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MFS® HeritagePlanning℠

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info sheet Deciding to Relocate as an Older Adult

Courtesy of:

Relocation is always a big decision. If you're retired or approaching retirement age, however, relocation raises more issues than ever. Luckily, you now have more options than ever too. You may choose to move to a smaller house, a condominium, an apartment, a retirement community, or a continuing care community. You may choose to move within your town to stay close to family and friends, or you may pick a whole new state where you've always wanted to live, or where you'll have more social and recreational opportunities. Or, you may choose to stay in your home, arranging a wider array of support services to help you stay independent for years to come.

Some experts think a move brings emotional stressors equivalent to that of retiring, starting a new job, or getting a divorce. For this reason, it's a good idea to avoid relocating on a spur of the moment or immediately following a big life change. You'll also want to be certain you know what you want before making the decision, so carefully consider some of the pros and cons of moving to a new home or community.

This material is not intended to replace the advice of a qualified attorney, tax adviser, financial adviser, or insurance agent. Before making any financial commitment regarding the issues discussed here, consult with the appropriate professional adviser. This material was prepared by Ceridian Performance Partners; accordingly CPP (not MFS Fund Distributors, Inc.) is solely responsible for the accuracy of the content.

Financial Considerations

For older adults the decision to move or not to move could reap financial windfalls *or* pitfalls. Consider the following, and determine what your total monthly expenses will be if you stay or if you go. If you can, try to estimate what they'll be in five or ten years.

If you stay:

- If you're one of the more than 75 percent of older adults who own their homes free and clear, you have equity in your home that you can turn into income through a home equity account, reverse mortgage, or lease/buy-back arrangement.
- You're responsible for home and yard maintenance, which can be time-consuming and/or expensive.

  Most older adults live in housing built before 1950, which may require more maintenance. Calculate major maintenance expenses you'll incur over the next few years if you stay in your home: a new roof, a coat of paint, a new washing machine. Don't forget that in a few years you may want to hire someone to complete some of the chores you do now (e.g., heavy cleaning, lawn mowing). Consider making major repairs or home modifications now.
- Even if your home stays the same, you'll still be responsible for the increasing costs of property taxes. The cost of living will go up, while your income may stay the same.

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If you move:

- You'll have to pay for the cost of a move, which will probably be several thousand dollars.
- A single person selling a home may exclude up to $250,000 of capital gains from tax. For a married couple the exclusion is $500,000. For the exclusion to apply, the homeowner(s) must have lived in the residence an aggregate of at least two of five years before the sale. There may be partial exclusions available for those who have lived in their residence for a portion of the two year requirement.
- If you move to a different area, you can choose a community with a lower cost of living so your retirement dollars go farther.
- If you choose a smaller and/or newer home, your utility and maintenance costs are likely to decrease.
- If you end up renting or mortgaging your new residence, you might end up spending a greater portion of your income on housing than you currently do.
- You can choose a residence (condominium, cooperative, town house, or retirement community) where maintenance of the interior, exterior, and grounds is taken care of — for a fee.
- Be sure you check whether your property, income, and other taxes will go up or down when you move to your new community.

Practical Considerations

Be sure you consider the practical aspects of the home you choose, whether it's your current residence or a new one. In addition to thinking about your present needs, consider that your capabilities and needs are likely to change as you age.

If you stay:

- You will probably be closer to friends and family who can give you the help and support you may need if your health falters.
- You can continue to use health care providers with whom you've built a relationship.
- You may need to make modifications to your home to make it safer and more accessible, or you may need to choose another housing option later.
- You may have more space than you need, and more maintenance duties than you'd like.

If you move:

- You can choose a home with just as much space as you'll need, and possibly one with fewer responsibilities and chores attached.
- You can choose a home with greater security (e.g., a gated community or an apartment building with a doorman).
- You can choose a home with a built-in barrier-free design (e.g., wider doors, safer bathrooms, a one-level floor plan) to keep you independent longer.
- You'll need to develop new relationships with doctors, pharmacists, and other health care providers.
- You may need to build a new network of support in case you become frail or ill. Be sure that services you may need are available in your new community (e.g., transportation, meal services).

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Emotional Considerations

A home isn't just the place where you keep your furniture. If you've lived in your present home for several years, you're likely to have emotional ties to it, especially if that's where you raised your children. If you're thinking about selling it, be sure you weigh emotional considerations as well as practical ones.

If you stay:

- You'll be able to stay in a familiar home and/or community where you may have raised your children or spent younger years.
- You may be closer to family members, including adult children and growing grandchildren.
- You'll have many of your old friends around, and you'll be able to attend the same church or synagogue, club meetings, or volunteer functions.
- You'll retain the identity you've worked so hard to build over your many years in the community.

If you move:

- You may be able to rejoin friends or family members who have moved to another state or community.
- You have a great chance to make new friends who share the same interests you have now.
- You have an opportunity to live in a place or in a way that you've always wanted to try.
- You may feel revitalized by learning about a new place. On the down side, you may find yourself longing for familiar places and old friends.

If you're moving to another residence within your community, you'll have some pros and cons of both staying and moving. For example, you may have to say good-bye to a beloved home, but you'll still be connected to your network of family, friends, and acquaintances.

Resources for Further Information

Chapman, Elwood N. **Comfort Zones: Planning Your Future,** 4th Edition. Crisp Publications, 1997, 320 p., $15.95. Call 1-800-442-7477 to order.

Falk, Ursula. **On Our Own: Independent Living for Older Persons.** Prometheus Books, 1989, 159 p., $16.95. Call 1-800-421-0351 to order.

Friedman, Jack P. and Jack C. Harris. **Keys to Buying a Retirement Home.** Barron's, 1991, 153 p., $5.95. Call 1-800-645-3476 to order.

Cleveland, Joan. **Everything You Need to Know About Retirement Housing: Finding the Right Place at the Right Time.** Penguin, 1996, 170 p., $10.95. Call 1-800-253-6476 to order.

Cirino, Linda. **On Your Own Terms: The Seniors' Guide to an Independent Life.** Hearst Books, 1995, $17.50. Call 1-800-223-0690 to order.

Savageau, David. **Retirement Places Rated: The Single Best Sourcebook for Planning Your Retirement or Finding Your Second Home.** MacMillan, 1995, $19.95. Call 1-800-223-2336 to order.

For more information or a list of other MFS Heritage Planning educational materials on helping your parents, your children, or yourself, contact your financial adviser.

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