Reverse Mortgages Gain New Role in Retirement Planning for Affluent Homeowners

ORANGE COUNTY, CA, UNITED STATES, August 22, 2025 /EINPresswire.com/ -- Once considered primarily a last-resort option for retirees who were "house rich and cash poor," reverse mortgages are increasingly being evaluated as a strategic component of retirement planning. A growing number of financial planners and wealth managers now view these loans as a way to preserve investment portfolios, optimize Social Security timing, and strengthen long-term income strategies.

The shift reflects the broader challenges facing today's retirees, including longer life expectancy, market volatility, and the need for tax efficiency. By incorporating home equity into retirement planning, advisers suggest that seniors can create a "buffer asset" — one that allows them to draw from housing wealth during market downturns rather than selling investments at a loss.

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>
> *Paul Scheper*

"Reverse mortgages allow many retirees to live longer in their homes while reducing the risk of depleting their savings," said Paul Scheper, President of Loangevity Mortgage. "They are increasingly being integrated into coordinated withdrawal strategies rather than being used solely as a last-resort measure."

Academic research has also supported this approach. Wade Pfau, Ph.D., CFA, Professor of Retirement Income at The American College of Financial Services, has written extensively on the role of housing wealth in retirement income planning.

His research suggests that using a reverse mortgage as a standby line of credit can provide retirees with greater flexibility and reduce the likelihood of portfolio depletion when markets perform poorly early in retirement.

Loangevity Mortgage

Barry Sacks, Ph.D., J.D., co-author of a widely cited Journal of Financial Planning study, similarly concluded that “a reverse mortgage credit line, when used in a coordinated strategy with portfolio withdrawals, can significantly increase the probability that a retirement income plan will be sustainable over the long term.”

Industry studies have also noted the potential benefits of using housing wealth to delay Social Security claims — allowing retirees to secure larger benefits later — or to avoid drawing down investment accounts during unfavorable markets.

Adding to the options for wealthier households, Conventional Reverse Mortgages with loan limits up to $4 million have expanded the market. “For high-net-worth homeowners, FHA loan limits are not always sufficient,” Scheper noted. “These programs offer additional flexibility for those seeking to incorporate housing wealth into broader retirement strategies.”

As financial professionals continue to study and apply these tools, reverse mortgages are increasingly being reframed as a financial planning instrument designed to provide stability and flexibility in uncertain economic conditions.

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