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“Reverse mortgage buys time”: A Qualitative Analysis of Time in Scarcity, Timing of Scarcity, Displacement of Scarcity and Reverse Mortgages
Eunsong Park

Thesis for Completion of Masters in Public Health
Yale School of Public Health, Health Policy
Readers: Danya Keene, PhD and Shelley Geballe, JD, MPH

Reflection and Acknowledgements

This work reflects in many ways my own personal journey with reckoning the scarcity in my own life. I have many people to thank for being with me both in producing this work, as well as that journey. To keep this note short, thank you to my readers Danya and Shelley, my adviser Mark, my friends (especially those who prayed and worked with me during the thesis), my family, my church, and God. Thank you God for the abundance of mercy and grace you have shown to me, in my places of weakness.

Abstract

As a financial product, reverse mortgage are often used by elderly homeowners to protect against future felt needs, or to address present and past felt needs. Today, reverse mortgages are increasingly used for the latter two. By converting equity in homes into cash, reverse mortgages effectively spend a resource saved from the past, in order to increase options in the future, often at the expense of limiting options in the future. This is in response to many and multiple forms of scarcity faced by elderly homeowner households. Reverse mortgages are an important case study for Shafir and Mullainathan's theory of scarcity. This study conducts a qualitative analysis of thirteen semi-structured interviews with reverse mortgage holders (and their children) to explore how scarcity affects peoples' decisions and experiences with reverse mortgages. The present article offers theoretical value to the emerging study of scarcity, and practical value to those working with populations facing multiple, concurrent forms of scarcity, at risk of falling into the "scarcity trap."

Introduction

Reverse mortgages are loans for homeowners aged 62 age and older to extract the equity on their homes. Whether reverse mortgage are viable is debated among the public and the experts. The reverse mortgage may potentially be an important supplement to retirement portfolios, especially in the contest of a society ill prepared to support an aging population (Prevost, 2014). However, investigative journalists and a report by the Consumer Financial Protection Bureau have revealed how reverse mortgages may exploit and extract wealth and housing from families with fragile household budgets (Consumer Financial Protection Bureau, 2012; Silver-Greenberg, 2014). In response, in 2015, the Fair Housing Authority introduced a series of regulations around reverse mortgage lending in hopes of making them a safer product.

How reverse mortgages are used to meet felt needs manifest themselves in a series of decision, not only in the initial decision of whether to participate. Also important are the type of payment plan and how reverse mortgages are used. Payment plans vary but are usually some combination of a lump sum, monthly payments, and a line of credit. With a line of credit, interest accrues only on the amount borrowed. The amount of money available will grow over time. Monthly payments work similarly, except they are paid out to the borrower in regular installments. The lump sum is a single disbursement that accrues interest, even if not all of it is used (Consumer Financial Protection Bureau).

Today, homeowners can still have reverse mortgage as an option, but are often advised to “proceed with caution” (Consumer Protection Bureau). In years past, reverse mortgages were used for emergencies or for extra cash, but today, borrowers often use loan payments to pay off existing debt (National Council of Aging, 2015). Whether the need is in the past, present, or future, reverse mortgage are turned to as a means for resolving felt needs.

Felt needs are the topic of an emerging theory developed by behavioral economists Eldar Shafir and Sendhil Mullainathan in their book, *Scarcity: Why Having Too Little Means So Much* (2013). Scarcity, defined as felt needs, perpetuates scarcity, and within this cycle, people experiencing scarcity get stuck within the scarcity trap. This happens because when people exist in a state of scarcity, there is a lack of cushion, or slack, to buffer the effects of the shocks that are inevitable in life. Without such slack, people in scarcity must live in a perpetually tight existence. This sort of state imposes a specific type of psychology, no matter who you are and no matter what form the scarcity takes. That psychology limits peoples’ attention span, also called “bandwidth”, so that they have increasing tunnel vision on their felt need. Their perspective of needs and resources are skewed, which in turn affect how tradeoffs are framed. In this way, scarcity affects peoples’ decisions and behaviors.

