

## Home Free: Survey Flags Housing, Locale Choices in Retirement

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By Warren S. Hersch

Unbound by work and financial obligations, nearly two-thirds of retirees say they are living in the best homes of their lives. And compared with pre-retirees, retirees are also more likely to indicate their homes are comfortable, in a safe community and a great place to connect with family.

These happy findings are detailed in a new Bank of America/Merrill Lynch study, “Home in Retirement: More Freedom, New Choices.” Conducted in partnership with Age Wave, the report reveals the priorities, hopes, and worries of pre-retirees and retirees as they envision the type of home, community, and geography they desire to live in during their retirement years.

“During the next decade, age 65-plus households will account for nearly all household growth,” the survey states. “This tremendous growth among older households is driven by powerful demographic force: the massive baby generation is now moving into their retirement years; [and] increasing longevity leading to longer retirements.

“How and where older adults choose to live will have widespread implications for the different ways homes might be designed, what resources will be needed, and how communities nationwide should prepare for an aging population,” the report adds.

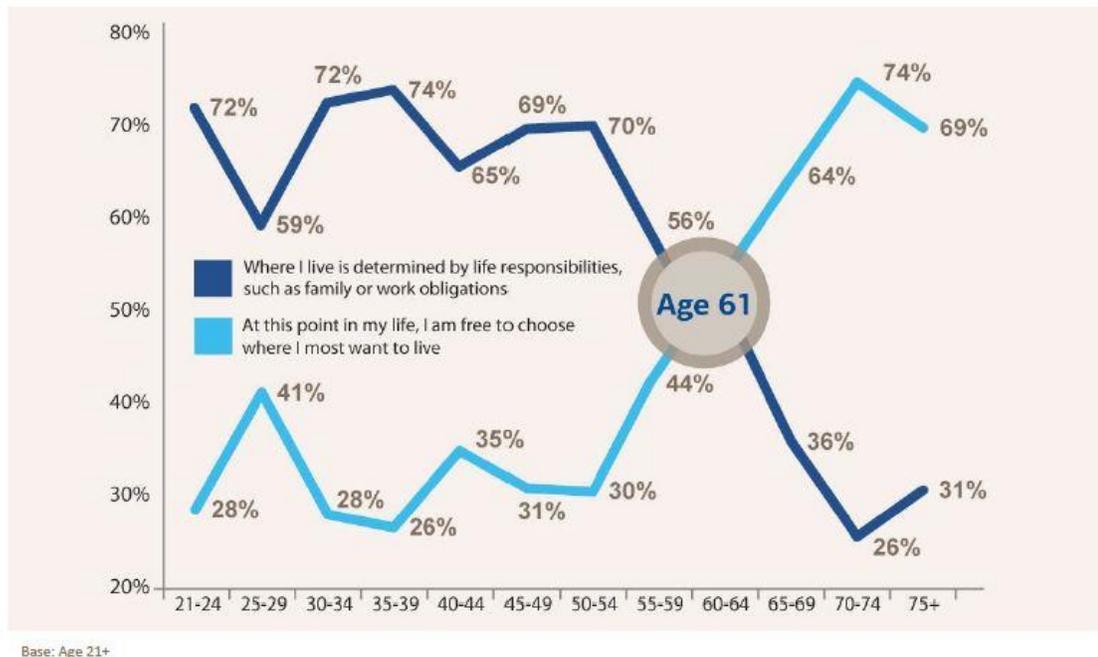
Among other key findings, the survey reveals that:

- Home equity among homeowners ages 65 and older exceeds \$200,000. Households in this age group account for one-fifth of all U.S. households (22 percent), but hold 40 percent of home equity.
- More than seven in ten retirees over age 65 have paid off their mortgage. By eliminating debt, retirees are able to achieve “financial peace of mind during their retirement years.
- The majority of retirees who downsized in their last move cite freedom from the financial and maintenance burdens of a larger home as the top reasons to downsize. By reducing expenses and releasing equity tied up in a larger home, downsizing can help make retirement more financially secure.
- Fewer than 1 in 10 (7 percent) of retirees have moved into age-restricted retirement communities. But there is growing diversity of retirement communities, among them some 100

that have ties to universities, affording opportunities for continued learning and connections with both students and alumni.

