

Last updated: 5 March 2026

This calculator helps you decide if a reverse mortgage is right for you. You can:

- explore what a reverse mortgage could cost over different time periods, such as 10 or 20 years
- see how your home equity may change over time, depending on interest rate and home value assumptions
- print your results

Mike and Cheryl

Age 73



In 10 years time, when you are 83 years old.

You will own

81%

of your home equity

Projected home value: **\$671,958**

■ Owe to lender: **\$126,900**

■ Your home equity: **\$545,058**



When you are 90 years old

You will own

71%

of your home equity

Projected home value: **\$826,424**

■ Owe to lender: **\$243,560**

■ Your home equity: **\$582,864**

Property value



Home value **\$500,000**

Est. increase/decrease in home value per year 3%

The cost of your loan



Interest rate 9.35% per annum

Establishment fee \$0 upfront

Ongoing fee \$0 per month

Your borrowing plan

Lump sum(s) paid to you: **\$50,000 in 0 years 0 months**

Regular payment to you: **\$0**

Paid to you for a period of: **0 years 0 months**

Total expected payment received: **\$50,000**

Important information

What is a reverse mortgage?

Money is borrowed using the equity in your home as security. Interest on the loan is added to your loan balance.

You will need to repay the loan when you stop living in the property.

Your home equity

Equity is the portion of your home that you still own after subtracting the amount you owe under your outstanding loan.

Outstanding loan

Your loan amount will include:

- Total received payments

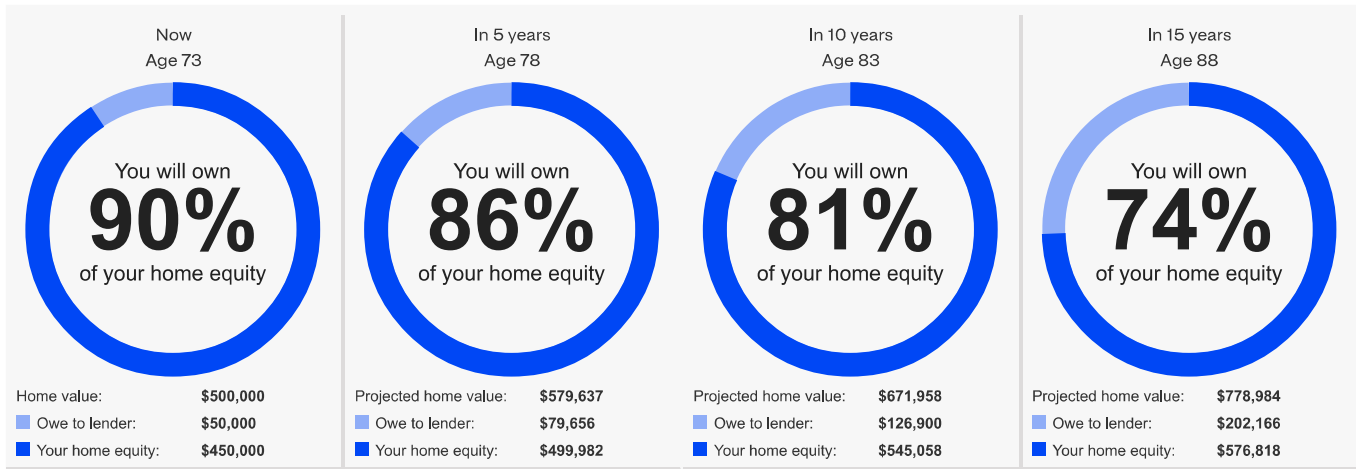
- Accumulated interest
- Fees

To compare how different rates will affect you, verify these results using the reverse mortgage calculator at moneysmart.gov.au

