naf Reverse

Tom Jarboe, Regional Sales Manager
NMLS #210600 · (909) 869-6588
tom.jarboe@naf.com



Will a reverse mortgage affect SSI or Medi-Cal?

QUICK ANSWER

It can, depending on the program, so check before you borrow. The short version: California counts reverse mortgage payments as loan proceeds, not income, for its means-tested programs (programs that look at your income or savings), but that rule gives way to federal law, and money you take out and keep can still matter.

A reverse mortgage (HECM) is FHA-insured. New American Funding is not acting for HUD, FHA or any government agency.

Key points

- **California does not treat loan payments as income.** For California means-tested programs, reverse mortgage payments count as loan proceeds.
- **Money you haven't drawn is home equity.** Under the same state law, it is not counted as an asset.
- **Money you hold can still matter for SSI.** The Social Security Administration's staff manual treats loan proceeds as not income, but cash you keep past the month you receive it can count as a resource.
- **Medi-Cal follows federal rules too.** The state rule is limited by federal Title 19.
- **The FTC speaks to Social Security and Medicare.** It says a reverse mortgage "won't affect your Social Security or Medicare benefits."
- **Ask before you borrow.** A benefits advisor or an elder-law attorney can look at your actual situation. I can't.

What California's rule says

The rule is in California Civil Code section 1923.9. Here it is in plain words, the way I'd go over it across my desk.

Money	How California's rule treats it	The catch
Payments you receive from the loan	Loan proceeds, not income	Only where it doesn't conflict with federal law
Money you haven't drawn yet	Home equity, not an asset	Same limit
Medi-Cal	The state rule is limited by federal Title 19	Ask a benefits advisor

Where the rule stops

The state rule applies only where it doesn't conflict with federal law. SSI and Medi-Cal are the two programs families ask about most. For SSI, the federal rules below show that money you hold can matter, so how much you draw, and when, can matter.

For Medi-Cal, the state rule is limited by federal Title 19, so ask a benefits advisor how it works for you.

Any money you draw is a loan: interest, mortgage insurance and fees are added, so the balance grows over time.

California's own worksheet, "Is a Reverse Mortgage Right for Me?", asks you to think about the effect on government benefits, including Medi-Cal. I must give it to you before counseling, and you sign it. The loan can't be approved until the signed worksheet comes back.

Social Security, SSI and Medicare

The Federal Trade Commission says a reverse mortgage "won't affect your Social Security or Medicare benefits." That is the FTC's statement, not mine.

SSI is a different program, and it looks at your income and savings. The Social Security Administration's own staff manual (POMS) says two things in plain words:

- Money you receive from a loan is not counted as income (POMS SI 00815.350).
- If you still have that cash after the month you received it, it can count as a resource, which is the term SSI uses for savings and property (POMS SI 01120.220).

I read these on SSA's website. They are guidance for SSA staff, so ask SSA or a benefits advisor how they apply to you. Loan proceeds generally aren't taxable income, but talk to a tax advisor about your own situation.

Who to ask

- **A benefits advisor.** LA County's Information & Assistance line, 1-800-510-2020, can point you to services. The county's resource network follows a "No Wrong Door" approach, meaning you can start from any entry point.
- **Medicare questions.** HICAP is the county's free Medicare and health insurance counseling program. It is not reverse mortgage counseling. Call (800) 434-0222 or (213) 383-4519, by appointment.
- **An elder-law attorney.** The City of Diamond Bar's fall recreation guide listed 20-minute appointments with elder-law attorneys. Call 909-839-7070 to ask about the current schedule.
- **A tax advisor,** for any question about taxes.

Do and don't

My advice: ask first, borrow second.

Do

- **Do** ask your benefits advisor how a draw would count before you take one.
- **Do** bring your benefit letters to your advisor, and ask the counseling agency what to have ready.
- **Do** read California's worksheet, and answer its benefits question honestly.
- **Do** ask an elder-law attorney about Medi-Cal if long-term care is possible.

Don’t

- **Don't** take any draw before you ask how the money would count.
- **Don't** rely on me, a friend or a website for your benefits answer.
- **Don't** sign anything that says your benefits are safe unless an advisor has said so.

A made-up example to show how it works. Your situation will be different.

Example: Ruth asks before she borrows

Ruth, 74, lives in Diamond Bar and receives a state-run benefit that looks at her income and savings. She wonders whether a reverse mortgage line of credit would help with repairs. Her son reads the California worksheet and sees the question about benefits.

Ruth learns that California counts loan payments as loan proceeds, not income, and money she hasn't drawn as home equity. She also learns that federal limits apply to some programs, and that money she draws and keeps could matter. A benefits advisor tells her which draws could cause trouble for her case.

Ruth decides to wait on the loan until she knows more. Her next steps are to call the advisor again and talk her questions over with a lender. If she goes ahead, she'll meet an independent HUD-approved counselor before she applies.

Questions families ask

Does a reverse mortgage count as income?

For California means-tested programs, payments from a reverse mortgage count as loan proceeds, not income. That rule gives way to federal law where the two conflict. Check your own programs with a benefits advisor.

How does a reverse mortgage affect Medi-Cal?

California's rule is limited by federal Title 19 for Medi-Cal. I can't tell you how it will work for you, so ask a benefits advisor or an elder-law attorney.

If I end up in a nursing home, does a reverse mortgage delay Medi-Cal?

I can't answer that from the sources behind this page, and I won't guess. It depends on Medi-Cal rules for your home and your situation, so please ask an elder-law attorney. See also moving to care and the occupancy rules.

What about Social Security and Medicare?

The FTC says a reverse mortgage "won't affect your Social Security or Medicare benefits." SSI is separate and looks at income and savings. The Social Security Administration's staff manual treats loan proceeds as not income, but cash you keep past the month you receive it can count as a resource. Ask SSA or a benefits advisor about your own case.

Do I pay income tax on reverse mortgage money?

Loan proceeds generally aren't taxable income. Talk to a tax advisor about your own situation.

Sources (read October 28 to November 2, 2026)

- California Civil Code, Chapter 8, Reverse Mortgages (section 1923.9, benefits; section 1923.5, worksheet): https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CIV&division=3.&title=4.&part=4.&chapter=8.&article=
- FTC, "Reverse Mortgages" (page dated Aug. 2022): https://consumer.ftc.gov/articles/reverse-mortgages
- Social Security Administration, POMS SI 00815.350, loan proceeds not income: https://secure.ssa.gov/poms.nsf/lnx/0500815350
- Social Security Administration, POMS SI 01120.220, cash kept past the month received as a resource: https://secure.ssa.gov/poms.nsf/lnx/0501120220
- LA County Aging & Disabilities Department, HICAP: https://ad.lacounty.gov/services/older-adult-services/hicap/
- LA County Aging & Disabilities Department, contact (Information & Assistance, 1-800-510-2020): https://ad.lacounty.gov/contact-us
- LA County Aging & Disability Resource Connection, frequently asked questions ("No Wrong Door"): https://ad.lacounty.gov/adrc/frequently-asked-questions-faqs/

- City of Diamond Bar, Fall 2026 Recreation Guide (PDF): https://www.diamondbarca.gov/DocumentCenter/View/14065
- HUD, HECM information and counselor search: https://www.hud.gov/hud-partners/single-family-hecmhome



Talk with me first

I'll answer your questions and tell you plainly if a reverse mortgage isn't the right fit. No pressure.

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Personal estimate and more free guides: thereverseguide.com. Before you can apply, you'll meet with an independent HUD-approved counselor; it's required.

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