their home, one option is to tap into home equity. Some researchers estimate that 10 to 17 percent of the 26 million older homeowner households in the U.S. could benefit from a reverse mortgage or other vehicle to make use of this asset. This report examines the Home Equity Conversion Mortgage (HECM) as a way to ease financial challenges. This government-backed reverse mortgage program was designed to meet cash flow shortfalls of homeowners ages 62 and older. HECMs reduce fixed expenses by eliminating the need to make monthly mortgage payments. The HECM line of credit grows over time, and can never be frozen or closed while the borrower still has an amount available under it.

The aim of this study is to examine how older Americans consider using a HECM for financial problem-solving. A study by the National Council on Aging (NCOA) found that older homeowners are likely to face numerous sources of financial vulnerability relating to aging-in-place. In 2014, 39 percent of homeowner households ages 62 and

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3 The HECM is the most popular form of reverse mortgage in the U.S. It is an interest-bearing loan secured by the equity in the home. Basic qualifications for this loan include: the youngest borrower on title must be at least 62 years old, the home must be the borrower’s primary residence, and they must have limited or no existing housing debt. For a detailed description of HECM requirements and features, see Giordano S (2019). What’s the Deal with Reverse Mortgages, 2nd edition. Gorleston, UK: Rethink Press.
older were economically insecure. Rising longevity can also magnify internal household stressors over time. For example, 53 percent of these older homeowner households in 2014 did not have access to family or friends who could help in times of need. Most (89 percent) lived in homes that were over 25 years old. More affluent retirees are also concerned about sustaining cash flow, given that their invested resources are exposed to uncertainty in the financial markets. This has become a big concern as the COVID-19 pandemic has resulted in unprecedented volatility in the U.S. financial markets.

There are many questions on when and how older Americans consider using home equity to increase financial security in later life. To better understand their retirement income goals and decision-making, the study uses data collected from 70,089 mandatory HECM counseling sessions conducted in 2017. These data help to answer questions such as: What value do these households see in using a HECM to mitigate financial challenges? Will these funds enhance problem-solving or be used primarily as a last resort? What additional guidance would help older homeowners balance the risks and benefits of tapping into housing wealth to sustain aging-in-place?

The analysis also offers insights into how older homeowners view the use of home equity in retirement income planning. A 2020 survey found that 60 percent of Certified Financial Professionals view reverse mortgages as a positive tool.

As more advisors include housing wealth in planning, it would help to know more about the concerns that can motivate the decision to draw on this asset. How do financial goals vary among HECM counseling households who are facing different cash flow risks? Do these homeowners seek to manage future risks or more immediate budget shortfalls? Financial experts are also developing new ways to use HECMs to reduce the risk of running out of income in retirement (sequence of returns risk). It would help to better understand how these innovating financing strategies align with the planning horizons of potential borrowers.

These issues can also have implications for the HECM program. During the Great Recession of 2008, economic upheavals led to high levels of default, in part relating to non-payment of property taxes and homeowners insurance. The Federal Housing Authority (FHA) has taken steps to mitigate risks to the HECM program, and more are being considered. The COVID-19 pandemic also shows that there may be of unexpected periods of economic uncertainty that could derail household budgets. Understanding risks to aging-in-place helps to identify factors that may influence borrower draw behavior, along with vulnerability to problems which can increase financial stress and the risk of loan default. It is also critical to assess whether homeowners who consider a HECM have sources of resilience. These strengths can help them bounce back from trouble and continue to meet their borrower obligations.

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Purpose of the Study

Homeowners who consider a HECM are a diverse group with varied life experiences, financial risks, and planning horizons. To evaluate these factors and how they might influence decisions to tap into home equity, the study examines data from 70,089 HUD-mandated HECM counseling sessions conducted in 2017. A unique feature of this loan is that potential borrowers must attend a mandatory counseling session with a HECM counselor who has been certified by the Department of Housing and Urban Development (HUD). In addition to discussing the costs and features of this loan, and reviewing a homeowner’s budget, HECM counselors ask homeowners a series of questions relating to their ability to age-in-place. The Aging-in-Place component of the HECM counseling session focuses on a wide range of immediate, transitional, and longer-term sources of vulnerability. These include health status, home livability, homeowner expenses, life transitions, and access to help. It also asks questions about their financial goals, and how they plan to use this loan.

The study employs a multi-pronged approach to assess the role of HECMs as a tool for financial problem-solving. First, the analysis uses the Aging-in-Place dataset to identify different sources of financial stress among HECM counseling households. These include the need to pay fixed expenses such as a mortgage or other debt. Retirement spending can also be unpredictable due to the challenges of aging-in-place. The analysis evaluates the prevalence of 18 internal household stressors which could be sources of financial volatility among these homeowners. Since homeownership often becomes harder in later life, these risks are grouped to reflect immediate, transitional and longer-term planning horizons. The aim of this effort is to assess the type and timing of financial constraints that could influence the decision to into home equity.

Older people with limited retirement resources often find that the need to deal with numerous problems can overwhelm the family budget. To assess their susceptibility to potential disruptions, the total number of risk factors for aging-in-place were tallied for each HECM counseling household. Gauging the magnitude of household financial vulnerability also helps to identify homeowners who may struggle to keep up with borrower obligations.

In addition to assessing household vulnerability, the study considers the strengths that HECM counseling households could draw on to mitigate constrained finances and other destabilizing problems. A measure of resilience was calculated for each household, based on a tally of five sources of strength: economic security, little or no housing debt, a house without stairs, access to unpaid help, and good to excellent health. The analysis considers how household resiliency could reduce risks for defaulting on a HECM loan due to non-payment of property taxes and homeowner insurance.

Second, the study compares the demographic attributes, financial vulnerabilities, and resiliency of HECM counseling households to those of homeowners ages 62 and older in the general U.S. population. This analysis uses data from the 2014 wave of the Health and Retirement Study. In addition, the study uses the Elder Economic Security Standard™ Index to calculate the prevalence of financial insecurity among older homeowners these two groups. This analysis helps to identify the distinctive household attributes of older homeowner households who want to tap into home equity with a HECM.

Thirdly, the study examines the ways that older homeowners intend to use a HECM to sustain their ability to age-in-place. The analysis evaluates the financial objectives that HECM counseling households listed during their counseling session. It considers how these goals vary

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9 The Aging-in-Place dataset consists of vulnerability factors from the HECM Financial Interview Tool (FIT) questionnaire used during counseling. Some of these variables were modified to allow for comparison with national data from the 2014 Health and Retirement Survey (HRS). See Appendix 1 for a description of the FIT “yellow flags” included in this analysis and how they compare to HRS variables.
among households with different cash flow risks, retirement goals, and susceptibility to a financial shock. The analysis also examines these reasons for considering a HECM to identify different retirement planning horizons. The results help to evaluate how the financial goals of potential HECM borrowers might align with the strategies that financial advisors are developing to sustain income in retirement.

The study also considers specific vulnerabilities for aging-in-place that could increase interest in using a HECM for retirement income planning. An important part of this analysis was to highlight the need for additional support and strategies to help older homeowners across the economic spectrum navigate the orderly drawdown of home equity in later life.

Methodology

The basis for the research presented here consists of questions from the Aging-in-Place section of HUD-mandated Home Equity Conversion Mortgage (HECM) counseling. This section is known as the Financial Interview Tool (FIT) among HECM counselors and lenders. FIT is a brief (15 minute) questionnaire that was designed to supplement HECM counseling, and allow prospective borrowers to consider the challenges of aging-in-place. FIT addresses 18 basic vulnerabilities (designated as “yellow flags”) which could make it difficult to stay at home for many years and benefit from a reverse mortgage. The HECM program has evolved significantly over the years, including tighter eligibility requirements and higher upfront mortgage insurance premiums. As such, the findings presented here reflect the concerns of homeowners who were willing and able to meet the loan terms in 2017.

