It was an ongoing conversation between a mom and adult daughter and me (in the middle). •Moving slowly to what I call the ?legacy awareness,? stage where we begin to explore mom?s legacy, a loving daughter?s inheritance expectations (or lack of) and possible living benefits (my carefully-chosen words for gifting valuables) for both. The dialogue flowed innocent enough, until one simple, direct question left my lips:

> *•?Carol, if mom dies what would you do with the house??*

I do these things on purpose. It got real quiet. Then. Carol: *?Well, I don?t want that!?* Mom: *•?It?s a great house; it was our house, mine and your father?s. You lived there too didn?t you like it??* Carol: *?Of course, but I have my own place, and all that ____,? I mean•stuff.?* But the word had slipped out.•The ?J? word.

Junk? That?s Not Junk. It?s My Entire Life!!

Most likely that 3,000 square-foot albatross with shingles is not a cherished heirloom in the eyes of your kids. In fact, they would prefer you deal with the house and its contents as soon as possible ? I mean while you?re alive and well enough to handle daunting tasks that come with downsizing into a more humble abode. Want to see the kids reduce to the behavior of a two-year old, flailing arms and legs tantrum style? Die and leave them to deal with your dwelling and its dusty contents. Deep attachment to a house is understandable ? plenty of wonderful moments were created within those walls; most likely you?ve accumulated plenty of items through the decades and haven?t parted with much in a very long time. **Parents are still storing *their parent?s* stuff too. There?s multi-generational hoarding going on everywhere. And I don?t see many families doing anything about this affliction.** Frankly, many retirees would rather stay put; moving is stressful. I don?t care how old you are. It?s less trouble to remain in a place that?s outgrown you and choose to live in what I call ?*the house within the house*,? which usually is reduced to two rooms and a bath. To make it worse, it feels wrong to upset contents that have settled deep into memories. It feels right to leave everything as is ? let the next generation handle it. But do they truly want to? Your kids are busy with their kids, careers, and still coping with the financial distress that comes with a mediocre economic recovery. A majority of households are dealing with too much debt, skyrocketing college costs, underemployment, and now this? Do the kids want an inheritance? Sure. Do they want the house? No. As we age, memories start to weigh a hell of a lot more than brass antiques or hardly used bedroom suites. An elderly widow was ashamed to tell me she hadn?t used her fireplace since 1987 ? the year her husband passed away in a chair in front of it. The old lounger hadn?t been utilized either except recently by Tiger her new tabby cat. In 1993, my father passed away in his home. Over two decades later, I still find myself using Google Maps to cyber-visit the location to see how it?s changed and praying nothing hadn?t. I was the kid who wanted desperately to hold on to the house. I was so afraid I?d forget or disrespect his memory if it didn?t stay in the family. It was a sacred place to me. A real-life example of how housing can get messy. Unlike other purchases, a house gets deeply imbedded in the threads of our emotions. A close friend said holding on to the death house was ?*creepy,?* and my thinking macabre. Why? **After all, h*e was my dad. I found nothing weird about the situation. In fact, wasn?t it actually normal to feel this way?*** Eventually, I did drop the idea. When my head cleared, I realized it wasn?t bricks and stucco I was after. I longed for flesh and blood (dad) back. Currently, retirees are ravaged by the Federal Reserve?s ongoing decision to transform safe money into dead money by cementing short-term interest rates at low hum. And regardless of the Fed?s plan to raise short-term interest rates, banks won?t return the favor for savers. Your money markets, savings accounts, CDs? All dead money. The result is a dismal level of income generated (after inflation/taxes many yields are negative) and little hope for a respectable income from high-quality bond investments. Those in the ?golden years? are ravaged by austerity even though they will ostensibly live more years than their parents and should be more active doing it too. Oh the joy of longevity. Since low (no) rates on money markets, certificates of deposit, savings accounts and corporate and government bonds will be around for a longer period than any of us originally anticipated, (thus the word cementing) retirees must think creatively about the utilization of additional resources available to them like the house.

Don?t Be Scared. Free The Cash!