What is important is that scarcity exists in multiple forms. Elderly homeowners with reverse mortgages may experience various forms of scarcity, and may experience them concurrently. The purpose of this study is to ask how scarcity affects peoples’ decisions and behaviors with reverse mortgages. The findings from this study have theoretical value, suggesting new directions in which the emerging scarcity theory can be studied, and practical value, with implications for how as a society we can more effectively intervene when populations are experiencing multiple forms of scarcity.

Methods

Study Design and Sampling

The present study drew upon a subset of data collected for a larger study of racial stratification of fragile wealth and health among reverse mortgages. The studies relied on semi-structured interviews that began with open-ended questions and ended with close-ended questions. Given the dearth of qualitative data on reverse mortgage experiences, the open-ended questions allowed an exploration of how people made sense of and experienced reverse mortgages. Questions covered personal background, financial, health, and housing experiences, reverse mortgage perceptions and decision-making, the application process, and the loan experience. At the end of interviews, participants were asked structured questions about their expenses, sources of income, dates of homeownership and reverse mortgage process, home value, and health concerns. Participants were compensated with \$50 to thank them for their participation. Most interviews lasted between 30 min and 1hr, with several lasting quite longer.

Participants were recruited using purposeful and criterion based sampling, in order to

capture experiences along theoretically important axes. For the larger study, this required potential participants be screened by race and by reverse mortgage status as either a reverse mortgage aspirer or holder. Eligibility also required participants to be older homeowners who resided in the New Haven or Boston area. Overall, 44 interviews were conducted. Because the present study was interested in the lived experiences with reverse mortgages, analysis focused on a subset of 13 reverse mortgage holders and their children.

Participants were recruited from the Boston and New Haven area. Recruitment flyers were posted in public spaces such as the local grocery and public library, in local newspapers, on craigslist, and sent out on a list host for people in New Haven interested in signing up for studies. Those who responded to these recruitment methods were White. The study was able to access a database of homeowners address, organized by demographic factors such as race. Because of the study's interest in the experience of African American elderly homeowners, recruitment letters were sent to African American and Latino homeowners. Potential respondents were screened over the phone by reverse mortgage status and race, to reach our two axes.

Data Analysis

Interview protocol was approved by the Institutional Review Board. With interviewee's consent, interviews were recorded and transcribed by an outside, professional service, often within a turnaround of a few weeks. Also, within a day or two of the interview, the interviewer wrote a summary page of notes. A large spreadsheet kept track of basic demographic information for participants. To protect anonymity, names were placed with pseudonyms, and age and years were approximated occasionally.

The analysis relied on inductive techniques derived from grounded theory (Corbin & Strauss, 1998). To develop the initial draft of the codebook, each coder read a transcript and came up with a list of codes. These initial codes were discussed and compiled into a list. Then two coders tested the codebook with the same transcript. Coders discussed their coding, and revisions were made to the codebook. In addition to these initial rounds of major revisions, the codebook continued to be refined through the coding process. For the present study, additional codes were created to highlight changes reverse mortgage holders experienced, after initiation of the reverse mortgage. Discussions of codes and emergent themes also informed questions for subsequent interviews.

The present research question required authors to understand patterns and variations within a theme, across different interviewees. The importance of the temporal sequence of themes and time became apparent in initial analysis. Thus, the author created a spreadsheet to track of a each interviewee's timeline of major changes related to health and wealth before and after the reverse mortgage. This spreadsheet assisted the author in noting patterns of scarcity and resources across participants, along a temporal axis as well as across the sample.

Sample Characteristics

The present study focused on the thirteen interviews with reverse mortgage holders or

their children. Nine participants had borrowed a reverse mortgage, and four were a son or daughter who had assisted their parents in the application process. Five participants were white, and eight were black. Twelve participants were female. Participants' former employment ranged, including university professors, a coal miner, many in home care, and government employees.