Your remaining home equity

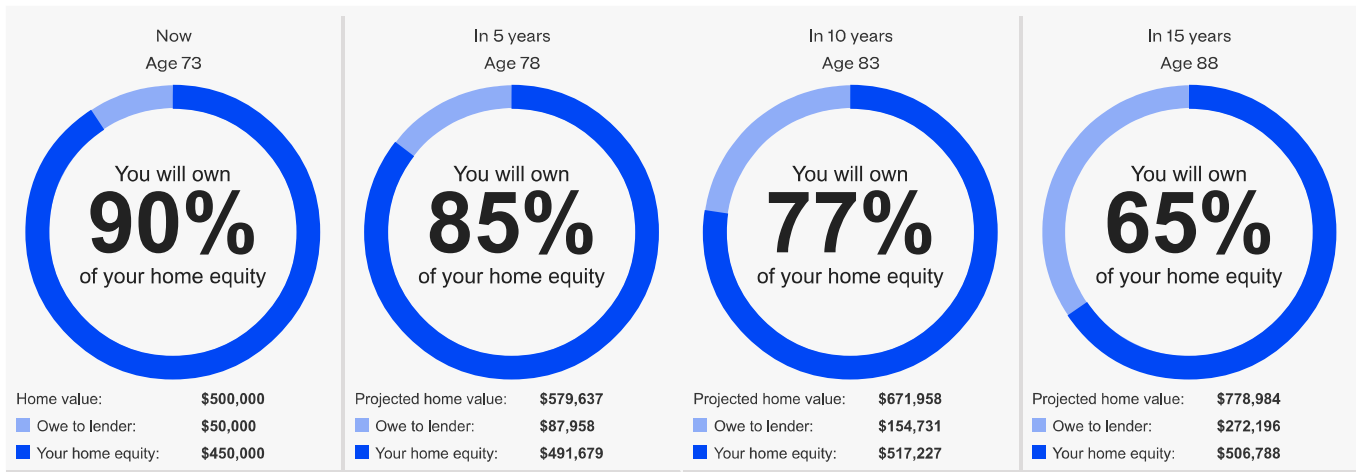
Your baseline projection

This is how your home equity may change over time (based on your assumptions of 3% property growth and interest of 9.35%)



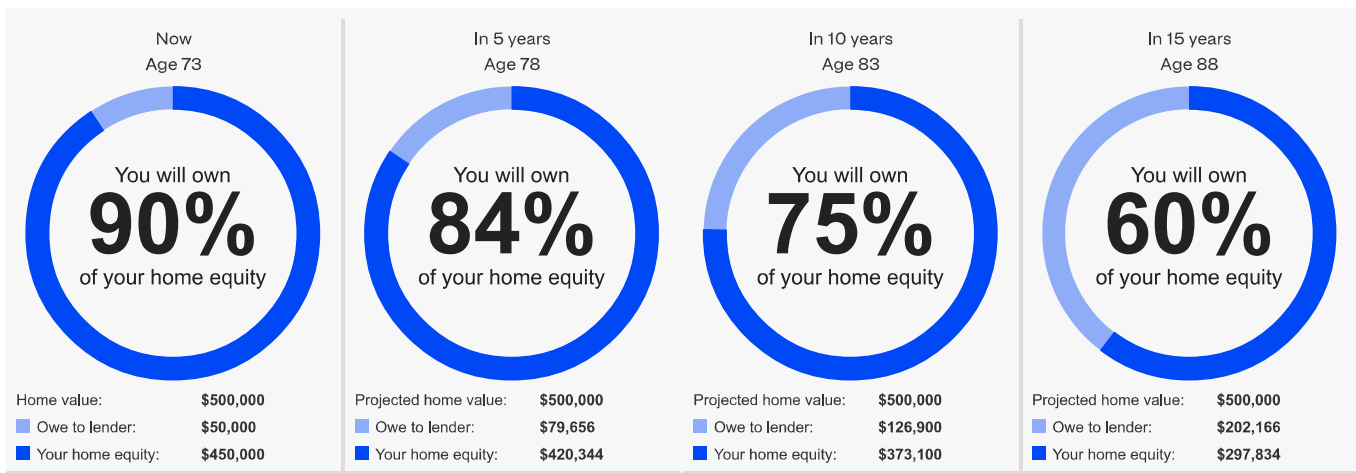
What if interest rates were 2% per year higher?

If interest rates were 11.35% per year (instead of 9.35% per year), your outstanding loan will increase faster and your resulting equity will be diminished.



What if your home value remains constant?

If the value of your home does not increase, your outstanding loan will constitute a greater proportion of its value.



Detailed Breakdown**Your baseline projection**

This is how your home equity may change over time (based on your assumptions of 3% property growth and interest of 9.35%)

	NOW	In 5 Years	In 10 Years	in 15 Years
Mike and Cheryl	Age 73	Age 78	Age 83	Age 88
Home value	\$500,000	\$579,637	\$671,958	\$778,984
Lump sum(s) received	\$50,000	\$50,000	\$50,000	\$50,000
Regular payments received	\$0	\$0	\$0	\$0
Interest owing	\$0	\$29,656	\$76,900	\$152,166
Fees paid	\$0	\$0	\$0	\$0
Total owing	\$50,000	\$79,656	\$126,900	\$202,166
Your home equity	\$450,000	\$499,982	\$545,058	\$576,818
Equity as % of projected property value	90%	86%	81%	74%

What if interest rates were 2% per year higher?

If interest rates were 11.35% per year (instead of 9.35% per year), your outstanding loan will increase faster and your resulting equity will be diminished.