I know this may sound taboo, but desperate times call for some *?out of the box,?* thinking ? Why not consider squeezing your greatest illiquid asset? **I?m referring to ? you know: The albatross with the bay windows. If you play your cards right, the house your kids don?t want can be a boost to retirement cash flow.** Would this be so wrong to consider if done responsibly? When consulting with pre and current retirees about income planning, I notice how reluctant they are to consider the house as a future source of cash flow. I?m always the one who initiates the idea. And the faces I get when I do! The topic is horribly taboo. Why? My job is, at the right moment, to bring up sensitive topics. Part of what I do is to place myself in less-than-desirable circumstances as a first step to awareness. Admittedly it?s an uncomfortable conversation in the beginning, however when you consider how tough *(impossible)* it is to earn interest on conservative investments and how challenging it is to save for retirement, strategically utilizing home equity may be the only choice available for those looking to eke out some sort of comfortable existence in retirement. Those close to retirement are afraid of misusing home equity. We?ve all read about or knew homeowners who considered their houses as never-ending money fountains splashing cash for new televisions, cars or expensive vacations. Even seniors or retirees willing to investigate the option of utilizing home equity have been reluctant due to declining or stagnant house values and the unattractive fees associated with reverse mortgage products. Retirees appear to be more receptive to home equity extraction later in life, especially for long-term care expenses, when instead they could mindfully draw from equity along with other income sources starting earlier and thereby enjoy a more fulfilling lifestyle. Instead, many have resorted to re-entering the work force (if 55 or older, it appears you?re working more years than originally anticipated, too) and remaining vigilant about cutting household expenses. But how much cost cutting can you do before you need to hit the big stuff?

Code Red Moments

I call seriously considering the big stuff - ?**Code Red•Moments.?** *?And they ain?t fun,?*•as I?ve been told repeatedly. Let me be clear:•*Code Red is and never will be ?fun.?*•These moments are accompanied by the stark realization that drastic measures must be taken to survive financially. At the least, thinking outside the box (or the house) a discussion with family, and a strategy session with a qualified financial professional on how to go about taking the right steps is warranted. **According to a September 2014 Center for Retirement Research at Boston College Report the median balance of a household with head (of household) age 55-64 in 401(k) & IRAs was $100,000 in 2013 for income ranges $61,000-$90,999.** Thank goodness for Social Security otherwise most of us would be sunk. A select few are still eligible for defined benefit (pension) plans; the number of workers lucky enough to know what pensions are continues to decrease markedly since the early 1980?s. Don?t be afraid. Finally, the academics have embraced the concept of using home equity to meet retirement income needs. How do you begin?

Spark A•Dialogue

Granted ? sounds obvious enough. In practice though, not easy. Conversations about legacies, estate plans, inheritances are difficult. **Don?t be afraid to enlist a *?fire starter,?* like your financial advisor if he or she is objective enough and possesses a semblance of•*EQ*•or emotional intelligence. Empathy and respect are important here.** At the least, kids should be willing to assist parents with the overwhelming tasks that go with the relocation process. Families just don?t talk enough (or at all), about inheritance matters until forced to or a life event triggers it. It?s time for this conversation to begin as soon as possible. If only so the parents are aware of your preferences. Grandchildren are surprisingly effective at easing the pain of regret even if their intent is limited to the excitement of spending time in a different environment or rolling toy trucks over carpet in a new location. Recently, a grandmother of three shared with me how she decided to sell her large home and move to a more modest apartment in a suburban retirement community. She was remorseful even though the children were very communicative and supportive of the move. When her grandson?s face lit up at the feel of new carpet and a balcony and shared how excited overall he was about the new place, her remorse turned to joy. She was instantly relieved and satisfied with her decision.

Outright Downsizing Is An Effective Method To Lower Living Costs

Why continue to remain in the smaller *?house within the house,?* situation especially if the children are willing to help? **On occasion, the death of a spouse or other life-changing episode can jump start actions. •It?s best to contemplate•*?going smaller?,* before forced to hit the code-red button.** So, sell the big house. Let it go. Based on recent reports, it appears to be an opportune time. Use the cash to purchase a smaller place in full (no mortgage if possible). Release the shackles of the material goods you haven?t dusted in years and get them to a consignment shop. Better yet, open the door to gifting cherished items to the children while you?re still alive.