In calendar year 2017, 83,593 households attended HECM counseling, based on data collected by NCOA. The analysis included responses from 70,089 new HECM counseling households. It excluded 11,185 households who wanted to refinance an existing HECM, and 2,319 with incomplete data. NCOA developed the FIT questionnaire, which became a mandatory part of HECM counseling in 2007. NCOA also maintains the FIT database.

The analysis of older homeowners in the general population was based on a nationally representative sample from the 2014 wave of the Health and Retirement Study (HRS) core survey. The HRS is a biennial, longitudinal survey of community-dwelling adults (51+ years old) in the United States. The 2014 HRS Core was the most recent, publicly available HRS data at the time of the analysis. The value of the HRS for this integrated inquiry is that it includes a wide breadth of topics, including: demographics, income and wealth, family structure, physical health, health care, employment, social characteristics, and other areas. It also includes information on spouses and households. The sample included a total of 5,896 U.S. homeowners aged 62 and older. The sample was further segmented into those who had housing debt (N=1,733) and those who did not have housing debt (N=4,163). For sample selection criteria, measures for self-reported home ownership and amount of housing debt were utilized from the 2014 HRS core dataset. In order to adjust for any selection bias and missing data across waves, a cross-wave sample-centered weight was used in this analysis.

To allow for comparison between HECM counseling households and homeowner households in the general population, variables from the 2014 wave of the HRS were selected that best matched variables from the FIT questionnaire. Charts in Appendix 1 list the HRS and FIT variables used in the analysis. In some instances there was not a direct match with HRS variables, so alternative FIT variables were selected. For this study, the modified FIT database is termed the Aging-in-Place dataset. As such, the tally of total vulnerabilities per HECM household, based on the Aging-in-Place dataset, does not correspond to the FIT Score that is shared with counselors and clients as part of the HECM counseling session.

Household income reported by both HECM Counseling households and those in the general population of older
homeowners (HRS) were compared to benchmarks of economic insecurity, based on a household’s living arrangement, health status, and whether they still had a mortgage or other housing debt. The Elder Economic Security Standard™ Index (Elder Index) is a county-by-county measure of the income needed by older adults to maintain independence and meet daily living costs while staying in their own homes. The Elder Index reflects variations in the annual cost of living, based on the cost of housing, transportation, health care, food, and other essentials such as clothing, household items, and personal needs. The analysis of economic insecurity among HECM counseling households used state-level data on the cost of living to calculate Elder Index benchmarks. The Gerontology Institute at University of Massachusetts Boston developed and maintains the Elder Index. For more information visit about this Index, see: https://www.ncoa.org/economic-security/money-management/elder-index/.

Key Findings

Profile of HECM Counseling Households

Potential Cash From a HECM

In 2017, older homeowners who attended a HUD-mandated HECM counseling session came from all 50 states, the District of Columbia, and Puerto Rico (Table 1). The distribution of these households varied considerably across the nation. A high proportion of all counseling sessions (59.9

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<td>California</td>
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<td>0.2%</td>
</tr>
<tr>
<td>Virginia</td>
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<td>Connecticut</td>
<td>0.8%</td>
<td>Rhode Island</td>
<td>0.2%</td>
</tr>
<tr>
<td>New Jersey</td>
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<td>Mississippi</td>
<td>0.8%</td>
<td>Vermont</td>
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</tr>
<tr>
<td>Illinois</td>
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</tr>
<tr>
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<td>0.7%</td>
<td>Alaska</td>
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<tr>
<td>Michigan</td>
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<td>0.7%</td>
<td>North Dakota</td>
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</tr>
<tr>
<td>Maryland</td>
<td>1.7%</td>
<td>Kentucky</td>
<td>0.7%</td>
<td>South Dakota</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset. Excludes households seeking a HECM refinance.
percent) were conducted with homeowners from just ten states. California had the largest proportion of HECM counseling households (20.9 percent). Only 11.9 percent of prospective borrowers lived in the 25 states (including the District of Columbia) which had less than 1 percent each of households considering a HECM in 2017. In addition, 0.8 percent of HECM counseling households were located in Puerto Rico.

From a cash flow perspective, a key question for older homeowners is how much home equity they can access with a HECM. The formula for determining the maximum loan amount is complex.10 Two critical factors in this calculation are the current value of the property and the balance of housing debt. Prospective borrowers must have sufficient equity in their home to pay off any existing housing debt at closing since this is usually done with proceeds from the HECM. Otherwise they will not qualify for this loan. Under this formula, borrowers get more cash if their mortgage is paid off or if the remaining debt balance is low.

During HECM counseling, homeowners were asked to estimate the value of their home and their housing debt. In 2017 the median home equity (home value minus any housing debt) reported by HECM counseling households was $182,000. A substantial proportion of these homeowners (38.4 percent) had home equity valued under $150,000 (Table 2). Among those who owned their home free and clear, 29.4 percent had such modest amounts of housing wealth as did 43.6 percent of households with existing housing debt. About one in four HECM counseling households (26.3 percent) had home equity of $300,000 or higher. Households without housing debt were more likely to have had such a high amount of home equity (35.0 percent) as those who still had housing debt (21.4 percent).

The loan-to-value ratio (LTV) is an important consideration in determining whether a potential borrower may qualify for a HECM, and how much cash may be available from their home. Among households considering a HECM with an existing mortgage or other housing debt, 26.5 percent may have had LTVs of 50 percent or higher, based on self-reported data. Households with such high levels of existing debt on their house were unlikely to meet HECM requirements in 2017. By comparison, self-reported home value and debt of homeowner households ages 62 and older in the general population suggest that about half (48.1 percent) of those with housing debt had LTVs of 50 percent or higher in 2014.

The age of the homeowners is also critical factor, with both immediate and long term consequences for tapping into home equity. To qualify for a HECM, all potential borrowers must be at least age 62. The loan amount also varies by the age of the youngest borrower, with borrowers able to access a greater proportion of their home equity at older ages. In addition, the incidence of physical limitations and health problems that can make it hard to live at home increase with age. Since this inquiry focuses on potential cash flow challenges associated with aging-in-place, the age of the oldest homeowner was used in the analysis.

Among homeowners who attended a HECM counseling session in 2017, the median age of the oldest homeowner was 72. In about one-third (35.2 percent) of these households, the oldest homeowner was under age 70

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10 The amount available to the borrower, called the Loan Principal Limit, is determined by the age of the youngest borrower and interest rates (LIBOR swap rate), among other factors. Principal Limit factors are published by the Secretary of HUD. The initial loan amount is calculated as a percentage of home value, which is capped by the national limit set by the FHA ($625,500 in 2017, and now $822,375).
These younger homeowners are members of the Baby Boom generation. The overall age distribution for HECM counseling households showed little variation by housing debt status. Households who owned their home free and clear were somewhat more likely to be ages 85 and older (11.6 percent) compared to those who still had housing debt (7.2 percent).

HECM Counseling Households Compared to Homeowner Households Ages 62+

As a starting point for assessing the cash flow concerns that might motivate a homeowner to consider a HECM, demographic attributes of potential borrowers were compared to those of homeowners in the general population. The analysis used data from the 2014 wave of the Health and Retirement Study to examine homeowner households ages 62 and older.

Among HECM counseling households with housing debt, close to two-thirds (65.1 percent) were ages 70 or older (Figure 2). Older households were more prevalent in this group than among households with housing debt in the general population in 2014 (52.4 percent). These findings suggest that households with housing debt may have been somewhat more inclined to tap into home equity with a HECM at older ages.