	NOW	In 5 Years	In 10 Years	in 15 Years
Mike and Cheryl	Age 73	Age 78	Age 83	Age 88
Home value	\$500,000	\$579,637	\$671,958	\$778,984
Lump sum(s) received	\$50,000	\$50,000	\$50,000	\$50,000
Regular payments received	\$0	\$0	\$0	\$0
Interest owing	\$0	\$37,958	\$104,731	\$222,196
Fees paid	\$0	\$0	\$0	\$0
Total owing	\$50,000	\$87,958	\$154,731	\$272,196
Your home equity	\$450,000	\$491,679	\$517,227	\$506,788
Equity as % of projected property value	90%	85%	77%	65%

What if your home value remains constant?

If the value of your home does not increase, your outstanding loan will constitute a greater proportion of its value.

	NOW	In 5 Years	In 10 Years	in 15 Years
Mike and Cheryl	Age 73	Age 78	Age 83	Age 88
Home value	\$500,000	\$500,000	\$500,000	\$500,000
Lump sum(s) received	\$50,000	\$50,000	\$50,000	\$50,000
Regular payments received	\$0	\$0	\$0	\$0
Interest owing	\$0	\$29,656	\$76,900	\$152,166
Fees paid	\$0	\$0	\$0	\$0
Total owing	\$50,000	\$79,656	\$126,900	\$202,166
Your home equity	\$450,000	\$420,344	\$373,100	\$297,834
Equity as % of projected property value	90%	84%	75%	60%

Before you decide to sign up for a reverse mortgage:

- Discuss your assumption about interest rates and the growth in your home value with your lender
- Use the reverse mortgage calculator to test different scenarios and see how they effect the equity in your home.

Assumptions, disclaimers and more information

About the reverse mortgage calculator

This calculator is designed to help you understand how a reverse mortgage could affect you.

You can use this calculator to compare different scenarios to see the impact of the interest rate and property growth rate on your home equity.

The instructions set out in this calculator for the making of equity projections have been approved by ASIC for the purpose of s133DB(1)(a) of the National Credit Act and reg 28LD(2) of the National Credit Regulations.

Disclaimers

The result of this calculator are not advice in relation to a financial product. You should consider obtaining advice from a licensed financial adviser or credit provider before making any financial decisions about a reverse mortgage.

You will need to satisfy the lending criteria of a credit provider to get a reverse mortgage.

Whilst the Commonwealth, represented by ASIC ("ASIC"), is the developer and owner of the Reverse Mortgage Calculator ("Calculator"), the Calculator is available for use by members of the public as well as financial advisors and as such ASIC has no direct control over the results generated by such Calculator. ASIC therefore does not guarantee, and accept no legal liability whatsoever arising from or connected to, the appropriate independent professional advice prior to relying on, or entering into any commitment based on any results generated by the calculator. By entering ASIC's MoneySmart website and by using the Calculator, the user will be deemed to have released and have discharged ASIC, from all liability in respect of any loss suffered as a result of relying on the information generated by the Calculator.

The use of the Calculator by a financial advisor does not constitute an endorsement or a recommendation by ASIC of any products or services or of any third party products or services offered by such financial advisor. ASIC hereby excludes all liability to the extent permissible by law.

Assumptions

Amounts calculated are estimates:

you will end up with a different level of equity in your home. This is not a prediction or forecast regarding interest rates or home values by ASIC. ASIC does not forecast economic or market conditions or regulate the residential property market.

The calculator assumes the following:

Property value – Your house value is updated each year based on your designated growth rate. Constant growth is assumed. It is safer to enter a conservative estimate especially if projections extend beyond 5 years.

Interest rates – Are assumed constant over the life of the loan, however, they may fluctuate if your financial institution uses variable interest rates.

Fees – All unpaid fees are added to the loan and ongoing fees are assumed constant over the life of the loan.

Home equity remaining – The value of your home that you still own after subtracting the total outstanding loan.

Negative equity protection – Mortgages taken out on or after 18 September 2012 are subject to negative equity protection. This means that you owe the lender more than the value of the home. When the home is sold, the lender must accept the sale proceeds as full settlement of the debt.

How lenders can use the calculator

Lenders who use this calculator must choose their lender institution/products from the drop-down menu at the start of the Calculator.

This will:

- Apply the lender's borrowing limits, including the LVR, minimum borrower's age and maximum loan amount
- Enable lender to enter their contact details and/or notes for the client reference in the Report settings of the Calculator. This will appear as part of the Calculator's results report

To find out more about how lenders should use this calculator please see ASIC's Information Sheet.

To update lender limits or include a lender that does not appear in the drop-down menu, please email feedback@moneysmart.gov.au.

