

Found money:

Home equity as a hidden resource

Clients can find the money without selling securities or taking on debt obligations to enhance both their current lifestyle and their legacy.



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Advisors hear it all the time: “That sounds like a great strategy, but where am I going to find the money?”

Whether it’s paying taxes on a Roth conversion, funding cash value life insurance, or securing long-term care coverage, even the most well-designed financial plans can stall when it comes to funding. Clients want to move forward, but the liquidity isn’t obvious.

The plot twist today is that advisors are thinking about clients’ balance sheets more holistically. Beyond cash, securities, and retirement accounts, they’ve found new appreciation for an asset hiding in plain sight: home equity.

A hidden resource

U.S. homeowners hold more than \$35 trillion in home equity, with nearly 41% of homes owned free and clear. For many mass-affluent and retiree households, the home is their single largest store of wealth, and one of the least used.

Historically, accessing that wealth has meant selling the home, taking on new debt, or adding complexity through a reverse mortgage. For many clients, these options either disrupt their lifestyle or introduce obligations they’d prefer to avoid.

But recent innovations are reframing home equity as a planning tool rather than a last resort. Shared equity models allow homeowners to convert a portion of their equity into cash without monthly payments, interest, or new debt, while retaining ownership and control of the home.

Integration with advisor tools

The real breakthrough for advisors is the ability to model these strategies directly within familiar, compliance-supported planning platforms — making it easier to document best interest standards and client outcomes. With these tools, shared equity strategies can now be integrated into side-by-side financial

planning scenarios, allowing advisors to run comparisons that show how reallocating a portion of home equity can fund strategies like:

- Paying taxes on a Roth conversion
- Funding an immediate annuity to increase after-tax retirement income
- Meeting gifting or education funding goals
- Purchasing cash value life insurance or LTC coverage

This makes it easier to answer the client’s most pressing question: “How do I afford this strategy without giving up what I’ve built?”

Why it matters

For clients, the ability to find the money without selling securities or taking on debt/cash flow obligations means they can move forward with strategies that enhance both their current lifestyle and their legacy. For advisors, it creates a way to:

- Keep investment portfolios intact and managed more aggressively to address inflation
- Extend client relationships by solving liquidity challenges without shrinking AUM
- Offer new, compliant, measurable strategies that stand out

The bottom line

In today’s environment of rising longevity, inflation pressures, and uncertain government benefits, clients need strategies that protect income and preserve flexibility. New options, like shared equity, enable advisors to show clients how to unlock home equity responsibly, which can be the difference between a stalled plan and a successful one.

That’s the real plot twist: the money was there all along.