

Marketing Reverse Mortgages

Effective and Efficient Strategies to reach the 62+ Demographic

You've heard about the reverse mortgage products, and by now hopefully know the fundamentals of how they work. Reverse mortgages are a viable solution for a growing demographic – this white paper examines statistics that support why now is the time to offer the product, and ways to market the reverse product to those ages 62+.

HOW MANY PEOPLE BECOME ELIGIBLE EACH DAY?

The following statistics give an idea of the large and increasing segment of the American population who are eligible for a reverse mortgage.



10,000

baby boomers turn 65 everyday, which is the traditional retirement age for the United States, according to the Pew Research Centre.



ONLY **27%**

of baby boomers are confident they will have enough money to last through their retirement, down from 33% a year ago and 37% in 2011, according to this year's Insured Retirement Institute survey.



65%

of people 65 years and older own their homes outright which equates to over \$4 trillion in equity, according to the NRMLA/RiskSpan Reverse Mortgage Market Index.



JUST **6 OUT OF 10**

baby boomers report having any retirement savings at all, according to the same survey above.

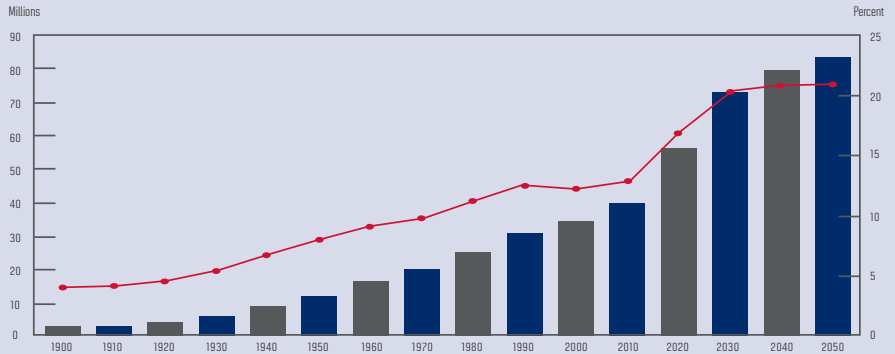
SOURCE: According to the 2014 Census Bureau figures, home ownership rates for the United States were at 76.3% for those aged between 55-64, and 79.9% for those aged 65 years and older

WHY ARE THEY POPULAR?

Sustained low interest rates have helped fuel the increasing popularity of the reverse mortgage, because they allow significant amounts to be advanced.

Further, there is a growing section of the American population that are becoming seniors. The graph below shows how the national population is projected to include an increasing amount of people aged over 65.

FIGURE 1-1 POPULATION AGED 65 AND OVER: 1900 to 2050



SOURCES: 1900 to 1940 and 1960 to 1980 US Bureau of the Census, 1983, US Bureau of the Census, 1993, 1990 US Bureau of the Census, 1992, 2000 US Census Bureau, 2001, 2010 US Census Bureau, 2011, 2020 to 2050 US Census Bureau, 2012 a, 1900 to 2010, decennial census, 2020 to 2050, 2012 National Population Projections, Middle Series.

Additionally, as the economy is recovering and the amount of housing wealth held by older home owners is continuing to grow, home equity is becoming an increasingly valuable resource for seniors to live a comfortable retirement, the NRMLA President Peter Bell said this year.

As at June 2015, more than 625,000 senior households in the United States are using a reverse mortgage, according to the NRMLA.

COMMON USES OF REVERSE MORTGAGE INCOME:



