



Where to Spend Those Golden Years?

By Casey Dowd | The Boomer | March 12, 2015

You have saved and planned for retirement all of your adult life. Now comes the question: Where should I retire? If there were one perfect spot to match the needs of every retiree, deciding where to settle would be simple.

According to a new Merrill Lynch study conducted in partnership with Age Wave, 64 percent of retirees are likely to move at least once during retirement, with 37 percent having already moved and 27 percent anticipating doing so. The study, “Home in Retirement: More Freedom, New Choices,” (<https://mlaem.fs.ml.com/content/dam/ML/Articles/pdf/AR6SX48F.pdf>) also found that with newfound freedom from work and family restrictions, fewer home-related financial concerns, and unprecedented longevity, retirees are more empowered to pursue a home that fits their desired lifestyle and changing priorities..

Gao-Wen Shao, director of Retirement Solutions at Merrill Lynch, discussed these additional key findings from the study:

Boomer: Based on the study how does where pre retirees want to live in retirement impact how America may be reshaped in the coming years?

Shao: Retirement can present new opportunities to live anywhere in America and where our nation’s aging population chooses to live will have implications on communities and businesses nationwide. Our study found that most pre-retirees (60%) anticipate staying in the same state or region, however 4 in 10 see retirement as a chance to try living in a new part of the country. We found that where pre-retirees say they want to stay or move to in retirement tends to mirror where today’s retirees say they are happiest.

Boomer: What did the study find as the retirement hotspots for baby boomers? Are most of them heading to a warmer location?

Shao: Pre-retirees who do want to relocate in retirement indicated that the South Atlantic is the clear preference, with 39 percent saying they would most want to move to that region, followed by the Mountain (25 percent) and Pacific (16 percent) regions.

Boomer: What is meant by the Freedom Threshold?

Shao: Throughout most of people's lives, where they live is largely determined by their work and family responsibilities, which can keep them anchored in particular homes and communities. However, as people enter their late-50s and 60s, they begin to cross what this study reveals to be the "Freedom Threshold." At age 61, the majority of people say they feel free to choose where they most want to live. With this newfound freedom, 65 percent of retirees say they are living in the best homes of their lives.

Boomer: With the new freedom to decide where they want to live are baby boomers downsizing or staying in place?

Shao: While many people assume they will downsize in retirement, our study found that half of retirees (49 percent) didn't downsize in their last move and three in 10 actually moved into larger homes. The top reason for upsizing was to accommodate children and grandchild when they came to visit and in some cases stay. Those who did decide to downsize (51 percent) said their top reasons included greater freedom from the financial and maintenance burdens of a larger home.

Boomer: For those retirees who choose not to move, what home improvements did the study show are being made?

Shao: People over the age of 55 represent nearly half of all money spent on home renovations. A common misconception is that retirees are only renovating their homes to make them more age-friendly, when in fact many are renovating to make their homes more comfortable and enjoyable. Our study found creating a home office, improving curb appeal and upgrading kitchens were the most common renovation projects. However, in later life retirees may refocus their efforts on more practical renovations to help them age more independently and safely in place. In a recent report, the Joint Center for Housing of Harvard identify five key features for an accessible home, including: no-step entry, single floor living, extra-wide doorways and hallways, accessible electrical controls and switches, and lever-style doors and faucet handles.

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