Borrowers' ages ranged from 67 and 84 years old. For eight borrowers, the home had been in their family for at least 30 years. Three participants had tenants, and eight live with a family member. It had been between 1 and 15 years since borrowers had initiated the loan. 1 person had spent all the reverse mortgage and had since moved out. 2 others mentioned having spent all their payments, though they were still living in their homes. Payment plans varied between lump sums, line of credit, monthly payments, and some combination of the above.

Findings

"I didn't want to but somebody's back was against the wall so I went and got a reverse mortgage": time in scarcity and decision making

With respect to reverse mortgage decision-making, the reverse mortgage was commonly summarized as either a "perfect fit" or as a "last resort." Participants were asked to describe the circumstances leading up to and surrounding their decision to obtain a reverse mortgage. Everyone within our sample described some sort of financial need. Many described a perpetually tight budget, others described an unexpected but significant expense, and still others described a combination of the two: a final expense that exposed the fragility of a tight budget. While all participants described a financial strain, those in the "perfect fit" group described their scarcity as more recent, as opposed to those in the "last resort" group who traced the origins of their scarcity much further back in time, often on the scale of years.

Tony and Cathy lived in households in which the budgets were suddenly reduced from two checks to one. When Tony's wife died and Cathy's mother died, the loss came as a shock, and the financial budget that had seemed tight, tightened. Tony is a retired truck driver. He first considered a reverse mortgage when his wife passed away.

One of the reasons why I even have a reverse mortgage is because when my wife passed she had no life insurance. I mean it's my own fault – the subject came up all the time and she would keep saying, "Well, we can't afford it. We can't afford it." Blah blah blah. And I would let it go, when I should have said, "You know what? If you don't get life insurance by the end of the month I'm going to get it for you." So, to make a long story short she passed, and left zero. Now, the thing about having your partner die is it's bad enough that she died, but you lost a paycheck. [...] What the hell am I going to do here? You know?

Cathy also traces the circumstances leading up to the reverse mortgage decision to the death of a loved one. She and her mother had bought a house together, after her mother's

health no longer permitted her to live alone. Her mother, however, passed away shortly after.

My mother would be contributing to the expenses of the house. So I wouldn't have had to do that. [...] So since she's not – and been gone over 19, 20 years all of those expenses, and even the furnace that was on me, you know. [...] Because she had monthly income. [...] She had two pensions and Social Security. [...] Who had to carry the load for over 20 years? It was me. And had no reverse mortgage until now. So for 20 years I did it. Now I said no more, no, mm-hmm.

When Tony's wife died and Cathy's mother died, the loss came as a shock, and the financial budget that had seemed tight, tightened. One very notable difference, however, is the time that passed Tony and Cathy each initiated the reverse mortgage application process.

Within a month, Tony began to seriously consider a reverse mortgage. After confirming with his adult children that neither wanted the house, he felt no need to save the house for them or bear the burden of payments on the house. His goal was to manage his living expenses and to relieve the burden he felt from the mortgage payment.

All I had to do was pay the insurance on the place, and the taxes, and that was it. You know, it was that simple. It took a hell of a burden off your shoulders. Whereas before all you kept on doing was dishing money out. And it was nice to have – I don't know how much they gave me – they gave me – after they paid off the mortgage that was on the house I ended up with almost \$60,000. [...] In my mind it was a perfect fit for what I wanted, you know?

Soon after he admits, “One of the bad features about it is where they make their money – they charge you a lot of money. [...] It's unbelievable.” Yet, weighed against his goals for finding a quick relief from his financial strain, the reverse mortgage was a worthwhile solution. Others who described their scarcity starting more recently expressed similar evaluation of the reverse mortgage: “it was a perfect fit.”

Those like Cathy, however, who had been experiencing scarcity for years expressed much less hopefulness about the reverse mortgage. This seems in part because when twenty years have passed, one has tried so many other alternatives, and this is the last tool in the toolbox. Cathy says, “Once you get turned down, you got to go somewhere.”

Ruth shares Cathy's feeling of feeling cornered, and needing some alternative. Ruth's sister has six grandchildren, from her daughter. Ruth and her sister are raising three of them. The house that they presently live together in was bought with a mortgage. Ruth and her sister were employed then, and were able to pay off the mortgage, as well as a second mortgage. However, accumulating credit card debt and taxes eventually drove Ruth to apply for a reverse mortgage.