PAY OFF DEBT



ASSIST WITH EVERYDAY LIVING EXPENSES



PROVIDE FINANCIAL ASSISTANCE TO CHILDREN AND GRANDCHILDREN



COVER COSTLY MEDICAL, HEALTH AND INSURANCE EXPENSES



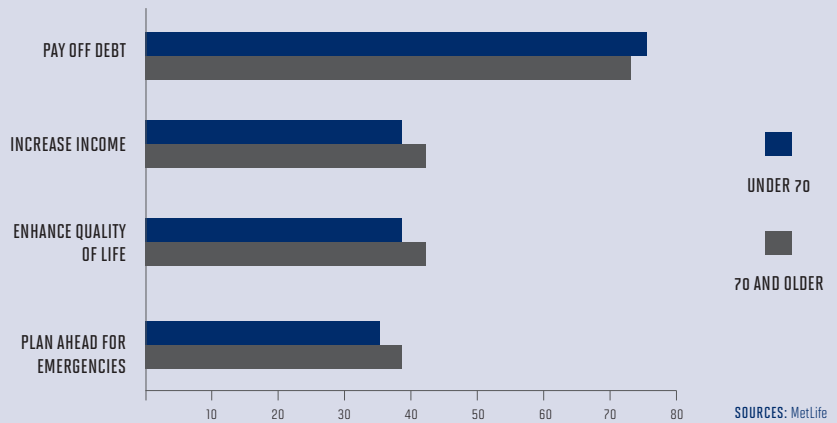
TAKE A HOLIDAY



PAY FOR HOME RENOVATIONS AND REPAIRS

The graph below indicates the most common reasons for seniors taking out a reverse mortgage, according to MetLife. It clearly shows that paying off debt is the most common justification for the product.

REASONS FOR INTEREST IN A REVERSE MORTGAGE



FACTS ABOUT REVERSE MORTGAGES



THE PERSON CANNOT BE EVICTED FROM THE PROPERTY AFTER TAKING OUT A REVERSE MORTGAGE.



THE CREDIT HISTORY OF THE SENIOR IS OVERLOOKED IN THE APPLICATION.



DUE TO FACTORS SUCH AS A RISE IN INFLATION, THE LINE OF CREDIT CAN INCREASE OVER



TIME. IT WILL TYPICALLY NOT INCREASE THE BORROWER'S SOCIAL SECURITY PAYMENTS.



THE MONEY THE SENIOR GETS IS TAX-FREE.

HOW TO MARKET TO 62+ HOMEOWNERS

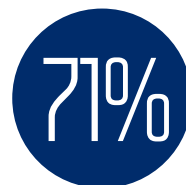


So how do you reach out to potential reverse mortgage customers? Many companies have used television ads and direct mail – perhaps operating under the assumption that seniors aren’t tech-savvy enough to respond to more modern forms of marketing. However, that’s an assumption that’s proving to be false, according to Zach South, president of Best Rate Referrals.

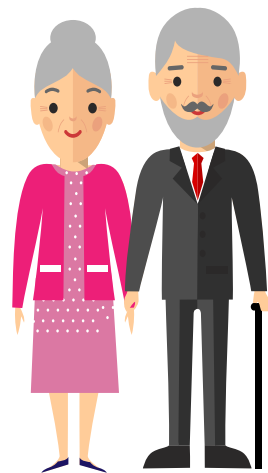
“Marketing for reverse mortgages online is a lot cheaper and more effective than you might think. ... It’s been the most cost-effective way, the cheapest way,” South said. “And surprisingly, a year or two ago I probably would have given you a different answer, but with our testing and our actual marketing efforts online, we’ve proven that you can generate good business online by targeting these people on Facebook, through email.”

South said his own experience made him realize that the notion of the tech-illiterate senior is largely a myth.

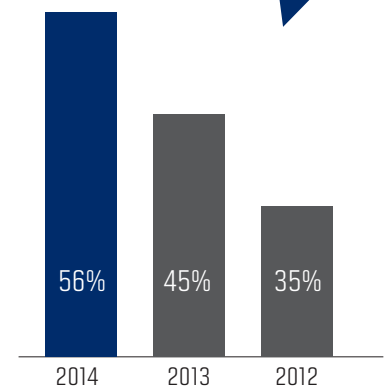
“We decided to put it out there and see if we could break this myth, and we were able to,” he said. “I started thinking about this – and my parents are seniors, and it was right in front of me the whole time – my dad has an iPad, my mom has an iPhone. My mom’s on Facebook, my dad’s always checking his email – so it makes perfect sense that you can attract this type of consumer



OF ONLINE AMERICAN ADULTS USE FACEBOOK (58% OF ENTIRE ADULT POPULATION)



“USAGE AMONG SENIORS CONTINUES TO INCREASE”



SOURCE: [HTTP://WWW.PEWINTERNET.ORG/](http://www.pewinternet.org/)

online, and be very cost-effective.”

Cost-effectiveness is one of the big draws of online marketing. If you're smart about it, said South, you can target your message like a laser for a fraction of the cost of less effective advertising.

“You've just got to do it in a way that doesn't break the bank,” he said. “For example, if you go on Google and you try and bid on pay-per-click for reverse mortgage information or top keywords like that, you're going to be fighting against the big boys, and you're going to be paying \$30-plus per click. That can get expensive quickly. Whereas on Facebook, you can do a lot more targeted advertisements. You can actually target people who are over the age of 65 who are homeowners. ... If you start looking at other methods like TV commercials or direct mail, they can get very expensive very quickly. And with that type of marketing campaign, you can try and get as targeted as you can, but you're really just doing a shotgun-type campaign where you're just spraying it out there and hoping it hits something. Online it's a lot easier and cheaper to focus your ads on specific individuals.”

