

## COMMON OBJECTIONS AND CONCERNS: RESPONDING EFFECTIVELY TO CLIENT CONCERNS

There are three basic steps you need to follow whenever you respond to a client concern; **Acknowledge, Respond, & Pivot**. The most important thing to realize is that when you start responding it is imperative that you bring your response full circle and **PIVOT!** Stopping short of that just turns over control to the client.

### CONCERN #1

***I'm only 6 years away from paying off my house, I'm not sure I need a reverse mortgage.***

**Response:** Many clients feel the same way initially. The reverse mortgage is the perfect solution to free up monthly cash flow and this is done immediately by eliminating your monthly mortgage payment. Many clients use that extra savings to take the vacation of their dreams or even send their grandchildren to college.

### CONCERN #2

***I was planning on leaving my house to my children.***

**Response:** Leaving your home to your children is a great idea. The good news is your reverse mortgage will have no effect on who will receive your home when you pass. It works the same way as a regular mortgage. Your children will have the option to sell your house or refinance the balance and keep the home.

**Response:** Of course, that's what 99% of my clients do. The difference between this loan and one that you would need to make payments on is that FHA protects your children. They guarantee that your kids will never owe more than what the house is worth, and they give them up to a year to get the loan into their name.

### CONCERN #3

***What if I pass away, will my wife keep the house.***

**Response:** That's a great question. This program works just like a conventional mortgage, you can leave your home to whomever you choose.

#### CONCERN #4

##### *Let's wait until my house is worth more.*

**Response:** Many clients feel that same way, unfortunately home values are not predictable and may fall even lower. With the line of credit growth feature, your line of credit is not only guaranteed regardless of depreciation but will grow over time!

#### CONCERN #5

##### *I don't need a reverse mortgage; I have an annuity.*

**Response:** Client's love using the Reverse Mortgage because it works a lot like an annuity, except we use the equity in your home instead of depleting your cash or more liquid assets. Many of my clients have successfully used a Reverse Mortgage with their annuity to extend their money for the future.

**Response:** It is always good to be aware of the facts: The facts are an annuity is considered income and you pay taxes on the interest earned. The reverse mortgage is 100% tax free - more importantly, has a guaranteed growth rate.

**Response:** With the rising cost of living, it's not realistic to think you'll be able to make ends meet with just the funds you have saved in that account. A reverse mortgage is just like an annuity, the main difference is that the reverse mortgage is funded by your equity rather than your cash. We can set this program up to be a LOC now and if you ever need the funds, they'll be available to draw. If you don't ever use the funds, you don't owe them and aren't charged any interest either.

#### CONCERN #6

##### *I don't need a reverse mortgage; I already have a 401k.*

**Response:** Your 401k is susceptible to market conditions and right now it could be doing okay, but what if market declines or 2008 happens again? Your monthly payment is not guaranteed forever, so let's establish something now that is guaranteed to grow for you when your 401k isn't.

**Response:** The money you withdraw from your 401K is considered income and is taxed. The money available on the reverse mortgage is 100% tax free - in most cases, it generally makes more sense to leverage a reverse mortgage today allowing you to continue extending your portfolio and wait until later to begin withdrawing funds from your 401K.

**Response:** It is always good to be educated on what type of options are available and not always keep all your eggs in one basket. Some clients will even use the reverse mortgage to allow them to not have to withdraw as much from their 401K, therefore, falling into a lower tax bracket. You can always verify this with your accountant.

**Response:** Many clients feel the same way, until something big happens. Putting a reverse mortgage LOC in place would allow you to add an additional "x" amount to your total reserves, leaving you better prepared to afford the hurdles life may put in your way.

**Response:** Did you know that by using the tax-free dollars from the Reverse Mortgage you can preserve the funds in your 401k? This will allow your 401k to continue to grow over time. When your kids inherit your 401k funds, they can roll those funds into their own account, and you could actually keep that money in your investments by using the reverse mortgage LOC instead of your assets.

## CONCERN #7

### ***I don't want this to affect my Medicare/Medicaid.***

**Response:** We are in a unique position right now where we could possibly see that you are qualified for both the Medicaid and reverse mortgage programs. The reverse mortgage gives you an opportunity to establish a line of credit which is not necessarily considered to be a means of income depending on how we structure it and how you utilize it. I encourage you to have a conversation with your case workers and they should be able to provide you with a little more clarity on the process and what we need to do.

**Response:** While Medicare coverage is a great benefit, you may still be responsible for deductibles and copays and the Reverse Mortgage is perfect for making up the difference in what Medicare doesn't cover.

## CONCERN #8

### ***I don't need a reverse mortgage; I get enough money from my pension to live comfortably for the rest of my life..***

**Response:** You could use the reverse mortgage to supplement your income so you can continue to live the lifestyle you are accustomed to. Also, while there's no guarantee that your pension will last you the rest of your life, the reverse mortgage can be used as a safety net for you, when those unexpected expenses come up.

**Response:** It is still a great idea to be educated how a reverse mortgage works - here's why many clients that we help are in a very similar situation currently. The main reason they are leveraging the reverse mortgage is because statistics are showing many pensions are significantly underfunded and are not guaranteed.