Another difference between these two debt-burdened groups was their living situation. HECM counseling households with debt were more likely to be living alone (40.0 percent), versus those ages 62 and older in the general population (23.5 percent). Homeowners in both of these groups reported that they were in good to excellent health. This includes 80.7 percent of HECM counseling households and 77.2 percent of homeowners in the general population.

There were also differences among households without housing debt, based on their interest in a HECM (Figure 3). A higher proportion (35.9 percent) of homeowner households considering this loan were under age 70, compared to those in the general population (22.0 percent). These findings suggest that homeowners without housing...
debt may have been more interested in tapping into home equity at earlier ages.

Prospective HECM borrowers without housing debt were somewhat less likely to be in fair to poor health (21.4 percent) compared to homeowner households ages 62 and older in 2014 (29.4 percent). This may reflect the fact that households without housing debt, who were considering a HECM, tended to be younger than those in the general population. However, almost half of HECM counseling households who owned their homes free and clear were living alone (46.7 percent) versus 35.1 percent of those in the general population.

Sources of Risk and Resilience

Homeowners who struggle to maintain their wellbeing in later life may want to tap into home equity to supplement income. Cash flow is also a consideration in determining eligibility for a reverse mortgage. Lenders are required to analyze a HECM applicant’s financial history as part of the loan underwriting process. This FHA-mandated Financial Assessment determines if a prospective borrower can continue to pay everyday expenses, property taxes and homeowners insurance, as well as maintain the home according to Federal Housing Administration (FHA) requirements, even if they run out of loan funds.

Economic Insecurity as a Motivating Factor

As measured by the Elder Index, a substantial proportion (45.1 percent) of households considering a HECM in 2017 could have been economically insecure, based on their self-reported income (Figure 4). These households were more likely to be dealing with a budget shortfall that those ages 62 and older in the general population in 2014 (38.8 percent).

FIGURE 4 • Economic Insecurity by Housing Debt Status Among HECM Counseling Households, 2017

Source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset.
Among all HECM counseling households, about one-third were both economically insecure and had existing housing debt (32.7 percent). These households could have been especially vulnerable to defaulting on their existing forward mortgage or other housing debt payments because of their precarious financial situation. Economically insecure households who owned their homes free and clear represented a relatively small proportion (12.4 percent) of households who considered a reverse mortgage in 2017.

Another measure of income sufficiency, which is also used to determine eligibility for many public assistance programs, is the Federal Poverty Level (FPL). As measured by the FPL:

- About one in five (17.3 percent) HECM counseling households with housing debt had incomes at or near poverty (150 percent of FPL or less) versus 10.7 percent of older homeowner households in the general population (Figure 5).

- In addition, nearly half (46.6 percent) of HECM counseling households with housing debt had modest incomes (more than 150 percent to 300 percent of FPL) versus 22.1 percent of older homeowner households in the general population.

Housing debt can be a big burden on cash flow, especially for older people who may already struggling to make ends meet each month. About half (51.3 percent) of HECM counseling households with an existing mortgage or housing debt were also likely to be economically insecure (Figure 5). This was almost twice as high as among households ages 62 and older who were still making housing payments in the general population in 2014 (28.2 percent). The possibility of eliminating these monthly payments might have been a strong motivation to consider a HECM among these financially vulnerable homeowners.

The financial situation of households who owned their home free and clear was somewhat different (Figure 6). Fewer HECM counseling households with no housing debt were economically insecure (34.1 percent). They were also less likely to be facing budget shortfalls than homeowner households with no housing debt in the general population (43.2 percent).

These findings may reflect age differences between these two groups. Among economically insecure HECM counseling households with no housing debt, 23.7 percent were ages 80 and older. In contrast, 31.9 percent of older homeowners in the general population with no housing debt, who were economically insecure, were ages 80 and older (see Figure 1.2).

Evaluating income sufficiency based on the Federal Poverty Level (FPL) revealed some additional financial vulnerabilities among households without housing debt (Figure 6). Many of these HECM counseling households may have just been “getting by,” with incomes 150 percent of FPL or lower (26.6 percent). This compares to 19.2 percent of households ages 62 and older in the general population without housing debt.

These findings highlight some of the different cash flow challenges among HECM counseling households. The financial situation of households who owned their home free and clear was somewhat different (Figure 6). Fewer HECM counseling households with no housing debt were economically insecure (34.1 percent). They were also less likely to be facing budget shortfalls than homeowner households with no housing debt in the general population (43.2 percent).

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These findings highlight some of the different cash flow challenges among HECM counseling households. Those

![FIGURE 5](image-url)
with housing debt tended to have higher incomes, so economic insecurity in this group may have stemmed more from the burden of an existing mortgage or other housing debt payments. In contrast, those who had paid off their mortgage could have been struggling to make ends meet each month.

Only a small proportion of economically insecure households believed that they would need to rely on funds from their HECM loan to sustain their monthly cash flow:

- About 11 percent indicated that they would have difficulty, or expected to have difficulty in the future, paying for everyday expenses (such as food, utilities or transportation) without extra cash from a HECM (Figure 7).
- About 7 percent indicated that without a HECM, they would face difficulties paying for other cash needs at the time of counseling or in the future.

In addition, 2.5 percent of households who still had a mortgage or other housing debt indicated that they would need to rely on their HECM to pay for health-related expenses, medications, or home care. Households who owned their homes free and clear were somewhat more likely to rely on this loan to cover these expenses (4.7 percent).

In total, 19.6 percent of economically insecure HECM counseling households intended to rely on home equity to resolve one or more of these pressing financial difficulties. Due to the pressure of their cash flow needs, they may have been considering a HECM as a last resort. In contrast, only 8.2 percent of households who were not economically insecure believed that they would have difficulty paying for these expenses without extra cash from a HECM.

### Financial Uncertainties of Aging-in-Place

There are many life events that could prompt an older homeowner to consider using home equity. Spikes and dips in cash flow can also place an additional strain on the household budget and make it necessary to tap into housing wealth in order to stay at home. This section considers 18...
potential challenges for aging-in-place which could reduce income or increase expenses in later life.

Some homeowners considering a HECM were facing one or more immediate risks at the time of counseling. Almost half (46.7 percent) of households without housing debt were living alone in 2017, as were 40.0 percent of those with existing housing debt (Figure 8). This is higher than among homeowner households in the general population, where 23.5 percent of those with housing debt were living alone, as were 35.1 percent of homeowners without housing debt.

Health problems and long-term care needs can be another significant source of immediate financial stress. In total, 9.1 percent of HECM counseling households had difficulty with daily tasks, such as bathing or dressing, household chores including yard work or simple home repairs, reading mail, or hearing conversations. In addition, 7.0 percent relied on family, friends, or a paid caregiver for help at the time of counseling.

A life-changing event can also destabilize cash flow. Relatively few households had experienced such a transition shortly before attending a HECM counseling session. In total, 3.0 percent of households considering a HECM were widowed in the previous year, and 1.0 percent had gone through a divorce (Figure 9). These households may have been facing new financial challenges with the loss of spousal income.

Among households with existing housing debt, 17.0 percent indicated that they were in fair health, as did 18.5 percent of those owning their homes free and clear. They could face additional expenses as their health declines. In addition, about 6.0 percent in total indicated to their counselor that a

### Figure 8
Immediate Risk Factors Among HECM Counseling Households, by Housing Debt Status, 2017

<table>
<thead>
<tr>
<th></th>
<th>Housing Debt</th>
<th>No Housing Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor Health</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Difficulty with Tasks</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Rely on Help</td>
<td>5%</td>
<td>20%</td>
</tr>
<tr>
<td>Live Alone</td>
<td>30%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset.