My niece – she ran up some bills in rent, and cars, and whatnot and my sister is trying to

pay for it and she used her credit cards. It was too much so this is why I went and got a reverse mortgage – to help pay off the niece, the debts. I also had debts – credit card debt, and she had credit card debt. And eventually, through that mortgage we paid them off and I was getting behind in my taxes. And they helped pay it off for that too. [...] I didn't want to but somebody's back was against the wall so I went and got a reverse mortgage.

Notably, this perception repeats itself, even after getting a reverse mortgage. Time passes, and a tight budget seems to tighten with accumulating expenses of maintaining the home, including costs associated with having a reverse mortgage. Just as before, the need feel tremendous, options seem scarce, and Ruth feels the burden, hanging “over my head.”

I get the bill every month. It's only a statement, it's not a bill. I wish there was an alternative. [...] I have that [reverse] mortgage over my head and I can't pay. And if I die and my sister dies, it becomes – what is the word that they use? [...] We go into foreclosure. The bank takes it.

“It's just the right tool at the right time”: timing of scarcity and timing of reverse mortgages

The timing of increasing scarcity, with respect to the availability of resources, was also a common theme. In fact, timing was so important as to play a role in affecting the outcome of peoples experience with the reverse mortgage, as far as whether their felt need was alleviated, remained unchanged, or even exacerbated.

For those who experience increased scarcity before having access to resources through a reverse mortgage, the reverse mortgage in essence seemingly expands one's options in the present, at the expense of options in the future. When the future catches up, the scarcity often has persisted, even increased, but the resources are even scarcer. This entraps people into a cycle of playing keep up, in which the timing of felt needs seems one step ahead of the timing of resources available. In such cases, regardless of whether reverse mortgage actually alleviates underlying root causes of felt need, at the very least, “the reverse mortgage buys time,” as Adanna explained.

Adanna lives with her two daughters, one who is currently unemployed and mentally ill, and the other who has three children of her own, all of whom also live with them. This six person household live on a fragile budget that is barely enough to make ends meet. When asked about her income sources, she replies, “How can I survive on \$728 a month?” So, they have scraped together a patchwork of income source to make ends meet. Adanna's daughter works all day, takes a short nap, then goes out in the evening for a night shift at another job. Adanna's grandchildren must juggle high school and college with night shifts. Adanna is also considering applying for a part-time job, though her arthritis tends to disable her from performing most work.

Despite these extensive measures, ends do not always meet, especially when income sources are not reliable. The taxes are especially burdensome. It is difficult for Adanna and her family to scrape together the \$4000 twice a year. For last time, Adanna's

daughter had acquired credit card debt to help cover it. But like clockwork, the tax deadline looms once again just months away. Adanna has turned to a VA check as her last resort. Her husband had been a veteran. His had been injured at work at the post office, and for over a year now, she has been fighting “the bureaucratic mess” for workers compensation owed to her deceased husband. “You had to go through a rigmarole to get that, and it was taking so long,” Adanna says. “When you need the bills to be paid [...] you can't keep putting them off.” She went to great lengths to securing these payments, but when they did not arrive on time, she had to pay the cost.

This perpetual game of being one step behind culminates in having to face again her familiar fear of foreclosure, the fear that forced her into the reverse mortgage in the first place:

And the thing is, reverse mortgage, they say you own your house. No, you don't own the house, because you feel it back to them... but say, like if I die today or tomorrow, if my kids don't pay off what I owe them [the bank], they can't live here. They have to move. [...] Yes, I know that [at the time I got it], but what other choice I had, though? [...] I had no other choice because the New York bank was going to take it.

In contrast, those who have available resources before the increase in scarcity are able to use the resources to not only accommodate the present felt need but also save for needs that arise in the future.