- About 373,000 retired Americans lived abroad in 2013. Among people ages 65 and older who moved last year, most (83 percent) chose to remain in the same state. However, more than 1 in 6 (17 percent) relocated to a different state or part of the country.

## The “Freedom Threshold”

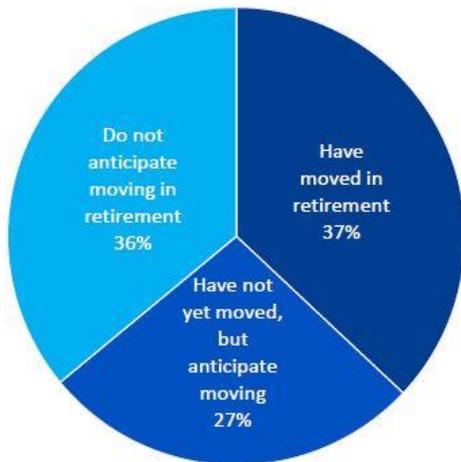


As the above chart shows, life responsibilities, including family and work obligations, largely determine where people live for much of their lives. Only when attaining age 61, which the survey dubs the “Freedom Threshold,” do a majority say they are free to choose where they most want to live.

Fully two-thirds of retirees (67 percent) express this sentiment. This compares with just 30 percent of pre-retirees who say they are free to choose where to live.

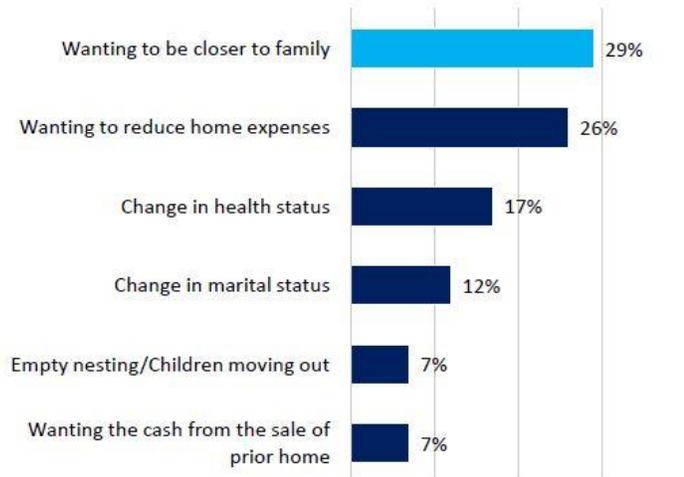
## Retirees on the Move

Percent of retirees who have moved or anticipate moving in retirement



Base: Age 50+ retirees

Reasons for moving in retirement



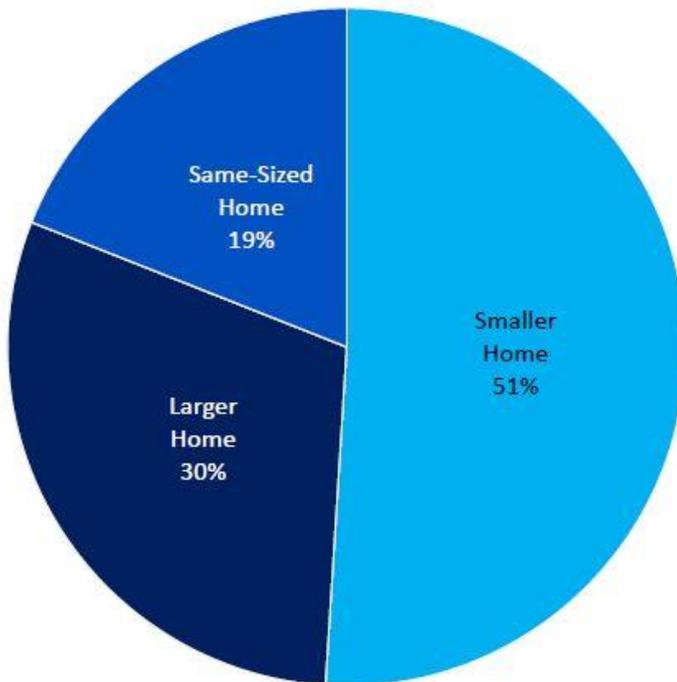
Base: Age 50+ retirees who have moved since retiring

Most of the retirees polled have already moved in retirement (37 percent) or anticipate moving (27 percent). These percentages compare with just over a quarter of retirees (27 percent) who intend to stay put.