### Figure 9
Transition Vulnerabilities Among HECM Counseling Households, by Housing Debt Status, 2017

<table>
<thead>
<tr>
<th></th>
<th>Housing Debt</th>
<th>No Housing Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Widowed</td>
<td>5%</td>
<td>25%</td>
</tr>
<tr>
<td>Divorced</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Stay in a Nursing Home</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Fall</td>
<td>15%</td>
<td>10%</td>
</tr>
<tr>
<td>Fair Health</td>
<td>25%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset.
householder had fallen within the previous six months.

One in ten (10.4) of HECM counseling households reported that they had stayed in a nursing home during the previous year. Nursing home stays were much more prevalent among those considering a HECM compared to older homeowner households in the general population (5.6 percent), which was also measured over a two-year period. Nursing homes increasingly provide short-term rehabilitation after a major surgery, illness, or for conditions like a stroke (which may be covered by Medicare), as well as long-term care.

Relatively few HECM counseling households were facing longer-term financial vulnerabilities, which could make it difficult to stay at home over time. Only 6.7 percent indicated that they could not rely on unpaid help from relatives, friends, or others should they have problems in the future (Figure 10). These homeowners could face additional out-of-pocket expenses should they need more assistance to stay at home.

One in five households (18.7 percent) owned a home with stairs or other barriers that could make it difficult to live at home without costly renovations. In addition, 38.4 percent of HECM counseling households had lived in their home for more than 25 years, and could thus face substantial costs to maintain their aging house. However, this financial risk was much lower than among homeowner households ages 62 and older in the general population, where 88.8 percent had been in the same home for such a long time.

About one in ten households (9.6 percent) considering a HECM were receiving benefits from public programs such as Supplemental Security Income (SSI), Medicaid, or Veterans Affairs at the time they participated in a counseling session. This includes 9.1 percent of homeowners with existing housing debt, and 10.4 percent of those without housing debt. Relying on public assistance over the long term can be risky, since the future of many government programs is uncertain due to rapidly rising government expenditures and an aging population.
A widow or widower may have the right to part of their spouse’s pension, which can help to maintain the cash flow of the surviving homeowner. About a third of married/partnered households (32.6 percent) considering a HECM in 2017 indicated that they had a pension (Figure 11). This rate of coverage was about the same as in the general married/partnered homeowner population (33.2 percent). However, 20.9 percent of HECM counseling households with a pension were aware that their pension did not include survivor benefits.

At the time of HECM counseling, 5.4 percent of households without housing debt reported that they did not have homeowners insurance. In addition, 7.2 percent of these households had been late in making at least one property tax or homeowners insurance payment in the previous two years, as did 4.4 percent of those with existing housing debt. To avoid foreclosure, HECM borrowers must stay current with these obligations.

For married/partnered households, keeping up with these expenses could be a challenge if one of the homeowners dies and the income of the surviving spouse/partner is diminished. Among households considering a HECM, 66.1 percent had life insurance, which could help mitigate this potential risk. The prevalence of this coverage was somewhat higher among HECM households than in the older homeowner population in 2014 (60.5 percent).

**Magnitude of Vulnerability and Resiliency**

Since older homeowners often face a bundle of problems, the number of immediate, transition, and longer-term risks described above were tallied for each household. This vulnerability score helps to assess the magnitude of their potential cash flow vulnerability. In 2017, 56.2 percent of households considering a HECM had two to three sources of financial vulnerability that could raise their susceptibility to a cash flow crunch (Figure 12). In contrast, homeowner households ages 62 and older in the general population typically faced three to five of these vulnerabilities (57.3 percent).\(^{14}\)

Very few households considering a HECM had seven or more sources of financial vulnerability which might affect their ability to keep up with the cost of living (1.2 percent). In contrast, 19.6 percent of homeowner households ages 62 and older in the general population were dealing with such a high level of potential stress in their personal and financial lives.

**FIGURE 12** · **Total Sources of Financial Vulnerability Per Household**

In the face of these financial vulnerabilities, it is important to assess the ability of HECM counseling households to cope with problems that could disrupt their cash flow. Here we consider five basic sources of household resilience, including: 1) economically secure, 2) no housing debt or loan-to-value ratio of 10 percent or less, 3) house did not have stairs or other barriers, 4) all homeowners were in good health, and 5) homeowners had access to unpaid help to deal with problems or emergencies. The number of these sources of resilience was tallied for each HECM counseling household to determine their resilience score.

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\(^{14}\) Some variation between these two tallies may reflect differences in the variables used to assess financial vulnerability in the Health and Retirement Study versus the Aging-in-Place dataset. See Appendix for details.
The results of this tally indicate that the level of resilience varied among households considering a HECM. A high proportion of those with existing housing debt (41.8 percent) typically had three sources of resilience (Figure 13). Since housing debt reduces financial resilience, only 2.6 percent of these households had a resilience score of five. These households met the criteria of having a loan-to-value ratio of 10 percent or less. In contrast, 43.0 percent of HECM counseling households without housing debt had a score of five out of a possible five sources of resilience. These households may have had a substantial capacity to cope with future adversity.

Households considering a HECM in 2017 typically had three to four sources of resilience (67.4 percent) overall. This was similar to the resiliency observed among older homeowners in the general population (71.0 percent). These findings suggest that while HECM counseling households tended to be more economically insecure than older households in the general population, many had sources of resilience that could help them sustain homeownership.

### Planning Strategies

Advertisements for reverse mortgages often highlight the benefits of using a HECM to enhance retirement lifestyles. In reality, most homeowners who considered this loan in 2017 were facing immediate financial needs. Most (86.6 percent) were interested in lowering existing debt or alleviating income shortfalls. Here we examine different types of cash flow risks to assess how these challenges might have influenced the motivation and problem-solving strategies of homeowners who considered tapping into home equity.

#### Cash Flow Risk Groups

The largest risk group (63.7 percent) consists of households who had existing housing debt at the time of HECM counseling (Figure 14). Homeowners in the Housing Debt Risk Group have been described in the previous sections. They were likely to be dealing with a substantial fixed monthly expense which could have limited their financial flexibility.

Close to one in four (22.9 percent) HECM counseling households had no existing housing debt, but were concerned about other cash flow issues:

- **Other Debt Risk Group (7.4 percent)** – All households in this group had non-housing debt (credit card, etc.). In addition, they all told their counselor that reducing or eliminating debt was a reason that they were considering a HECM.

- **Income Risk Group (11.9 percent)** – All households in this group were either considering a HECM to

![FIGURE 13 - Level of Resilience Among HECM Counseling Households, by Housing Debt Status](source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset.)

![FIGURE 14 - Cash Flow Risk Groups Among HECM Counseling Households 2017](source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset.)
increase monthly income to pay for daily expenses, or they reported having immediate or expected cash shortfalls. None of the homeowners in this group reported any debt.

- **Other Risk Group (3.6 percent)** – Other mix of debt and income concerns (3.6 percent).

A small proportion (13.4 percent) of HECM counseling households did not appear to be facing any immediate cash flow challenges. They had no existing housing debt. They did not report any non-housing debt nor any immediate or expected future cash shortfalls. Increasing income for daily expenses was not given as a reason for taking out a HECM. These households were further divided into two groups:

- **Economic Insecurity Risk Group (3.8 percent)** – Even though they did not face any apparent cash flow challenges, households in this group were likely to be economically insecure, as measured by the Elder Index.

- **No Economic Insecurity Risk Group (9.7 percent)** – These households were not economically insecure and were not facing any other cash flow challenges.

Households in the five main cash flow risk groups (excluding Other Risk Group) were examined to assess the potential sources of financial vulnerability and retirement goals that may have motivated them to consider a HECM. This inquiry also provides insights into the ways that these different households intended to use home equity to solve immediate and longer-term financial concerns.

