

## **Baby Boomers on the Move: What to Consider If You Are Planning to Relocate**

*Present by David M. Weidmayer*

You've worked hard and are nearing retirement age. Like many other baby boomers, with your kids out of the house and a surplus of empty space and time, you may be thinking about moving. To help you make up your mind—or make your transition go as smoothly as possible—we've compiled this list of tips.

### **Is downsizing right for you?**

Downsizing in retirement may seem like a pretty clear-cut decision, but before taking any action, consider the following:

- **Can you take care of your current home?** Even if the answer is no, moving is not the only solution. Other options include renovations to make your house more accessible, hiring help to do housework, or having a family member or friend move in with you.
- **Can you get income from your current home?** If the only reason you are selling your home is to generate income for retirement, you may want to mull over these options:
  - **Home equity loan or line of credit.** Put your home up as collateral and receive a loan in return, possibly to finance home improvements.
  - **Reverse mortgage.** With this option, you take a mortgage out on your home, and, in return, the mortgage holder gives you cash until you decide to sell. **Please note:** Because reverse mortgages can be costly, they should be used as a last resort, and proceeds from reverse mortgages should never be used for investing in securities.
  - **Renting unused rooms.** Rent any unused rooms in your home to generate extra cash flow.

### **Money matters—searching for a lower cost of living**

In the past, the main reason that retirees planned to move was climate, as they hoped to enjoy warmer weather more often. But in the wake of recent economic events, the cost of living and health care expenses have moved to the top of the list for why baby boomers want to move. If this is the case with you, you may want to weigh the following information and possibilities:

- **Paying down debt.** Selling your current home and purchasing a more affordable one at a lower rate of interest can put extra cash in your pocket. Use the money to pay down debt or build up savings.
- **Tax-free gains.** Married couples can exclude up to \$500,000 in capital gains from the sale of their primary home (\$250,000 for single sellers). In order to do so, you must have owned and used the home for at least two out of the last five years and may not have excluded a gain from the sale of another home within the past two years.
- **Cost of living.** Research income, sales, property, estate, and inheritance taxes. Don't be fooled by a low number for one category—typically, another tax will be higher to compensate for it. Property taxes are usually the most costly, so pay special attention to them. **Please note:** Tax credits and homestead exemptions may be available. Talk to your tax advisor before making any decisions.
  - Compare cost of living data across the country at [www.bestplaces.net/col/](http://www.bestplaces.net/col/).

- Compare state and local taxes at [www.retirementliving.com/taxes-by-state](http://www.retirementliving.com/taxes-by-state).
- Find out which states are the most tax friendly at [www.kiplinger.com/tools/retiree\\_map/](http://www.kiplinger.com/tools/retiree_map/).
- **Health care expenses.** Find the prices and terms for medical facilities and insurance providers by checking [www.healthcare.gov](http://www.healthcare.gov) and [www.medicare.gov](http://www.medicare.gov).
- **Less space means less stuff means lower expenses.** When moving to a smaller home, you can't take all of your belongings with you. You may be able to earn a substantial amount of cash on the sale of items that you no longer need or want. You may also be able to cut future spending if you move to a smaller home because you will have less space to fill.
- **Time is money.** Moving to a smaller residence means significantly less time spent cleaning—and more time for leisure or work. A smaller home can also release you from the responsibility of hosting family gatherings, saving time on preparation and cleanup.
- **Utilities.** A smaller house means less money spent on heating, cooling, and electricity.

### Looking to stay active and involved

Many baby boomers intend to continue working past age 65. But even if this is not the case, they still want to stay involved. For these reasons, college towns have become an extremely popular choice for retirees. If you are hoping to stay active in retirement, consider:

- **Recreation.** Does the community offer arts, cultural, and outdoor activities? What about fitness classes, golf courses, beaches, sports leagues, or clubs to keep you busy?
- **Proximity to services.** How easy is it to get to the nearest major city, airport, hospital, or gym? Are the public transportation services adequate? How far are you from family and friends? If you plan to continue working, how long would your commute be?
- **Job opportunities.** If you are part of the 73 percent of baby boomers who plan to work during retirement, check out this list of employment websites: [www.retirementliving.com/jobs-for-seniors](http://www.retirementliving.com/jobs-for-seniors).
- **A condominium.** This housing option offers the benefits of a community of other retirees, organized activities, and home maintenance. Beware, however, of the monthly assessment fees that cover maintenance services.

Moving is never simple, but it can help you simplify your life. By following the tips offered here, you may find the perfect place to relax and enjoy your well-deserved retirement. Be sure to talk to your financial advisor about any questions you have related to moving, so you can better prepare for this exciting transition.

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