



Want to move when you retire? Start planning now

By Elizabeth O'Brien | March 5, 2015

Today's retirees are on the move. While many express a desire to "age in place," that doesn't necessarily mean staying put in their current home; indeed, what they're really saying is they want to live out their lives not in a care facility, but in a home of their own that suits their needs.

Retirees might move closer to grandchildren, or to an apartment that requires less maintenance. Heck, they might buck conventional wisdom, go all out and 'upsized': three in 10 retirees who moved in retirement relocated to a larger home, according to a survey released last week by Merrill Lynch and conducted in partnership with Age Wave, a consulting and research firm. Overall, an estimated 4.2 million retirees moved into a new home last year, according to an Age Wave analysis of survey and census data.

Wherever you decide to live in retirement, it's important to plan ahead, experts say. "Often, we'll get those clients who come to our service because they've had a crisis," said Anne Tinyo, head of life management services for Wells Fargo Private Bank. Tinyo's group helps clients with everything from coordinating elder care and retrofitting homes for safety to estate planning, and requires clients to have at least \$2 million with the private bank.

But the best time to plan is before a crisis, which for many takes the form of a health problem that limits their mobility. The mid-50s are a good age to begin thinking about long-term plans for retirement, including living arrangements, experts say. That leaves plenty of time to make a plan and implement it while you're still likely to be enjoying good health. Among those 65 and over, nearly half have two or more chronic health conditions, which could make moving more burdensome.

When a health crisis forces an older person to move, there are other parties involved in the decision-making, from adult children to hospital discharge planners, insurance companies and more. If you want to move on your own terms, have a plan and don't wait too long to act on it, experts say.

Here are some considerations to keep in mind:

Reducing maintenance and living costs

Stu and Lois Samuels enjoyed entertaining their young grandchildren at their 4,000-square-foot home on a mountaintop in Los Angeles. But now that the children are nine and 13, amenities like a pool have lost a bit of their luster. And the Samuels, 73 and 70, are ready for less upkeep. "Maintaining a house is a constant thing," Stu Samuels said. "We want to be able to turn a key and go away for a month."

The couple, who make frequent trips to France, plan to move this spring into a 2,000 square-foot townhouse in the same area. They'll still be close to their grandchildren, and they'll have more freedom to travel without worry, said Stu, who recalls once fielding an emergency call from his pool technician while in Paris.

A smaller footprint also lowers costs, of course. The Samuels will no longer need to employ a gardener and pool technician, and will probably have lower utility bills, too. With 26% of respondents, reducing home expenses was the second most popular reason that people ages 50-plus gave for moving in retirement, according to the Merrill Lynch survey. Wanting to be closer to family ranked first, with 29% of respondents.

Family also factored prominently in the decisions of those who chose to upsize. Of the 30% who moved to a larger home, one-third said they wanted more room for family to visit, and 20% said they wanted room for additional family members to live with them.

While upsizing isn't likely to reduce housing costs, it may reduce maintenance costs and hassles. Relocating to a floor-through apartment may mean getting more living space while at the same time no longer having a yard to mow or a walkway to shovel.

Ron Weiner, president and CEO of RDM Financial Group in Westport, Conn., and Boca Raton, Fla., calls home maintenance "a tax you don't see." With older houses especially, repairs are needed frequently on some part of the property or another, including on big-ticket items like the boiler and the roof. Clients often fail to appreciate these costs until he prepares a detailed budget for them, Weiner said, and then they realize staying in the family home isn't quite as economical as they thought.

Those considering a move to another state need to consider the tax implications as well. Heather Evans, a financial adviser with Merrill Lynch in Vienna, Va., helps clients analyze how changes in property, income and estate taxes might affect their retirement budgets. But a favorable tax climate can sometimes go hand-in-hand with financial downsides: Florida is attractive for its lack of a state personal income tax, for example, but the price of homeowners' insurance on the coast can be astronomical, so that's an important consideration for those considering the Sunshine State, Evans said.

For Steve Kaufman, 64, a move to central Florida made financial sense following his divorce in early 2011. The independent public-relations professional moved from San Jose, Calif. to The Villages, a large active adult community, later that year, and bought a brand-new, 1,925-square-foot three-bedroom home for \$227,000. He enjoys \$2.50 draft beers at the local bars and many free or low-cost activities in the community. "The cost of living is peanuts compared to up there" in California, Kaufman said.

Staying put

Some folks are so comfortable in their longtime home and community that they can't imagine leaving. And there are certainly good reasons to stay put. For one, deep ties to the community can pay off in older age, when social isolation poses a serious threat to physical and mental health.

Those who'd prefer to remain in the family home should consider modifications to help as they get more frail. Steps get harder to negotiate in old age, as do traditional bathrooms. Modifications such as a building a mobility ramp outside, moving the bedroom to the first floor, and installing a no-step shower and bathroom grab bars can go a long way toward helping someone with limited mobility stay safe at home. (For more details on home modifications, read *Don't let health issues threaten retirement independence.*)

Again, advanced planning is key to successful renovating. "A good time to do it is before you need it," said Ron Cowgill, president of D/R Services Unlimited, a general contracting firm in Glenview, Ill., who speaks to the media on behalf of the National Association of the Remodeling Industry (NARI). These kinds of modifications can reduce the risk of falls, which often precipitate a decline in older people's health and contribute greatly to their loss of independence.

Those living in a suitable environment when they experience a fall or a stroke are more likely to be able to stay put afterward. Hospitals and rehabilitation facilities take the safety of the home into account when discharging patients, and having a home that's deemed unfit—because, say, the newly frail occupant can't navigate the stairs—can complicate the discharge or worse, force an unwanted move into an assisted living or nursing facility.

Even so, many people fail to plan proactively for home modifications. "Most people believe they're bulletproof," said Larry Taff, owner of TZ of Madison, a general contractor in Madison, Wis., who like Cowgill has obtained NARI's universal design certification, a designation related to aging in place. While Taff is typically booked two to three months out, he tries his best to accommodate clients seeking rushed modifications ahead of a discharge from a hospital or rehab facility. "It's stressful for everyone involved," he said.

Reassessing as circumstances change

Retirement often involves a "second downsizing" in the later years, said Andrew Murdoch, president of Somerset Wealth Strategies in Portland, Ore. A common pattern for Murdoch's clients is to buy a home with all cash in early retirement, then to use that equity in later retirement to fund a move to a continuing care retirement community in their late 70s or 80s. These communities often require six-figure down payments to enter.

The death of one spouse is a common trigger for older people and their families to reconsider living arrangements. Tinyo recalls one client who became widowed in her early 80s. Her son, assuming his mom wanted to remain in the longtime family home, dutifully arranged support for her, including transportation to shopping and church.

But after a while, he noticed his mother becoming increasingly withdrawn and depressed. He eventually realized she'd be better off moving to a retirement community, so with his mother's agreement he helped her move to one, where her spirits lifted. "She was really a social being, and that's what she thrived on," Tinyo said.

And all of those people moving down to Florida? Many of them wind up moving back up north in their 80s, to be closer to their adult children as their care needs grow, advisers say.

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