

Six Tips for Home in Retirement

By Cynthia Hutchins, Director of Financial Gerontology, Merrill Lynch Wealth Management

Two-thirds of retirees say they are living in the best home of their lives, according to “Home in Retirement: More Freedom, New Choices,” a Merrill Lynch study conducted in partnership with Age Wave¹. With the possibilities presented by unprecedented longevity, retirees today are more empowered to pursue a home that fits their desired lifestyle and changing priorities.

Achieving your best home in retirement requires careful forethought and preparation. You’ll need to consider a range of factors to get the most out of your home in retirement, including:

1. Future living priorities

When deciding where to live in retirement, whether you decide to move or stay in your current home, carefully consider a range of priorities that will be important to you in future life stages. These may include affordability, climate, proximity to family and friends, recreational or cultural activities, opportunities for continued work, access to good health care, etc. Look into “trying out” a potential area to live in retirement with extended visits or short-term rentals.

2. Home-related expenses

Consider all expenses when forecasting potential home-related costs during retirement, including mortgage or rent payments; income, estate, and property taxes; and insurance, relocation, utilities, repairs and maintenance, and other expenses. It is also important to consider whether you might want to renovate or remodel your home in retirement, and plan and budget for those expenses as well.

3. Paying off a mortgage

Four out of five Americans age 65+ are homeowners, and among them 72 percent have fully paid off their mortgage². Assess whether you should pay off your mortgage before retirement. Paying off your mortgage before you retire can create greater financial security and peace of mind. But there are many factors – such as your risk tolerance, interest rates, taxes, estate planning, and other investment opportunities – that you should factor in to this decision.

4. Home size

Don’t assume you will downsize your home in retirement. The study revealed that half of retirees didn’t downsize in their last move; in fact, three in ten upsized into a larger home. Moving to a smaller home can provide cash and reduce expenses, but you may find your current or even a larger home better fits your lifestyle and family needs in retirement.

5. Long-term care

Prepare for long-term care, in case it is needed, by researching options that would enable you to receive care where you most prefer, whether you choose to move to supportive communities and housing or to stay in your own home.

6. Home modifications

Consider home modifications and services that can empower you to remain in your own home if you face health challenges. Making modifications, like installing lower counters and tables, lever handles and bathroom safety features,

and changing your living situation to avoid the use of stairs, can make it easier to get around your home. Home care services and health monitoring and alert technologies can enable you to continue living independently as long as possible.

Where you live in retirement is more than just a financial decision, but it does have financial implications. Talk with your financial advisor about your housing options and preferences, and together you can develop a plan to bring those dreams to life. By considering these items now, you’ll be better prepared to live your best life in retirement.

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¹ Home in Retirement: More Freedom, New Choices, 2015.

² Bureau of Labor Statistics, 2013.

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