**Response:** A lot of my clients have felt this way. When you take a step back and look at what would happen if one of you were to pass away that feeling of comfort would quickly fade. By putting a reverse mortgage into place now you can protect one another in the event either one of you passed away or you had a substantial decline in your household income.

## CONCERN #9

### ***I'm 62, so I can collect my social security benefits instead of doing a reverse mortgage.***

**Response:** I'm sure you're aware the longer you hold off on collecting your social security benefits the higher percentage you can receive. It has been my experience that most of my clients enjoy knowing that they are going to maximize their social security benefits later in life by finding an alternative approach to bridging the income gap from full time employment to retirement. Let's look at your current assets and see how a reverse mortgage can complement what you already have in place.

**Response:** With the cost of living increasing faster than social security raises and then instability in the market that cannot guarantee any future raises in social security income, many people feel that having a safety net in case things do get financially tighter is a great option.

**Response:** Social security was designed to help supplement income; not be the only source. With the growth rate on the HECM line of Credit you could have access to far more than you ever would on social security. Would you have enough with your current income to pay for a major expense?

## CONCERN #12

### ***Does a reverse mortgage affect disability/SSI?***

**Response:** We always recommend contacting a social security representative for clarification that the money that sits in your line of credit is not considered income and therefore does not affect your disability income. You would simply spend the money as you pull it out.

**Response:** We always recommend reaching out to a social security representative for clarification. They can advise you on whether the money from the reverse mortgage is considered income, and thus whether it conflicts with Social Security income. The credit line option is typically the way to set this up.

## CONCERN #13

### ***I am concerned that my children will lose their inheritance.***

**Response:** The great news is that with this program, you continue to own the home and can leave it to whomever you choose.

**Response:** The good news is your reverse mortgage will have no effect on who will receive your home when you pass. It works the same way as a regular mortgage. Your children will have the option to sell your house or repurchase it and keep the home.

**Response:** The difference between this loan and one that you would need to make payments on is that FHA protects your estate. The fact that this is a non-recourse loan means that your heirs will not be responsible for repaying any balance ABOVE the value of the home at that time.

**Response:** The bottom line is that if you and your spouse do not take care of yourselves and prepare for health issues and potential medical emergencies then your children might have to sell your home just to take care of you. Not much of an inheritance, correct?

This program gives your children three options:

- 1) If there is equity and your children wish to own the home they can repurchase and keep it.
- 2) If there is equity, they can sell the home and take the equity and split it.
- 3) If the home is upside down, they can let the bank sell the home and let the bank settle the estate.

It is a win, win! The most important thing is that you can enjoy your life and probably spend more quality time with your family and not burden them with settling the estate. Everyone will be happy!

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## CONCERN #14

### ***I've heard that a reverse mortgage lender can take my house/take me off title.***

**Response:** FHA guarantees you remain on title as long as it is your primary residence. As long as you are paying your taxes, insurance, and keeping the house in good condition like you are now, you never have to worry. When you stop doing these things, that's when you will have to worry, with or without a reverse mortgage.

**Response:** That is a huge misconception. A reverse mortgage is simply a refinance. You always hold the title to your home. It works just like a regular mortgage or refinance, except you have the flexibility to choose your own payments. You can choose to make no payments at all for as long as you live in the home. A reverse mortgage is a way to ensure you will always have your home.

**Response:** A reverse mortgage is designed to do just the opposite. This is a program designed to help you stay in your home without monthly mortgage obligations.

## CONCERN #15

### ***These costs seem high.***

**Response:** The costs on your Reverse Mortgage are highly regulated through HUD and the Federal Housing Administration. The Mortgage insurance costs guarantee that if the company managing your account goes out of business, the government will step in and make sure you have continued access to your loan funds. Furthermore, the insurance guarantees that you will never be responsible for more than the value of your home when the loan must be repaid. This loan offers you plenty of protection.

**Response:** The security the program provides the both of you if one of you passes away is well worth the investment.

**Response:** Keep in mind that there are costs to any financial transaction, especially mortgages and investments. All costs are on par with the current market rates. What makes the overall costs higher is the mortgage insurance that is paid to FHA to insure the loan and insure the debt is nonrecourse. The costs are rolled in, so you are not paying them. They are paid once you move out of your house. It allows your investment, which is your house, to work for you and assure you live the lifestyle you want.

## FORCE CHOICE PIVOT STATEMENTS:

1. For your counseling session would you prefer to have that in the morning or afternoon?
2. Do you use your middle initial on legal documents, or should we go with just your first and last name?
3. Would you like to roll in your closing costs, or bring them to closing?
4. For my notes are you going to pay for the counseling with a debit or credit card?
5. It will take 21-30 days to close your loan, would you prefer to close in your home or the local coffee shop?
6. Based on the anticipated value of \$\_\_\_\_\_ you will have \$\_\_\_\_\_ available after paying off your mortgage. Did you want to receive that ALL at close or put a portion in to a credit line?
7. Most of my clients prefer to receive their complementary review via fax or email, which do you prefer?

## ACKNOWLEDGEMENTS:

- 1) I can appreciate that.
- 2) I can understand that.
- 3) I understand how you may feel that way.
- 4) Your question is not an uncommon one
- 5) You sound like an intelligent and informed client.
- 6) A lot of people feel the same way initially.
- 7) Obviously you've done your homework