Sandy's mother has a reverse mortgage. When her father was still living, Sandy and her husband had encouraged her parents to consider. Her father was really the person to persuade, though, as he managed all the finances and was stubbornly against taking risks. After Sandy's father passed, Sandy pushed her mother to quickly get the reverse mortgage, ahead of the deadline for the mortgage payment. Also, suspecting her mother would barely be able to pay the bills, let alone save, the reverse mortgage provided a means of securing an income.

Similarly, when his father got a stroke, Lenore encouraged his mother to get a reverse mortgage before his father passed away. He explains how he tried to preemptively soften the blow for what was coming, “where that wouldn't be stressful for her if something was to happen to dad. [...] Which we're in that now.” Lenore and Sandy used the reverse mortgage to secure a source of income for their mothers, trying to buffer the shock of coming loss of their husbands.

As suggested earlier, for those living in scarcity, it is not enough to meet one deadline. Missing the next one on a fragile budget risks slipping into the scarcity trap. These deadlines include both that are expected, such as the loss of Sandy and Lenore's fathers, as well as the unexpected. Having enough slack that can accommodate fluctuating needs so that needs can be met is important. Andrew and his mother's experience with reverse mortgage demonstrate the importance of having the resources that can accommodate each change in need.

Andrew had first looked into reverse mortgage for his mother fifteen years ago. The mortgage had been paid off, but she had recently acquired a \$10,000 credit card bill after renovating her bathroom. It was urgent that he deal with it quickly, as the “minimum payment was getting bigger and bigger and the interest on it was like, ridiculous.” His search into loan programs led him to the reverse mortgage, which would cover the debt while allowing his mother to stay in the home. “That was a stress in her life and she was living with it and once that was wiped out it was like she could exhale.” She wanted to age in her house, and this first quest became possible.

After the debt was paid off, Andrew’s mother continued to experience dynamic and increasing needs as her health deteriorated. To their advantage, the amount of monthly payments also increased incrementally each year. The linkage between increasing need and increasing, reliable income, adjustments were able to be made to allow her to remain in her house (home care assistants were brought in, she was moved to a hospital bed in her living room, etc) till her doctor finally said it was no longer safe for her to stay at home. Then, she moved from her condo to the hospital for a short while and then the nursing home. From there she moved to the hospice for four months, where she received treatment and recovered a bit. She then returned to her nursing home.

At each transition, there seemed to be “the right tool at the right time.” When moving from home to nursing home, the savings that were set aside from the reverse mortgage, and invested in long term care insurance provided a safety net to help cover the many expenses.

And we had – even when the ambulance took her a couple of times to the hospital and the bill was 800, \$900, there were a couple of insurances, there's the Medicare, the government, and then there was this gap insurance by AARP that even covered the ambulance costs. So I mean, it was – yeah, it worked out.

When arriving at the nursing home, the process was long, but third parties, including health professionals and the state, stepped up to assist.

Yeah, what happened there was an interesting experience. The paperwork really – it almost took six months to complete all the paperwork, to the point where she received some help from the state. And during her time in this nursing home, she's still there, she was transitioned to [the hospital] and [hospital] doctors made a decision with me, or vice versa, to put her in hospice.

When moving from nursing home to hospice, the government and hospice offered full coverage when Andrew suspected that this was the end for his mother. There, where it was least expected, Andrew’s mother began to recover.

Yeah, but what happened was she turned around within four months, which believe it or not it happens all the time in hospice, I didn’t realize this, because they're almost more like a hospital than a nursing home and they addressed some of her sickness in specific ways. She got better and she ended up in a nursing home. While she was in hospice, they

don't accept any insurance at all. They're under a government – I don't understand it. Medicare or something pays 100 percent, it's all inclusive, medications, treatments, physical therapy, whatever it is.

After everything was paid for at the hospice, Andrew's mother moved to the nursing home. At this point, Andrew "had no more resources at all" because he had stopped paying the insurance premium. But after the contact point with state coverage at the hospice, Andrew's mother remained under state coverage, "100 percent."

Andrew's experience with the reverse mortgage is one of remarkable alignment of the appropriate resource at the appropriate time. At each transition, they had "the right tool at the right time."