Think seriously about renting. Why not? Yes, rental rates have increased in several markets so you should examine the tradeoff between buying and selling on a case-by-case basis. First, you?ll need to gather information about the area you?re looking to reside. For example, gaining a handle on annual home price changes vs. annual percentage of rent increases or decreases would be important. From there, one of the best calculators on the internet is available for free from the New York Times at•http://www.nytimes.com/interactive/business/buy-rent-calculator.html. Keep the extra cash you would have used to purchase a residence (or at the least as a down payment) liquid in a low-cost, no-load mutual fund that invests in ultra-short bonds which will generate a small monthly addition to cash flow. •And think about splurging on a nice vacation. •After all, you?re liquid now.

Consider A Home Equity Conversion Mortgage Saver Now

I understand the concerns about the closing costs and fees that go along with reverse mortgages, but hear me out. **Data released by the National Reverse Mortgage Lenders Association (NRMLA) shows senior home equity increased by $152 billion in the third quarter of 2016. Seniors have•*$6.1 trillion in home equity available*•according to the most recent NRMLA/Risk Span Reverse Mortgage Market Index (RMMI) report.** That?s unlocked potential you can?t ignore if tapped strategically. Remember, you must be 62 years old to consider any reverse mortgage option. Although you?re limited by the amount you can borrow, the HECM Saver is more cost effective than a standard reverse mortgage option. For example, the HECM Saver has an upfront premium (cost) of .01 percent of your property?s value compared to two percent for a standard reverse mortgage. Also, those who utilize the HECM Saver are limited to borrow roughly 10 to 18 percent less than for the Standard reverse mortgage. Instead of withdrawing in the form of a lump-sum cash payout, it?s best to retain a line of credit that can be utilized *only when necessary* . Work with a knowledgeable financial partner who can assist you with establishing clear rules to trigger and monitor credit line usage. The decision should be based on a thorough examination of cash-flow needs, your overall portfolio mix and current market conditions. •The goal is to have a readily available source of funds to draw from as warranted. **The debt associated with a reverse mortgage (or HECM Saver) must be paid in full when the borrower dies, moves out permanently, or elects to pay it off voluntarily**. Any equity remaining belongs to the borrower or the borrower?s estate. If the debt exceeds the property value, the FHA (Federal Housing Association) bears the loss,***not the borrower or the borrower?s estate*.** My favorite website designed to educate mortgage and reverse mortgage borrowers is The Mortgage Professor,• www.mtgprofessor.com• operated by Jack M. Guttentag, Professor of Finance Emeritus at the Wharton School of the University of Pennsylvania. You can access, free of charge, a series of articles about reverse mortgages including•*Using a HECM to Strengthen Retirement Plans.*

> *If you want to know what a reverse mortgage is then you should think of it as a loan that pays you instead of you having to constantly repay it. You can even choose how you receive your reverse mortgage money and how much you receive, up to a certain amount. It can be a line of credit for you when you need it, or you can immediately turn a large portion of your home's equity into cash to cover major expenses. If you die, are required to move into assisted living, or choose to move to a new residence then the balance will be owed immediately, but the home can be sold to come up with that balance.*

As I have a history of creating retirement income distribution strategies, I witness investment portfolio survival rates increase dramatically when a HECM Saver is tapped through times of high sequence of return risk *(a series of poor return or negative performance years in distribution portfolios)* and bear market cycles. Now is an opportune time to apply for a HECM Saver as limits to borrow will be attractive (the principal loan factor at the time of loan origination, which is the percentage of home equity available), and Libor rates remain at historic lows. However, we are witnessing a steady increase in rates which began in late 2015. **Unfortunately, as Libor rates**

gravitate higher, the PLF factor is reduced, or the amount available to borrow against your home, decreases. There is still adequate time however, borrowers should seek to avoid setting up HECM lines of credit when rates are high. Use the positive news about housing to get the thought process rolling. It?s ok parents, really ? your children don?t seek your house. Have faith that the memories within will always be worth a small fortune to them no matter what. **And that is *exactly* what the kids want.**