To evaluate differences among the five Cash Flow Risk Groups, the sources of financial vulnerability discussed above were categorized into six summary vulnerability factors:

- **Financial**: economically insecure and/or receiving public benefits.

- **Homeowner expenses**: did not have homeowners insurance and/or were late paying property taxes or insurance in the past two years.

- **Daily living limitations**: had one or more of the following – poor health; difficulty with bathing or dressing; difficulty with household chores or yard work; needed to rely on others (which could include a paid caregiver) for help.

- **Recent life transition**: experienced one or more of the following: widowed or divorced in the past year; nursing home stay in the past year; fall in the past six months.

- **Access to help**: lived alone and/or did not have family, friends, or others nearby to provide help if needed.

- **House livability**: lived in the home more than 25 years and/or the house had stairs or other barriers.

The top three sources of financial vulnerability among all HECM counseling households were financial risk (46.8 percent), house livability (48.9 percent), and access to help in times of need (46.3 percent). A substantial proportion (17.8 percent) of these households had experienced a recent life transition (Table 3). Fewer were facing limitations with daily living (12.0 percent) or had difficulty keeping up with homeowner expenses (6.7 percent) overall.

### TABLE 3  Variations in Summary Vulnerability Factors by Cash Flow Risk Group, 2017

<table>
<thead>
<tr>
<th>Summary Vulnerability Factor</th>
<th>No Housing Debt</th>
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<th>Cash Flow Concerns</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Other Debt</td>
<td>Economic insecurity</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Income</td>
<td>No economic insecurity</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>52.3%</td>
<td>36.8%</td>
<td>45.5%</td>
<td>100.0%</td>
<td>46.8%</td>
</tr>
<tr>
<td>Homeowner expenses</td>
<td>4.4%</td>
<td>15.5%</td>
<td>9.9%</td>
<td>13.1%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Daily living limitations</td>
<td>10.5%</td>
<td>13.9%</td>
<td>16.1%</td>
<td>21.7%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Recent life transition</td>
<td>17.4%</td>
<td>18.8%</td>
<td>17.4%</td>
<td>20.9%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Access to help</td>
<td>44.1%</td>
<td>47.1%</td>
<td>54.0%</td>
<td>56.7%</td>
<td>46.3%</td>
</tr>
<tr>
<td>House livability</td>
<td>48.7%</td>
<td>51.1%</td>
<td>51.9%</td>
<td>54.1%</td>
<td>48.9%</td>
</tr>
</tbody>
</table>

Source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset.
Households in each Cash Flow Risk Group had different vulnerabilities that could affect their immediate or longer-term financial stability:

- **Housing Debt Risk Group**: more than half (52.3 percent) of these homeowners were financially vulnerable because they were economically insecure and/or relying on public benefits.

- **Other Debt Risk Group**: these homeowners were most likely to have had difficulty keeping up with homeowner expenses (15.5 percent).

- **Income Risk Group**: over half of these households had difficulty accessing unpaid help (54.0 percent).

- **Economic Insecurity Risk Group**: these households faced the most financial vulnerabilities including those relating to immediate health issues (21.7 percent), difficulty getting unpaid help (56.7 percent), home livability issues (54.1 percent) and keeping up with homeowner expenses (13.1 percent).

- **No Economic Insecurity Risk Group**: a small proportion of these homeowners reported that they were receiving public benefits at the time of counseling (3.3 percent).

Demographic differences among homeowners may have accounted for some of these variations. Households in the Economic Insecurity Risk Group (30.6 percent) were most likely to report being in fair to poor health (Table 4).

Over half (53.1 percent) of this group lived alone, as did 50.8 percent of households in the Income Risk Group. Both groups also had the highest concentration of homeowners ages 80 and older. These two cash-constrained groups represented 15.7 percent of all households who considered a HECM in 2017.

In contrast, households in the Other Debt Risk Group were most likely to be Baby Boomers under age 70 (41.6 percent). Those in the No Economic Insecurity Risk Group were least likely of any group to report being in fair to poor health (15.9 percent).

### Reasons for Considering a HECM Among Cash Flow Risk Groups

During their counseling session, homeowners were read a list of 10 possible reasons for considering a HECM. They were then asked to choose all the reasons that motivated

<table>
<thead>
<tr>
<th>Demographic Attribute</th>
<th>Housing Debt</th>
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<tbody>
<tr>
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<td>Cash Flow Concerns</td>
<td>No Cash Flow Concerns</td>
</tr>
<tr>
<td></td>
<td>Other Debt</td>
<td>Income</td>
</tr>
<tr>
<td>Age group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 70</td>
<td>34.9%</td>
<td>41.6%</td>
</tr>
<tr>
<td>70-79</td>
<td>46.2%</td>
<td>41.0%</td>
</tr>
<tr>
<td>80+</td>
<td>18.9%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Living arrangement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married/partner</td>
<td>46.8%</td>
<td>41.8%</td>
</tr>
<tr>
<td>Unmarried/not alone</td>
<td>13.1%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Unmarried/alone</td>
<td>40.0%</td>
<td>43.8%</td>
</tr>
<tr>
<td>Health status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Good</td>
<td>80.7%</td>
<td>78.0%</td>
</tr>
<tr>
<td>Fair</td>
<td>17.0%</td>
<td>19.7%</td>
</tr>
<tr>
<td>Poor</td>
<td>2.3%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

Source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset.

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15 This analysis included only nine reasons (those interested in refinancing an existing HECM were excluded).
their decision to take out this loan. In response, most households in the Housing Debt Risk Group (88.2 percent) were interested in reducing debt (Table 5). In addition, 29.6 percent wanted more cash to pay for everyday expenses and 28.7 percent wanted to improve their quality of life. These households were less interested in using home equity to for financial planning than most other groups, or to make home improvements. As such, it appears that many in the Housing Debt Risk Group were primarily focused on improving immediate cash flow.

Those with no existing housing debt, but with other cash flow concerns, had more varied reasons for considering a reverse mortgage:

- Households in the Other Debt Risk Group had both immediate and long-term goals. In addition to reducing debt, many in this group expressed interest in paying for basic monthly expenses (30.4 percent), or for major future expenses (29.8 percent).
- For almost half (42.6 percent) of households in the Income Risk Group, an important reason to consider a HECM was to increase their quality of life and support the standard of living they wanted. About one in three of these households were concerned about planning for emergencies (32.7 percent).

Households who did not appear to have cash flow concerns also had distinct reasons for considering a HECM. Those in the Economic Insecurity Risk Group were most likely to want to use their loan to pay for health expenses (15.0 percent). Planning was another objective for this group, especially to increase their financial cushion for emergencies (25.3 percent).

Households in the No Economic Insecurity Risk Group were most interested in using a HECM for emergencies (35.7 percent). This group was also most likely to consider using the HECM for Purchase option, to sell their existing home and buy another (11.8 percent). They represented 23.7 percent of all households considering a HECM for Purchase in 2017. Twenty percent in this group, as well as 20.6 percent in the Economic Insecurity Risk Group intended...
to use loan funds to reduce debt. These households did not mention that they had any debt to their HECM counselor. Instead, they may have been worried about future debt.

Increasing home livability or value was a significant source of motivation for some of these households. Over one-third (36.0 percent) in the Other Debt Risk Group were interested in making home repairs or renovations, as were 37.7 percent those in the Economic Insecurity Risk Group. In addition, among all households who indicated that their home would need work in the following 12 months, 66.5 percent intended to use HECM funds for this purpose.