Part of the story is that, as Andrew starts his narrative, "we had some choices when we signed." When Andrew negotiated with the reverse mortgage lender the terms of the loan, Andrew recalls that they tried to push him to take a lump sum, claiming it was the most popular. Andrew resisted and insisted on taking out only the minimum he needed to clear his mother's credit card debt and arranged to have the rest arrive to her via monthly payments. He set the initial monthly payment to be as small as possible, as his goal was to have the payments extend as long as possible. He also chose to save for the future by setting aside small amounts for long-term care premiums. These were choices to save that went by unnoticed by many of those who were already too caught up in their state of scarcity.

However, good choices could hardly account for the full picture of the running series of "perfect fits." Many factors were beyond Andrew's choice. That the reverse mortgage was used in its entirety coincided with Andrew's mother need to move out was a timing alignment difficult to plan for. While the majority of the interviewees wished to age at home, several were eager to leave but felt down by the money due on the house, particularly the repayment of the reverse mortgage. That when changes were unexpected, Andrew was able to rely on clinicians, health facilities, and the state already prepared to help Andrew and his mother understand their clinical decisions and connect them to healthcare resources. It was not just Andrew who made things fit, but he was able to also rely on a system of experts and security nets that helped him face the unexpected as well. As Andrew sums up, "It was just the perfect fit, yeah, very thankful for it."

Timing matters. The initial sum from the reverse mortgage loan helped Andrew and his mother level off the scarcity created by the credit card debt, and they were in a better position to accommodate new forms of scarcity. Saving too, that is investing in slack for the future, also helped. The window of time between having slack and facing shocks may be a way to distance oneself from scarcity, or what seems like an immediate need. But time itself may be a luxury for those experiencing scarcity.

Scarcity dispersed across social networks: displacement of scarcity

Another way to distance decision making from the bandwidth tax of scarcity may be to

delegate the decision to someone not as immersed in the scarcity. Four out of the thirteen interviewees in this study were the children of reverse mortgage holders, and two other interviewees said their children played a significant role in the application process.

Sandy, Lenore, and Andrew are not financially dependent on their mothers. They had their own source of income, so they were not as subject to the stress and financial strain their mothers were bearing. They even took efforts to remain financially independent. Andrew even says that the reverse mortgage decision was “win-win for everybody” precisely because he did not have to cosign a loan taken out on behalf of his mother. In other words, he took steps to buffer financial risks taken on by his mother from himself. Sandy also suggests that this financial independence played into her decision. In fact, it was Sandy’s husband that was the “savvy financial guy” who recommended the reverse mortgage, so to “get [her mother] out of the hot water she was gonna be in financially.” While remaining financially independent, all three aimed to help their mothers age in place, as was important to the mothers, while also addressing the major source of stress in their lives.

Andrew, Sandy, and Lenore were among those who thought that the reverse mortgage was a “perfect fit.” Andrew had spent all of his reverse mortgage, but Sandy and Lenore were two and five years into their loan. To the extent that they could speak to it, they said the loan has been a positive experience, though Lenore footnoted his assessment with the uncertainty of the life course of the loan.

It’s just a matter of not knowing the end. That’s the big piece with reverse mortgage.[...] It would be nice if someone could do some research on some stories of the end results of reverse mortgage just to see if you can locate some of these families that have participated with their moms and dads [...] and what the outcome was at the end.

Among the interviewees in the present study, the outcome of the reverse mortgage on the children and the perspective on the decision was associated with the balance of dependence and buffers in the relationship between children and the reverse mortgage holders. Andrew, Lenore, and Sandy helped manage their parents’ finances, but were not dependent on them. Martha and Adanna’s daughter were also involved in their mothers’ loan decision making and application process. However, both had more mutually dependent relationships with their mothers.

Martha moved in with her parents over a decade ago to help take care of her ailing father. Since then, her father had passed away, and she was not the primary caretaker of her mother, whose mental and physical health were ailing.

