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THE MONTHLY ADVISOR

INFORMATION ON WHAT'S HAPPENING AT THE CROSSROADS OF
ASSET AND LIABILITY MANAGEMENT

Evidence of Success CASE STUDY

Situation

- ▶ 70 and 71 - Retired Couple
- ▶ \$1,300,000 Home - No Mortgage
- ▶ \$862,000 in IRA Assets
- ▶ Spending needs \$25k over Pension/SS
- ▶ Liquid Assets almost gone
- ▶ Concerned about Tax on IRA withdrawals
- ▶ RMD/Tax & Spending will run out in 13 Yrs

Goals and Objectives

- ▶ Age in place
- ▶ Freedom to travel
- ▶ Remove stress around the budget
- ▶ Maintain highest level of net worth without sacrificing lifestyle
- ▶ Have plan in place for contingencies.

Planning Result

HECM Standby Line of Credit put in place.

- ▶ \$438,000 Access
- ▶ 100,000 initial cash
- ▶ \$25,000 Tax Free draws for 10 years
- ▶ Growing Line of Credit for Contingencies
- ▶ Year to Year Evaluation of draw from IRA or HECM

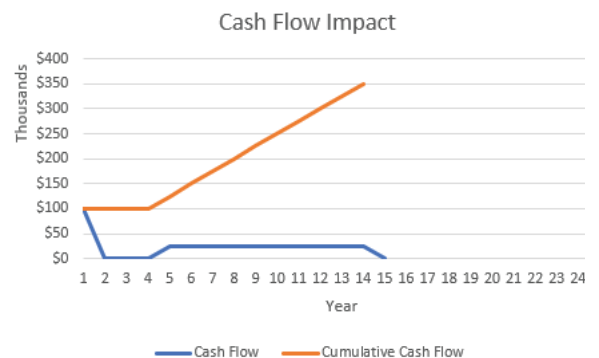
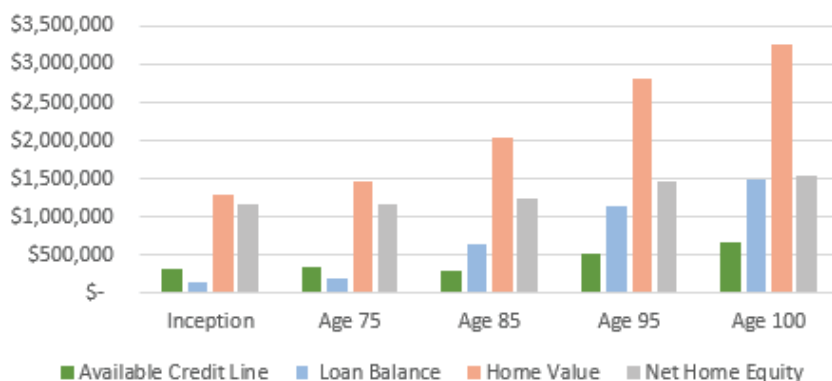
Impact

They can age in place with lower risk of cash flow depletion. Stress reduced while improving lifestyle. Funding source for contingent expense created.

At Age 95:

- ▶ \$350,000 Tax Free Cash Flow
- ▶ \$522k Line of Credit Avail
- ▶ \$1.4M Home Equity (3% appr - Loan Bal)

Coordinated Strategy with IRA					
HECM Refi with LOC Option					
	Inception	Age 75	Age 85	Age 95	Age 10
Available Credit Line	\$ 307,000	\$ 350,114	\$ 301,032	\$ 522,311	\$ 670,98
Loan Balance	\$ 131,000	\$ 186,667	\$ 644,187	\$ 1,148,738	\$ 1,494,19
Home Value	\$ 1,300,000	\$ 1,463,161	\$ 2,025,358	\$ 2,803,569	\$ 3,250,10
Net Home Equity	\$ 1,169,000	\$ 1,174,074	\$ 1,239,396	\$ 1,458,581	\$ 1,528,40
Prepayment Amount	\$ -	Annual Withdrawal Amount	\$ 25,000	Expected Rate	5.27
Years of Prepayment		Years of Withdrawal	10	Growth Rate	5.02
Age of Prepayment		Starting Age of Withdrawal	75		



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