

Upsizing your home in retirement — are you nuts?

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Imagine moving one more time to live your golden years of retirement until independent living is no longer practical or safe. What would you want in the new home and where would it be? Fewer stairs to climb, easier yardwork, or possibly, a tighter circle of community? In short, simplicity, convenience, and ease - as Steve Martin would say, "Getting small."

Sounds reasonable. "Honey, let's downsize in retirement. Life can be more manageable, and maybe, we'll have some money left over to add to our retirement savings." A recent study analyzed home moves by retirees – half moved into smaller homes and 20% stuck to a similar sized home. However, what were the rest thinking? Three out of ten went for larger homes.

Merrill Lynch, in partnership with Age Wave, a thought leader on population aging, released a study called "Home in Retirement: More Freedom, New Choices." The survey of 3,638 American adults represented a wide range of ages, incomes, gender and regions, and revealed their hopes and worries about the location and type of home in which they wish to live in retirement. Some interesting results included the notions of the "Freedom Threshold" – about age 61, the majority of people feel greater freedom from work and family obligations and can better choose where they want to live – and a "Downsize Surprise" – that a significant number of people opt not to move to a smaller home.

I'll share some of the study's findings about why retirees move, or not, that upsizing, not downsizing, in retirement isn't a crazy idea, and some financial planning considerations.

Dig in or move on? Of retirees surveyed, about a third didn't anticipate moving in retirement. However, two out of three plan to move at least once. Last year an estimated four million retirees switched roofs. Primary reasons for moving included: Being closer to family (29%), reducing home expense (26%), changes in health or marital status (17% and 12%), and empty nesters cashing out home equity (7% for each.) And the top reasons why retirees would not leave their current home: I love my home (64%), family close by (48%), don't want to lose independence (44%), love my community (42%), friends are close by (31%), and can't afford to move (28%). In both cases, emotional reasons outnumber financial reasons.

However, in either case – staying put or moving – there are some commonalities that are arguably related to "upsizing," whether or not the current or future home is actually bigger.

A larger or cushier welcome mat - Three of the four top reasons retirees upsized their homes had to do with relationships - more room when the family visits, family members move in, or friends visit - and the fourth was for a more prestigious home. Family members may be spread across the country like seeds scattered in the wind, busy calendars make family retreats more challenging, or mature adults grow weary of airport shuffles and hustles. More people join the sandwich generation - caring for elders or kids moving back home to regroup and make another run at life. And another biggie, the desire or need to make living quarters more comfortable, versatile and safe as we age – everything from mobility alternatives to smooth stair ascents, lower cabinets for accessibility, and higher technology for healthcare monitors and connectivity via video chat.

Continue to review your priorities of where and how you want to live, and balance them against the realities of affordability, medical/physical/mental conditions, and resources including family.

Consider your alternatives. Too often we reduce decisions to A or B. What about more of the letters in the alphabet and having more chairs at the kitchen table discussing options?

And finally, engage the specialists when YouTube videos and DIY blogs may lead you somewhere you'd rather not be. You're dealing with several moving parts including finance, legal, healthcare, tax, design and construction, to name a few.

T.S. Elliot said "Home is where one starts from." Good luck in your journey.

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