But even targeted advertising won't do you much good if it's not crafted correctly. You need to make sure your message is clear, easy to understand – and easy to respond to.

“Messaging is by far the No. 1 key. You can have the prettiest website in the world – you can spend thousands of dollars on a web designer – but really, it all comes down to messaging,” South said. “You have to get that messaging, as far as directing the consumer what to do, within the first five or six seconds, because they're going to make their minds up very quickly. Let's be honest, senior citizens aren't online every day like a lot of younger kids are, where they know what looks good and doesn't look good. So even an ugly website can outperform a pretty website if the messaging's correct.”

“For example, one of the things we like to do is using ad copy around a reverse mortgage calculator: let's see how much you can receive in a reverse mortgage, either in a lump sum or monthly

payments. ... You show that data to them after the person enters their home value and their age and stuff like that, and then prompt them, ‘Hey, are you interested in speaking to a reverse mortgage specialist?’ By doing that, it seems that you'll get a more interested prospect than just someone who calls up and says, ‘I saw your TV ad and I'm interested.’”

Online marketing can also give mortgage originators a better opportunity to engage with their customers – and combat some of the persistent misconceptions about reverse mortgages.

“We see this on Facebook a lot because of the commenting feature. People can comment on your post, and when we read these negative comments, it just shows that the education isn't out there for these consumers to inform them of what a reverse mortgage really is,” South said. “It's not that the bank's going to steal your home or anything like that at all. However, you keep seeing these comments come up. So what we do on our Facebook advertising is when people comment like that, we will start answering those comments with educational information and links to NRMLA, which is the reverse mortgage association. They have a lot of good information out there that they've published. We link them to the documents that debunk those myths about reverse mortgages – and in doing so, we're educating these consumers through our advertisements and trying to flip the script, per se.”

And ‘flipping the script’ is important, because for the right customer, a reverse mortgage can be a godsend. Too many seniors, South said, are living on tight incomes, with no idea they can tap the equity of their homes to ease their financial burdens.

“One of the most shocking things to me is that people who are hitting retirement age don't have any savings. So now they're living off of Social Security, Medicare, Medicaid – and that can be very hard for a lot of individuals out there,” he said. “They don't know that they can still live in their home and reap the benefits of that equity from all the time and heart and sweat they've put into that house.”

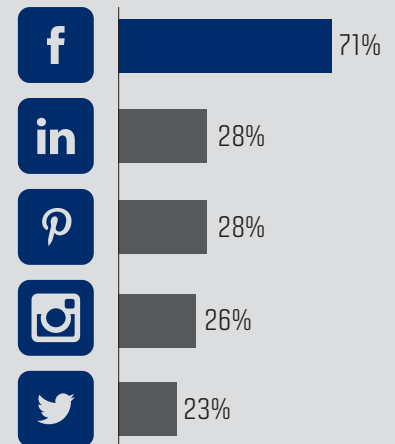
AARP

The American Association of Retired Persons is a non profit organization providing a wide range of benefits to people aged 50 and older.

TOP 4 ONLINE ACTIVITIES FOR PEOPLE OVER 60



ADULT SOCIAL MEDIA NETWORK USAGE RANKINGS



RESEARCH IS SHOWING THAT THIS DEMOGRAPHIC PREFERS IMAGES AND STORIES WITH RIGHT TYPE OF CONTENT.

SOURCE: [HTTP://WWW.FORBES.COM/SITES/SAP/2013/05/20/THE-OVERLOOKED-SOCIAL-MEDIA-MARKETING-FOR-SENIOR-CITIZENS/](http://www.forbes.com/sites/SAP/2013/05/20/the-overlooked-social-media-marketing-for-senior-citizens/)
[HTTP://WWW.PEWINTERNET.ORG/FACT-SHEETS/SOCIAL-NETWORKING-FACT-SHEET/](http://www.pewinternet.org/fact-sheets/social-networking-fact-sheet/)

That's why we're one of the biggest proponents of reverse mortgages – a lot of these homeowners don't need to live in poverty, just living from Social Security check to Social Security check. They can get an extra source of income, and they're not having to pay a monthly mortgage payment, either. It seems from the feedback we get for our clients, they've helped a lot of people.”

 **Best Rate Referrals**
DIRECT MARKETING PROFESSIONALS

800-811-1402

www.bestratereferrals.com