Wanting to stay closer to family is the top reason (29 percent of those polled) that retirees cite for the change in locale. This is followed by a desire to cut costs.

“Among other things, wanting to lower home expenses, encountering health challenges, divorce or widowhood and empty nesting can all be triggers for moving in retirement,” the report says.

Retirees' most recent move was into a...



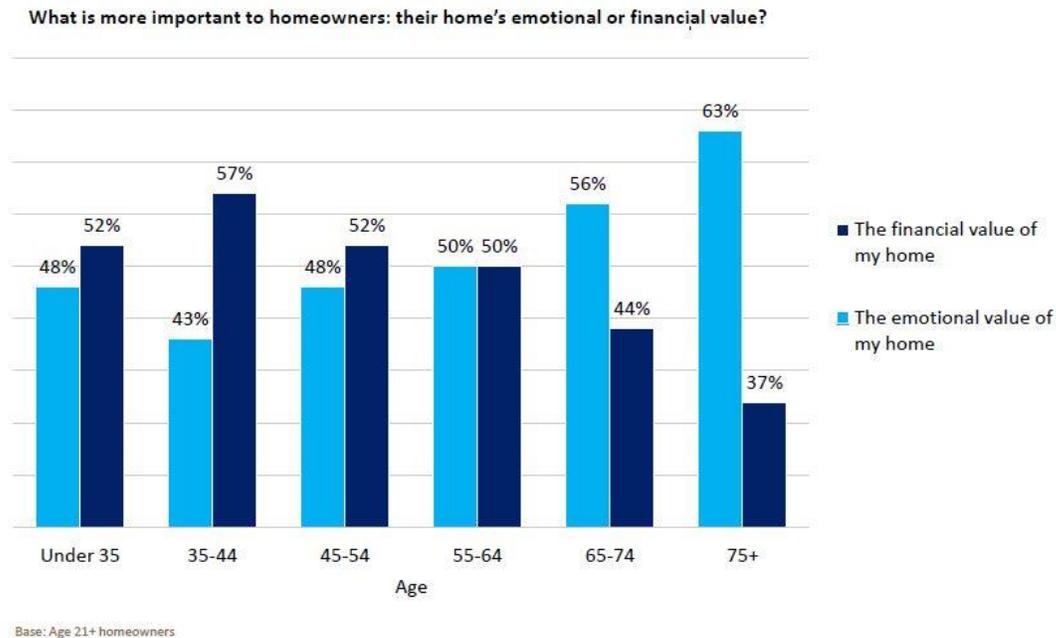
Base: Age 50+ retirees who have moved since retiring

Indeed, just over half of retirees (51 percent) moving to in to a smaller home. But 3 in 10 of the over-65 crowd “upsized” to a larger home (30 percent). Two reasons: to provide a large enough space where family members can comfortably reconnect; and to accommodate family members who wish to live with them.

“[O]ne in six (16 percent of) retirees has a ‘boomerang’ adult child who has moved back in,” the survey notes. “In fact, due to in part to adult children returning to their parents’ home, the number of multigenerational family households doubled between 1980 and 2010, from 11 percent to 22 percent.”



## The Emotional vs. Financial Value of a Home



As the above chart shows, retirees attach significantly greater emotional than financial value to their home than do those in younger demographic groups. More than 6 in 10 retirees over age 75 cite the emotional value of their residence as most important to them.

**Among retirees ages 65 to 75**, more than half (56 percent) say the same. Similarly, “I love my home” is the top reason most retirees (54 percent) express for not wanting to leave their current home.

To be sure, many of these same retirees desire to continue to make home improvements. Indeed, households led by individuals age 55 and older account for almost half (47 percent) of all spending on home renovations: about \$90 million annually.

“While some modified their home to make it more age-friendly, most retirees have renovated their homes to make them more attractive, more comfortable and more versatile,” the report states.

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