



Where will you call home in retirement?

By Susan Tompor | March 1, 2015

When people talk about retirement, one question often pops up in the conversation: "What's your number?"

The answer usually involves how many zeroes you'd need in 401(k) savings before you order the big cake for a retirement party.

But what about other key numbers? Such as ZIP codes, square footage and number of bedrooms on the main floor? Maybe the budget you need for renovating that retirement dream home?

"Most clients, as they age, are thinking twice about where they live and how they live," said Melissa Spickler, managing director for Merrill Lynch in Bloomfield Hills.

Merrill Lynch, in partnership with Age Wave, rolled out a new study called ["Home in Retirement: More Freedom, New Choices."](#)

The study was conducted during the second half of 2014 and is based on a nationally representative survey of more than 3,600 respondents. The survey raised some interesting points.

For example, HGTV isn't just for young families. People age 55 and older spent roughly \$90 billion on home renovations last year. The 55-plus households account for nearly half of all spending on home renovations. The next group, ages 45 to 54, accounted for 25%.

Renovations for some retirees include creating a home office, upgrading a kitchen and improving curb appeal.

We're not talking about Grandma's house where the same throw rug sat at the side door for 30 years.

More surprises? Not everybody stays in place or downsizes. About 4.2 million retirees moved into new homes last year, according to Merrill Lynch's report.



“Most clients, as they age, are thinking twice about where they live,” said Melissa Spickler of Merrill Lynch in Bloomfield Hills. (Photo: Merrill Lynch)

About 17% of people 65 and older who moved last year relocated to a different state or part of the country.

About 30% actually bought a larger home, according to the "Home in Retirement" report.

"This is the biggest house we've ever owned," said Sue Mercurio, 65, who now lives on a lake in Chelsea.

Sue and Joe Mercurio moved back to Michigan in July 2007 after Joe retired from a corporate job at Walgreens headquarters in Illinois.

Sue had been a school teacher but stayed at home to raise her children. Over the years, as her husband's career moved on track, she said they "lived in suburban everywhere."

When it came to retirement, they wanted to move back near family and friends. She grew up in Chelsea; he grew up in the Detroit area. They moved out of Michigan in the late 1970s.

"Now it's time to live where we really want to live," she said. "I needed to live on a lake."

They bought a home built in the 1950s that required a lot of updating. Improvements added up to roughly 45% of the purchase price for the two-acres of property. Air-conditioning, a generator, new windows, replacing the furnace, appliances and more.

"We're going to live in this house until we can't drive any more," Mercurio said.

Two of the Mercurios' three adult children live out of state and the retirees want a place where their children can stay when they visit.

The "Home in Retirement" survey indicated that many retirees wanted a their home to be a gathering place.

"More and more people are turning their empty nest into a nurturing nest," says gerontologist Ken Dychtwald, CEO of Age Wave.

But many times, according to the Merrill Lynch report, adult children aren't just visiting. They're moving in with retirees.

Nearly one in five retirees in the Great Lakes region, including Detroit and Chicago, has an adult child age 21 or older living with them. That's the highest rate and tied with the Northeast region.

Spickler, from the Merrill Lynch office in Bloomfield Hills, said an adult child in his or her 30s, 40s, or 50s might have lost a job, changed a job or become divorced or widowed. They move back in with Mom or Dad. Or move in with both parents, if they're still living.

Sometimes, retirees appreciate the company and help from an adult child who moves back home, Spickler said.

Financial advisers in Michigan say they're running across all types of retirement scenarios when it comes to where a retiree decides to live or move.

Some retirees are forced to stay in their homes because they're not able to sell the house without many repairs or they may owe more on the house than it's worth now and cannot sell.

Some choose to travel to Florida in the winter or some buy homes there.

Robert Schmansky, a certified financial planner and founder of Clear Financial Advisors in Livonia, said retirees who want buy a second home must consider the extra costs of maintenance, utilities, taxes and furniture. Do you keep another car at the second home?

Or if they sell one home and move away to another, what about the costs to visit friends and loved ones?

"Retirees may be surprised at how much they're spending in retirement to travel to spend time with grandchildren," Schmansky said.

One tip: Maybe before you move, test things out a bit. Schmansky suggested taking an extended vacation in an area before making a commitment to move there.

Just as there are risks with investing, there are risks with any move, including the risk of being too isolated if you move into a new area or community. A lot of that nest egg can disappear while feathering a new retirement nest.

More thoughts on retirement

A recent Merrill Lynch retirement study, conducted in partnership with Age Wave, gave the following insights about Great Lakes retirees:

- Of retirees who moved to the Great Lakes region, 17% moved into a larger home and 67% downsized — the largest percentage downsizing in any region of the survey.
- About 59% of retirees rank the Great Lakes region as the best area for being close to family.
- About 50% of those in the Great Lakes region want to continue living in the area after retirement.
- Only 2% of pre-retirees nationally want to move to the Great Lakes region after retirement.

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