



## Ask Aging Clients: Can They Stay in Their Homes?

By Kenneth Corbin | February 27, 2015

Advisors should play a key role in helping clients decide how and where they want to live during their golden years, according to a new survey from Merrill Lynch.

Clients planning for retirement also should think of their home as more than a just a financial asset, the survey of more than 3,600 retirees found.

Merrill, in the report, highlights the importance of the home in many of the intangible elements of retirement planning, including proximity to family, community, freedom and independence. But clients might not see it that way on their own.

"The overarching point here is that advisors need to bring the home explicitly into the dialogue with their clients," Andy Sieg, head of global wealth and retirement solutions for Bank of America Merrill Lynch, told reporters on a conference call this week. "Home is not a topic that should only be raised with a client in the context of refinancing a mortgage, for example."

The survey, the latest installment in a series of polls Merrill has been conducting exploring various aspects of retirement, identifies a shift in the way Americans view their homes as they approach retirement. Merrill calls it the "freedom threshold," noting that retirees are more than twice as likely as working people to say they are able to choose where to live.

But with that freedom comes a range of considerations relating to the home, many of which might not be readily apparent to clients.

For instance, while many people anticipate downsizing their house, and using the proceeds of the sale to partially finance their retirement, Merrill's survey finds that 49% of respondents did not end up moving to a smaller home, and 30% actually moved into a larger one. The reasons vary, but many retirees are looking to position their homes as a comfortable hub for children and grandchildren to gather.

More than any other reason, respondents who decided to move in retirement say they did so to be closer to relatives, followed by a desire to cut home expenses, and changes in health or marital status.

Of those who decided to stay put in retirement, 54% cite a "deep emotional connection with their home," while strong minorities say they wanted to stay close to family [48%] or friends [31%], or to remain independent [44%].

"This is in many levels the most important financial topic that advisors and clients should be speaking about," Sieg says. "When advisors are working with clients and helping them think about where to live in retirement, they really need to help them think about all the dimensions of that decision, and ensure that they're balancing the full range of priorities."

Sieg acknowledges that conversations about the future of a family home are often difficult, but he stresses the need to "beat the silence" on the issue.

"An advisor has an important role here in terms of facilitating a dialogue between the spouses around options or preferences as tied to housing. One of the things we've seen repeatedly in prior studies is that it is shocking how many paramount financial decisions with regard to later life are never discussed broadly across families or even between a husband and a wife," he says.

"It is not a comfortable topic," he adds, "but there is a role for advisors to help clients think about and consider some of these factors earlier than they would, so they don't find themselves being subject to declining health, declining cognitive capability, and at that moment then need to think about what will happen to the home that they're living in in order for it be a place that they can stay and continue to age in."

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