My mother's emotional challenge of having to do paperwork, which she used to do like that – never liked it, but it was never a challenge for her, but she found the [reverse mortgage application] process difficult. Even paying the bills was becoming very difficult for her and because her anxiety over money was as – building, building, building, building. So my problem was dealing with her, not the mortgage and not the process. [...] She'll talk about it incessantly for days: "You know we only have such and such left."

And now, there's confusion about how much we have left and where it is.

The two depend primarily on the mother's Social Security check and on the reverse mortgage loan. Martha herself is unemployed and unmarried without children, all of which Martha associates with her "co-dependent" relationship with her mother. The co-dependent relationship also affects Martha's conflicting feelings about the reverse mortgage. According to Martha, Martha's mother saw the reverse mortgage as "the only option" because she did not want Martha to go to work. As a result, Martha sees the reverse mortgage as helping her mom age in place as a tradeoff of giving up not only the hope of aging in the home herself, but also a tradeoff with employment and financial independence in the long term.

Well, it's been tremendous help for us because we would've had to probably sell the house, liquidate our number one asset, and I would've had to have gone back to work, which probably would've been better for me. Definitely would've been better for me. So you know.

The loan, moreover, has had high costs not only for the future, but also the present. Soon after starting the loan program, they realized that if Martha's mother were to pass away, Martha would have nearly no resource to fall back on, no family, no house, no income. So, they chose to take out a costly \$60,000 from their reverse mortgage line of credit and place it into a savings account. Because it sits in a savings account, the \$60,000 is not a straight forward loan. It accrues interest like a loan, but has placed Martha and her mother above the eligibility for important state benefits, including food stamps and heating oil assistance from the state.

The reverse mortgage has also been costly for Adanna's daughter and grandchildren. The loan has saved them from foreclosure by the bank, but it has also tied them to a house that they cannot afford to maintain. In order to make ends meet with the high property taxes and insurance fees, Adanna's family has pieced together of costly income sources, that were described in sections above. The demands of working multiple jobs, or a job with school, could have significant consequences on a work and education that may have important dividends for the future. A bad credit score also may disqualify Adanna's daughter from important resources in the future.

Discussion

For reverse mortgage experiences, scarcity matters. The interviews demonstrate that the time in and timing of scarcity is important to peoples' decisions and experiences with reverse mortgages. More specifically, living in scarcity affected peoples' evaluation of whether the reverse mortgage was a "perfect fit" or "last resort." Their evaluation was a reflection of the reality of the limited alternatives they had as well as a perception of it. On the one hand, we as a society have not prepared for assisting the elderly transition into retirement, when presently they must live on fixed or even decreasing incomes while their expenses fluctuate and even increase with increasing medical expenses. But perhaps

even this standard is misleading. How scarcity can operate is in the comparison not of average expenses relative to average income, but in timing. When a scarcity occurs, do the elderly have income, and other resources needed to accommodate that need? According to the same survey, 30 percent of all respondents reported either themselves or their spouses had experienced a serious injury or illness since they had received reverse mortgage counseling. Each of the other financial shock options had at least 10 percent response rate, including loss of job and having to stop working because of health reasons (Moulton, 2016).

For those living in scarcity, there seems to be even fewer options to meet this gap. On the other hand, as researchers and readers that are considering peoples' scarcity from an outsider's perspective, it may be less clear why the tradeoffs and alternatives were framed as they were. As many of the "last resort" interviewees suggest, reverse mortgages were part of a strategy that were very costly, perhaps even more costly than to those who considered the reverse mortgage as a "perfect fit." For both groups, they faced financial "front costs" of a reverse mortgage, such as the application and counseling fees, interests on the loan, and, eventually, repayment of the loan, or more likely, loss of homeownership. The former group seemed to weigh more heavily the cost of losing one's home, or the cost of maintaining the home, or the cost of other tradeoffs they made, such as Martha, who stayed at home as opposed to finding employment. Notably, to some extent the tradeoffs are different, but also when the tradeoffs are objectively similar, they are weighed differently. Many of the "perfect fit" interviewees have either accepted that may need to eventually leave their home, or are even eager to leave their home.