Compared to other reasons, few HECM counseling households were motivated by a desire to deploy their housing wealth. Only 4.8 percent of all these homeowners expressed interest in a HECM for Purchase and less than 1 percent wanted to use this loan for investing, or purchasing long-term care insurance or an annuity.16

Overall, 46.5 percent of all households considering a HECM gave just one reason for wanting this loan and 26.2 percent had three or more reasons. There were variations in the total number of reasons given by households in the different Cash Flow Risk Groups (Figure 15):

- About half (46 percent) of households in the Housing Debt Risk Group gave only one reason for considering a HECM. These homeowners must first pay off any existing liens with HECM proceeds, which may leave little extra cash for other financial goals.

- Over two-thirds (68 percent) of those in both the Economic Insecurity Risk Group and the No Economic Insecurity Risk Group also gave only one reason for considering a HECM during their counseling session.

- 41 percent of households in the Other Debt Risk Group gave three or more reasons why they needed to tap into home equity, as did 32 percent in the Income Risk Group.

These findings further illustrate how different cash flow concerns may influence the ways in which homeowners intend to solve financial challenges with a HECM. They also highlight the fact that many of these households were dealing with a bundle of problems, and could face tough choices in how to allocate their home equity to meet their diverse financial goals.

### Destabilizing Financial Shock

As part of the underwriting process, lenders must assess the ability of potential HECM borrowers to pay ongoing household expenses and mandatory homeowner obligations such as property taxes and insurance. However, older homeowners may also be at risk of foreclosure should their cash flow situation change abruptly. HECM borrowers could face additional hardship due to circumstances that can trigger a rapid increase in expenses or loss of income (destabilizing financial shock).

This section examines HECM counseling households who were at higher risk for a financial shock, or may have already

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16 Homeowners are generally discouraged from using a HECM to purchase financial products or for investment. See: FINRA (2014). *Reverse Mortgages: Avoiding a Reversal of Fortune Investor Alert.* Washington DC: FINRA.
experienced a significant change to their cash flow due to:

- **Immediate health-related issues that can drain income:** This group includes homeowners with one or more of the following issues: poor health; difficulty with bathing or dressing; difficulty with household chores or yard work; needed to rely on family, friends or a paid caregiver for help. In 41.8 percent of these households, the oldest homeowner was age 80 and older.

- **Life events that can increase instability in income or expenses:** This group includes households who experienced one or more of the following challenges: widowed or divorce in the past year; had a fall in the past 6 months; had a nursing home stay in the past year; or their home would need repairs within 12 months.

The analysis also included households who may have been fully dependent on Social Security as source of income in 2017. These financially fragile homeowners could be especially susceptible to a cash flow shortfall without an additional financial cushion to protect against shocks to their budget.

**Potential for a Destabilizing Financial Shock**

The potential for a destabilizing financial shock was prevalent among households considering a HECM. About one in ten (11.3 percent) of potential borrowers told their counselor that they were dealing with one or more immediate health issue (Figure 16). Over one quarter (27.6 percent) were coping with significant recent instability in their lives or housing situation. In addition, 25.9 percent may have been fully dependent on Social Security.

In total, about one half (49.1 percent) of all households who were considering a HECM fell into one or more of these categories in 2017. Mitigating a current or potential future financial shock may therefore have been an important motivation to tap into home equity.

Households who were more vulnerable to a destabilizing financial shock, based on criteria outlined above, could have been facing many different financial troubles. The prevalence of these challenges varied among the five different Cash Flow Risk Groups (Figure 17):

- **Housing Debt Risk Group:** About one in four HECM counseling households with housing debt may also have been fully dependent on Social Security (23 percent) and/or dealing with instability in their lives (26 percent). They were least likely to have been coping with immediate health problems or limitations with everyday activities.

- **Other Debt Risk Group:** Over one-third (36 percent) of these households faced some recent instability. About 29 percent may have been fully dependent on Social Security.

- **Income Risk Group:** About 38 percent of households in this group may have been fully dependent on Social Security for income. This may have accounted for their interest in supplementing their income with funds from a HECM.

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17 During Aging-in-Place section of HECM counseling (FIT questionnaire), households are only asked about their total income and income from Social Security. Those whose total income equaled income from Social Security were included in this group. It excluded those with a pension (among married households; no pension data on unmarried households). HECM Counselors ask more questions about other sources of retirement income when reviewing the household budget. However, these responses are not recorded in the NCOA FIT database.
Economic Insecurity Risk Group: A high proportion of households in this group could be at risk for a destabilizing financial shock. About 60 percent may have been fully dependent on Social Security, and 36 percent had recently experienced instability in their lives due to a life transition or imminent housing repair.

No Economic Insecurity Risk Group: Households in this group were less likely to face challenges that could result in a destabilizing financial shock. About 27 percent had recently experienced some instability in their lives. These households were least likely to have been fully dependent on Social Security for income (15 percent).

Economic insecurity can also exacerbate the risk for a destabilizing financial shock. Among all households who were vulnerable to a destabilizing financial shock in 2017, 60.1 percent were also economically insecure, as measured by the Elder Index. This included a very high proportion (79.7 percent) of homeowners who depended fully on Social Security for income. About half (48.9 percent) of households in the Social Security Dependent group were also poor or near poor, with incomes below 150 percent of FPL. Maintaining steady cash flow could have been a big concern for these financially fragile homeowners.

Declining health and functional ability are often a significant source of financial stress. This could have been reflected in the fact that 58.7 percent of HECM counseling households in the Immediate Health Issues group were economically insecure in 2017 (Figure 18). About half (49.9 percent) of households in the Instability group were also economically insecure. Widows and divorcees often experience a major decline in their income due to the loss of some or all of their spouse’s/partner’s pension and income from Social Security.

Many HECM counseling households in 2017 who were vulnerable to a destabilizing financial shock, and also economically insecure, were in “the gap” where they might have difficulty qualifying for public benefits (incomes between 150 percent to 300 percent of FPL). This group included 29.4 percent of households in the Immediate Health Issues group, 25.7 percent of those in the Recent Instability group, along with 30.8 percent of those in the Social Security Dependent group.

Mitigating Risks for a Financial Shock

HECM counseling households who were vulnerable to a destabilizing financial shock had sources of resilience that
could help them to bounce back from problems. In 2017, 57.7 percent of those in the Immediate Health Issues group had three or four sources of resilience, as did about two-thirds in the Recent Instability and Social Security Dependent groups. This level of resilience was comparable to HECM counseling households overall.

Households in the Immediate Health Issues group appeared to be the most vulnerable. About one third of these homeowners (32.9 percent) had two or fewer source of resilience that would make it easier for them to cope with a cash flow shortfall (Figure 19). Less than 10 percent of these households, or those in the Social Security Dependent group, had five sources of strength, versus 15.0 percent of households in the Recent Instability group.

To address potential financial challenges, over one-third of households in the Immediate Health Issues group (37.0 percent) and Recent Instability group (34.3 percent) planned to use their HECM to increase monthly income (Figure 20). This was also a reason why 40.2 percent of households in the Social Security Dependent group considered this loan. Over 60 percent of households in all three groups were interested in alleviating debt with a HECM.

The main difference among these groups was that a sizable proportion of households in the Immediate Health Issues group (23.5 percent) planned to use their reverse mortgage to pay for ongoing health-related expenses. These findings suggest that declining health could have been a strong motivation to tap into home equity for a small segment of potential borrowers, who were also likely to be ages 80 and older. Almost half (48.7 percent) of all HECM counseling households who intended to use this loan for health expenses were in the Immediate Health Issues group. However, despite the financial risk of health and long-term care costs in later life, few potential HECM borrowers in 2017 overall were considering this
loan to pay for out-of-pocket health and disability-related expenses (5.4 percent).

