



Do renovations pay off during retirement?

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Homeowners who are retired or nearing retirement often face some difficult questions: Should they remodel their homes? Will they recoup the cost? Or are they better off saving their money?

This issue is "a pretty common conundrum," says Atlanta-based certified financial planner Wes Moss, author of *You Can Retire Sooner Than You Think*.

"I would say that for 75% of the couples I meet with, at least one spouse places a high level of importance on updating the home and very often it's the kitchen because that's where they spend a lot of time, and the other one says, 'It's just the kitchen. What's the big deal?'"

The most common renovations done by retirees are creating a home office, improving the curb appeal of their home and upgrading their kitchen and bathrooms, according to a recent Merrill Lynch-Age Wave survey of more than 3,600 respondents. Most respondents were over age 50; 1,668 were already retired.

But doing these renovations can be expensive. An analysis, conducted by *Remodeling* magazine in conjunction with a survey of 200,000 Realtors with the National Association of Realtors, outlined the cost of various home remodeling projects and how much homeowners recoup on average upon resale of the home. Among the average national price of midrange remodeling projects:

- Major kitchen remodel costs \$56,768. The average cost recouped: \$38,485 or 67.8%.
- Bathroom remodel, \$16,724. Recouped: \$11,707, 70%.
- Home office remodel, \$
- Vinyl siding replacement, \$12,013. Recouped: \$9,694, 80.7%. 29,066. Recouped: \$14,155, 48.7%.
- Roofing replacement, \$19,528. Recouped: \$13,975, 71.6%.
- Vinyl window replacement, \$11,198. Recouped: 8,163, 72.9%.

Many people plan to age in place in their current home, and some are interested in remodeling so they can do just that, says Craig Webb, editor in chief of Remodeling.

A good remodeler can help you look ahead and decide the most beneficial improvements you should make, Webb says.

People who plan to live in their homes for another 20 years may want to consider using long-lasting materials on the exterior of their home such as PVC or composite lumber to lower their maintenance costs, he says. They might also think about adding bigger, more energy-efficient windows which can help lower fuel and air conditioning costs as well as increasing the light in their homes, which most people need as they age.

He also advises updating bathrooms, adding grab bars and possibly replacing old Jacuzzi tubs with curbless or low-curb showers that are easier to get in and out of.

Sometimes people nearing or in retirement are frugal about doing maintenance on or replacing aging appliance because they "want to get every bit of usage from depreciating appliances," says Las Vegas realtor Linda Rheinberger, the National Association of Realtors regional vice president of the Rocky Mountain states.

But she advises against playing "Russian roulette" with appliances such as air conditioning. If you're living in an area where temperatures get up to 110 or 115 degrees, "air conditioning is not a luxury. It's a necessity."

And new appliances may be more fuel efficient and save you money in the long run, she says.

Her experience is people tend to remodel their kitchens first, and bathrooms second. In kitchens, people often change the cabinets and put hard surface counters such as granite or other man-made hard surfaces that are low maintenance, durable and add cosmetic value. In bathrooms, instead of having a tub, they want a shower that they can walk into, she says.

And, if they have a three- or four- bedroom house, they may take one of the bedrooms and make it into an office or hobby room, and some are taking their formal dining room and turning it into a den or office space, she says.

When updating or remodeling, people need to think about what changes will help them continue to live in their home for years to come, agrees Eleanor Blayney, consumer advocate for the Certified Financial Planner Board. They may need a more open floor plan and wider doors to accommodate wheelchairs and walkers. They may want to put down carpeting instead of throw rugs so it's safer, she says.

Before taking out any loans to make costly home improvements, Blayney suggests talking with a good real estate agent and a financial planner.

Cost have to be weighed into your financial plan. Moss advises his clients to do any home remodeling a year or two before they retire. Home renovations "hurt your pocketbook, and it's psychologically pretty challenging because it's money going out the door. It's hard even when you're working, and it's even worse when you're retired and not working."

He recommends that people think about how long they plan to live in the home. If they think they'll be there for three to five years, it may not be worth it to them to renovate, but if they think they are going to live there for five years or longer and they can afford to do the updating or remodeling, then it "may be money really well spent" because they'll get both the use and enjoyment out of the improvements.

And if it's something you really want to do but don't feel like you can afford it, then consider working a little longer before retiring or getting a part-time job in retirement to pay for it, Moss says.

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