Shafir and Mullainathan's theory of scarcity helps us understand why scarcity affects both the decision people must make, as well as how scarcity affects how tradeoffs are perceived. Scarcity perpetuates scarcity by affecting peoples' bandwidth or attention span, which in turn affects their behavior toward tradeoffs. They are more prone to tunnel vision on what they feel is the most immediate need, which make tradeoffs with future or other needs seemingly attractive, even if costly. There is a tendency to borrow from the future and other areas of life in order to expand options for meeting the need that feels most salient. For reverse mortgage holders, this suggests that for those who had been living in scarcity for longer, scarcity had perpetuated itself, so that the reverse mortgage appeared like the only alternative available.

Their theory may also explain why those who can make strategic decisions before their scarcity perpetuates itself may feel that their initial needs have been alleviated, even if their circumstances have not changed significantly.

The theory also suggests that it is very difficult for an individual to get out of scarcity. The findings based on how relationships suggest that it may be possible to partially remove decision making from the psychological and behavioral effects of scarcity itself. Children who were comparatively less financially immersed in their parents' scarcity (operationalized in this study by who lives with and financially supports their parents) appeared to have decision making perceptions and behaviors more similar to those who had spent less time in scarcity or those who planned before scarcity increased. One

implication is that bandwidth itself is a resource that can be shared within a social network.

We might take this a step further and consider the role of others that had roles during the decision making. For Andrew, a doctor played an important role during the decision to transition his mother from living at her home to a facility that could offer around the clock care. The doctor framed the decision in terms of Andrew's mother health and safety needs and the resources available at home and at the hospital. Another important element was Andrew's trust in the doctor. When elderly homeowners are experiencing much scarcity, having someone trustworthy that can advocate for the homeowners' best interest while also having the expertise of a product as complicated the reverse mortgage would be important. Of course, this suggestion could be tested by scholars of the scarcity theory. Shafir and Mullainathain use a Family Feud game model to test how individuals make decisions when allotted different time limits for each round and are allowed different opportunities to borrow time from the next round. This model for testing decision making under the strains of limited time may be adapted to test how decision making outcomes are affected when the player has a trustworthy friend to advise him.

Besides bandwidth, health and housing emerged in the data as resources that can be experienced as felt needs. They share important similarities with the money and time, the most frequently cited examples of scarcity in Shafir and Mullainathain's book. Health, housing, money, and time are all resources that are easy to take for granted, but are essential for fulfilling many other needs and wants. An important difference, however, is that health and housing are much less liquid. Time and money, particularly cash, are easy to use as currency to borrow and exchange, important concepts in scarcity theory; health and housing less so. Perhaps it is good that health and housing are not so liquid. Though they are often a means to other ends, they themselves are so essential to our well being. Insecurity or instability one's housing or the absence of health, be it morbidity or even mortality, directly affect peoples' well-being. Nevertheless, people experience scarcity in health and housing, and importantly, the disproportionate effects of housing and health scarcity are critical for health disparities research.

Besides being a scarcity itself, health was shown to be both a moderator and mediator of how shock affects scarcity on fragile budgets. When Martha's mother was healthy, she was "financially conservative", and Martha said she had no worries for her parents because they were such smart investors. However, now that Martha's mother has acquired so many illnesses, including dementia and depression, Martha's mother is unstable and unable to even do the paperwork required for managing finances. In this way, health moderates how shocks affect scarcity. Or, for many interviewees, their financial strain caused anxiety and poor mental health, which in turn affected their decisions. In this way, health mediated the effects of strain on

By relying on reflections of outcome, the intention was to capture what perceived their need to be, the definition of scarcity. A limitation, however, is the lack of a quantified metric of financial stability or health. This may have been able to capture how circumstances can change, which likely differed from perceptions of those circumstances change. According to Aging in Place Survey, about 70 percent of respondents who had

borrowed a reverse mortgage reported that their household income had stayed about the same (Moulton, 2016). A future study would employ mixed methods to examine how qualitative data on peoples experiences with reverse mortgages might explain changes in self-reported metrics of health and finance, as well as objective measures of financial stability and health outcomes.

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