Using home equity as an emergency fund offers older homeowners more financial flexibility to respond to unexpected expenses (Figure 21). Among all HECM counseling households who were at risk for one or more of these destabilizing financial shocks, 44.8 percent planned to use this loan for emergencies, or to pay for major future expenses. This motivation was less prevalent among households who were not among these three groups (36.1 percent).

Looking only at homeowners who may already have been dealing with a destabilizing financial shock, due to health issues or recent instability, offers further insights into the ways home equity could mitigate cash flow challenges. Among these two groups:

- 29.9 percent were considering a HECM to plan for major future expenses. This was more than twice as high as among households who were not coping with these two immediate life challenges (13.6 percent).
- 6.7 percent wanted to use a HECM to prepare for expenses that they expect to incur within 12 months, versus 3.9 percent of households not dealing with these issues.

These findings highlight how some homeowners considering a HECM had shorter-term planning horizons, and were preparing for imminent financial needs. Those who were dealing with health issues or recent instability were as likely to want to use this loan to plan for future emergencies (27.4 percent) as other households considering a HECM (28.9 percent).

**Implications for Easing Cash Flow Challenges**

In today’s shifting financial world, it is important to strengthen the problem-solving ability of older homeowners. The economic impact of the COVID-19 pandemic further highlights the importance of finding new ways to sustain retirement income in times of uncertainty. By increasing the liquidity of the largest asset of many Americans, a HECM can address a variety of financial needs. These range from immediate budget shortfalls to longer-term planning. Using a cash flow perspective helps to identify the many underlying sources of financial stress that could heighten interest in a HECM. The findings also highlight the need for additional support and strategies to help older homeowners across the economic spectrum navigate the orderly drawdown of this asset in later life.

The high proportion of financially insecure homeowners among HECM counseling households suggests that this loan is an important safety net. About half of all HECM counseling households were financially insecure in 2017. This finding suggests that these vulnerable homeowners may value a HECM as a way to ease cash flow challenges. Although they are not poor, many older households with limited cash reserves face chronic financial stress. They are also likely to face multiple financial vulnerabilities for aging-in-place. Many will lack the resources they need to mitigate all these risks. Additional consumer financial education could help them decide how best to draw down their limited housing wealth over time.

HECMs may also be an attractive way for older homeowners in debt to increase their financial flexibility. This group was more likely to be economically insecure than those without housing debt. Liquidating housing wealth is a better option for dealing with unexpected expenses than pinching pennies. A survey of aging network professionals found that 23.4 percent of them regularly encountered seniors in debt who skipped needed home or vehicle repairs, and 14.5 percent who missed rent or mortgage payments.18

Increasing cash flow can reduce the fragility of living situations, so that extra expenses do not overwhelm the capacity to sustain homeownership. Tapping into housing wealth can also have long-term consequences. Given the upfront costs of a HECM, households with modest resources need to be confident that they can continue to age-in-place and benefit from this loan for many years. They may need help to consider their options for liquidating this asset.

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Shorter-term planning may be an important goal for many HECM counseling households. Many homeowners with constrained budgets rely on "pay-as-you-go" financing, where cash flow is critical. Keeping small issues from becoming bigger problems could thus be an important driver of the decision to tap into home equity. Nearly half of HECM counseling households may have considered this loan as a way to mitigate the possibility of a financial shock. Those who were just getting by on their Social Security check also have limited financial flexibility to deal with unexpected expenses. In times of trouble, homeowners may rack up additional credit card debt that they struggle to repay. Researchers at the University of Michigan found that nearly 30 percent of HECM borrowers experienced a credit shock (defined as a drop in credit score of 25 points or more) within the two years prior to taking out this loan. They also found that HECM borrowers also tend to pay off more of their credit card debt than those with a HELOC or home equity loan.

More than one in four homeowners in the Economic Insecurity Risk Group and in the Other Debt Risk Group intended to use this loan in the shorter term, to pay for major future expenses. About 45 percent of households facing a financial shock also wanted to pay for unanticipated expenses or emergencies. In contrast, only 8.8 percent of HECM counseling households may have been considering this loan as a last resort. These homeowners were both economically insecure and indicated that they would have difficulty paying for everyday expenses, health-related costs, or other expenses without a HECM.

These findings suggest that there may be opportunities to bolster the use of home equity for shorter-term planning, especially for the middle market. For example, a lower-cost, small-dollar HECM could help older homeowners respond proactively, before they face a cash flow crunch. Given the magnitude of financial need among older homeowners, many could also benefit from leveraging limited housing wealth with services and supports for aging-in-place. These could include new benefits, such as home modifications, available to Medicare Advantage plan participants under the CHRONIC Care Act of 2018. In addition, it will be important to evaluate how many older homeowners versus renters use community services. The income needed to cover homeowner expense, especially property taxes and insurance, often makes it more difficult for them to qualify for means-tested public benefit programs.

Households considering a HECM have numerous sources of resilience. The ability to respond to a financial setback is enhanced by have a diversity of resources. Based on resiliency measures used in this study, it appears that most HECM counseling households had numerous sources of resilience that can help them cope with changing circumstances. This includes homeowners at risk for financial shock. In addition, 79.3 percent of all HECM counseling households had three or fewer sources of financial vulnerability for aging-in-place, versus 29.1 percent of older homeowner households in the general population. This is important since a higher proportion of homeowners who considered a HECM in 2017 were economically insecure, compared to those in the general population.

Reinforcing household resilience may offer a cost-effective way to increase the financial stability of older homeowners. This could include evaluating a household’s specific internal stressors. The information could be used to craft a blueprint for aging-in-place that reflects their unique vulnerabilities over time. More proactive responses may also help borrowers reduce their risk of HECM default. These could be especially important as a borrower’s health declines over time. A NCOA study found that older homeowner households with health problems tended to have numerous financial vulnerabilities for aging-in-place. They also were likely to have few sources of resilience. Cash flow shortfalls could easily cascade into a crisis, if those in fair to poor health decide to divert funds from paying property taxes or homeowners insurance, to out-of-pocket medical expenses or for help at home.

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20 Moulton et al. (2016), op. cit.
22 Stucki et al. (2020), op. cit.
Increasing household resiliency may also offer HECM loan servicers more options to intervene earlier, and help borrowers before instituting a foreclosure action. Timely access to programs that support caregivers and improve home livability could help to mitigate diverse, and often intersecting, sources of strain on cash flow. Education and decision support can make it easier for at-risk borrowers to set priorities and avoid a cascade of troubles.

**HECM counseling households may have a limited view of the role of home equity in retirement planning.** In today’s uncertain times, it is hard for retirees to be confident of having a set amount of income for life. According to the 2019 Retirement Confidence Survey, two-thirds of retirees in the U.S. now view income stability as a bigger financial priority than maintaining wealth in later life. In response to these challenges, some financial advisors are incorporating home equity into retirement income planning.²³ They may also combine a HECM line of credit with invested retirement savings to reduce sequence of returns risk. Under this approach, homeowners take out a HECM early in retirement. They rely on returns from their investments when the financial markets are strong. They use their loan funds to either fill income shortfalls when the investment return is insufficient, or to suspend distributions from their portfolios while the markets are down.²⁴

Such innovative long-term planning offers new ways to use housing wealth to ensure a steady income in retirement. However, these strategies may not align with planning horizons of many potential borrowers in 2017. Only 27.9 percent of HECM counseling households wanted to save some of their loan for emergencies. Even fewer (19.0 percent) intended to use these funds for anticipated future expenses. Overall, increasing quality of life held more appeal for HECM counseling households (31.6 percent) than preparing for the future.

Homeowners have specific vulnerabilities for aging-in-place that could increase their interest in using a HECM to sustain retirement income. Over one-third of those considering a HECM, who owned their homes free and clear, were under the age of 70. Another group are those who are “aging solo.” Some researchers estimate that 22 percent of all Americans age 65 and older live alone with little support.²⁵ HECM counseling households were more likely to be living alone than older homeowner households in the general population.

Households in the No Economic Insecurity Risk Group may also be receptive to more comprehensive retirement planning strategies. This relatively small group (9.6 percent of all HECM counseling households) did not have any debt or other apparent cash flow concerns. Most gave only one reason for considering a HECM. Over one-third wanted to save this loan for emergencies. Learning more about these older homeowners could provide new insights into how to expand the vision for HECMs as a tool for retirement income planning.

Appendix 1: Sources of Financial Vulnerability

The charts below list the 18 variables that were used to assess household financial vulnerability, based on the 2017 HECM Counseling FIT questionnaire and 2014 wave of the Health and Retirement Study (HRS). Table 1a describes variables for potential sources of vulnerability relating to household finances and homeownership. Table 1b lists variables reflecting aging-in-place vulnerabilities that could also reduce household income or increase expenses.

To allow for comparison between HECM counseling households and homeowner households in the general population, variables were selected from the HRS that best matched those from the FIT questionnaire (“yellow flag” variables). In two instances there was not a comparable match with HRS data, so alternative FIT variables were selected (marked with an asterisk). The Aging-in-Place dataset used in this study consists of 16 original FIT variables plus the two alternate variables. As such, the total tally of vulnerabilities presented for HECM counseling households in this report does not correspond to the FIT Score that is shared with counselors and their clients as part of the HECM counseling session.

In addition, the total tally which measures the magnitude of household financial risk includes only 17 variables for both homeowner households in the general population, and HECM counseling households. One variable (having had a fall) was excluded from these tallies because the definition of what constitutes a “fall” was not specified in the FIT questionnaire, and the timeframe of the HRS and FIT fall variables differed significantly.
<table>
<thead>
<tr>
<th>Source of Vulnerability</th>
<th>2017 HECM Counseling FIT Flag Question</th>
<th>2014 Health and Retirement Study Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial*</td>
<td>Is participant’s household income less than the Elder Index state average [YES]</td>
<td>Is participant’s household income less than the Elder Index regional average [YES]</td>
</tr>
<tr>
<td>Financial</td>
<td>Are any of the homeowners getting benefits from Supplementary Security Income (SSI), Medicaid, Veterans Affairs, or other public programs? [YES]</td>
<td>“RAND Variables for SSI, Medicaid, Veterans benefits, and other public assistance programs. RwGOVMD. RwDSTAT. RwIGXFR [YES TO ANY FORM OF ASSISTANCE]”</td>
</tr>
<tr>
<td>Spouse Funds</td>
<td>Has pension, spouse not covered selected as response to ‘if one spouse passes away, is the other spouse covered under their pension?’ [NO]</td>
<td>CONTINUE AS LONG AS R LIVES (Q260=5) and R SAID HOW MANY YEARS IT WILL CONTINUE (Q261 {NOT 8 and NOT 9}. OTHERWISE: If [he/she]</td>
</tr>
<tr>
<td>Spouse Funds</td>
<td>No pension selected as response to ‘if one spouse passes away, is the other spouse covered under their pension?’ [NO]</td>
<td>Marital status; Q215: Not including Social Security, are you [or your] [husband/wife/partner] currently receiving any other income from retirement pensions? [NO PENSION PAYMENTS]</td>
</tr>
<tr>
<td>Spouse Funds</td>
<td>No selected as response to ‘Do you have life insurance to support the surviving spouse’? [NO]</td>
<td>Marital status; T011 – R have any life insurance [NO]</td>
</tr>
<tr>
<td>House costs</td>
<td>Do you have homeowners insurance? [NO]</td>
<td>H031 Do your mortgage payments include property taxes or insurance? [NO]</td>
</tr>
<tr>
<td>House costs</td>
<td>In the last two years, have you ever been late in making a property tax or homeowners insurance payment? [YES]</td>
<td>HW353 Have you fallen more than 2 months behind on mortgage payments in the past 2 years? H031 Do the payments include property taxes or insurance? [YES TO BOTH]</td>
</tr>
<tr>
<td>House Livability*</td>
<td>How long have you lived in your home? [MORE THAN 25 YEARS]</td>
<td>H070: In what year did you acquire your home? Aquired home more than 25 years ago [Earlier than 1989]</td>
</tr>
<tr>
<td>House Livability</td>
<td>Does the house have stairs, a steep pathway or other barriers that could make it hard to stay at home over time? [YES] TO ANY OPTION</td>
<td>H135: How many stories in your home? [YES] selected for more than one story.</td>
</tr>
</tbody>
</table>

Source: Author analysis based on the 2017 HECM Counseling Aging-in-Place dataset, and the Gerontology Institute at University of Massachusetts Boston analysis based on the 2014 Health and Retirement Study.
<table>
<thead>
<tr>
<th>Source of Vulnerability</th>
<th>2017 HECM Counseling FIT Flag Question</th>
<th>2014 Health and Retirement Study Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>How would you rate your current health? [POOR]</td>
<td>C001 – Rate Health [POOR]</td>
</tr>
<tr>
<td>Health</td>
<td>Do any of the homeowners have any difficulty doing everyday activities such as: 1) bathing/dressing; 2) reading mail/hearing conversations; 3) household chores/yard work/simple home repairs [YES TO ANY OPTION]</td>
<td>POSITIVE RESPONSE TO ANY OF THESE QUESTIONS G014 – Difficulty – Dressing [YES] G021 – Difficulty – Bathing [YES] G041 – IADL Meal Preparation Difficulty [YES] G044 – IADL Grocery Shopping Difficulty [YES] C106 – Does the pain make it difficult for you to do your usual activities such as household chores or work? [YES] C097 – How good is your eyesight for seeing things up close, like reading ordinary newspaper print, using glasses or corrective lenses as usual? (Is it excellent, very good, good, fair, or poor?) [FAIR/POOR] C103 – Is your hearing excellent, very good, good, fair, or poor (using a hearing aid as usual)? [FAIR/POOR]</td>
</tr>
<tr>
<td>Help</td>
<td>Do you have family, friends, or other people nearby that you can rely on for help with a problem or emergency? [NO]</td>
<td>E012 – Children live within 10 miles G097 – Relatives/friends help w/future needs NO TO BOTH</td>
</tr>
<tr>
<td>Transition</td>
<td>Widowed → [YES] selected as response to “Were you widowed in the past 12 months?”</td>
<td>B058 – Divorce/widow since previous wave [CALCULATED FOR PAST 12 MONTHS] B059 – Between wave divorce/widow-month B060 – Between wave divorce/widow-year MARST – YYYY Marital Status (Tracker File)</td>
</tr>
<tr>
<td>Transition</td>
<td>Nursing home in the past 6 months due to an accident or illness? [YES]</td>
<td>Stayed overnight In nursing home in the past 2 years? [YES] N114 – Ever Patient Overnight in Nursing Home (in the last two years)</td>
</tr>
<tr>
<td>Transition</td>
<td>Have any homeowners had a fall in the past 6 months? [YES]</td>
<td>C079 – Fallen in past two years [YES]</td>
</tr>
</tbody>
</table>
About NCOA
The National Council on Aging (NCOA) is the national voice for every person’s right to age well. NCOA empowers individuals with trusted solutions to improve their own health and economic security—and protects and strengthens federal programs that people depend on as they age. Working with a nationwide network of partners, NCOA’s goal is to improve the lives of 40 million older adults by 2030. Learn more at ncoa.org and @NCOAging.