



10 Retirement Housing Options to Fit Your Lifestyle

Retirement Housing Can Be Expensive. Start Planning for What You Need and Can Afford.

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One of the most important aspects of retirement planning is housing. The reality is that you need a place to live in retirement and have a lot of options. Even if you decide to keep the status quo and age in your home, you need to consider other factors.



The home is often a retiree's largest asset. For a 65-year-old couple, the median wealth held in homes is \$192,552, according to U.S. Census data.¹ This represents about two-thirds of the median retiree's assets.

Furthermore, the home is often a retiree's largest expense at nearly \$20,000 a year.² Deciding where to live in retirement shouldn't be an afterthought – it should be at the forefront of your retirement planning.

Let's look at the pros and cons of 10 different retirement housing options ranging from keeping the status quo of aging in place all the way through nursing home care at the end of life. Each option varies in cost and level of care – two aspects you should try to plan for as best you can.

1. Aging in Place

Aging in place – or where you currently live – is keeping the status quo. Roughly 83 percent of retiree homeowners want to stay in their current home for as long as possible.³

Pros: You keep consistency in your life. You know your house and the surrounding area and understand the costs associated with it and have an emotional attachment to it. In many cases, this can be the most enjoyable and stress-free way to live in retirement.

Cons: Often, current homes require too much upkeep for retirees. Perhaps you raised a few kids and have a lot of extra maintenance, rooms and costs associated with the house. While the home might be bearable early in your retirement, as you age it could become a burden to keep up with all the costs of homeownership. The current home also might not be aging-in-place friendly – it might have too many stairs, few senior amenities and be far away from senior services like health care.

2. Home Sharing

Maybe your desire to age in place is there, but the finances aren't – especially if you're single. One option is to share your home by taking on a roommate. Home sharing is mostly common with women in retirement, as over 4 million senior women share a home with at least two other women.⁴

Pros: Home sharing can be a great way to age in place and improve finances. You can charge rent and likely split utilities, adding much needed cash flow in retirement. Additionally, it allows you to have a companion who is in a similar stage of life.

Cons: Not everyone wants to share their home with another person, let alone a stranger. Furthermore, the decision to bring someone into your home carries risks. You might not get along or be compatible from a living or social standpoint. Additionally, if your renter falls behind on payments, it can be hard to evict a senior. To combat those issues, use a home sharing service that helps match homeowners with potential roommates from a financial and compatibility standpoint.



Aging in your current home isn't as likely a scenario as many hope so have a backup plan in place.

3. Relocating/Downsizing

When you hear about housing you often hear the phrase “location, location, location.” While this originally related to investing in property, it's become the mantra of realtors when discussing where someone wants to live. When you're working, living close to work is an important factor for many people. Once you retire, the desire and need to be close to work disappears and relocation becomes an option.

Additionally, your house might no longer fit your needs. This is where downsizing or what I call “rightsizing” comes into play.

Pros: Relocating in retirement can help free up home equity and reduce expenses if the homeowner downsizes. If you move to an area with a lower cost of living or to a state with lower taxes – even if the house is the same size and cost – you free up cash flow. Another benefit to relocating in retirement is the chance to move closer to family or warmer weather, thus improving one's quality of life.

Cons: It could be challenging getting acquainted to a new area and home later in life. Moving also has immediate costs associated with it: hiring movers, closing costs, travel costs, etc. Lastly, if you aren't happy with your move, it's very difficult to undo the decision and move back to your former home.



A survey of retirement age homeowners found that only five percent would sell their home and rent.⁵ For many Americans owning a home is part of the American Dream, so selling it to rent doesn't fit their vision of a successful retirement – even if it's the best financial outcome for them.

4. Renting

Another option for homeowners in retirement is to rent – sell your home and rent elsewhere. In some cases, you can engage in a sale/leaseback agreement and sell your home then rent it back.

Pros: In some areas of the country it can be cheaper to rent than buy. By selling your current home and renting, you free up home equity for other needs and possibly reduce your monthly expenditures.

Renting also provides you with more flexibility for any future moves. You can move from a rental place easier and quicker than from a property you own. Renting also takes upkeep and maintenance off the table – responsibilities that get more difficult as you



age. Physically, you might not be able to complete chores like mowing the lawn, and financially you might not be able to afford hiring out help. Renting is a way to control the costs of living.

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5. Village Concept

The Village Model isn't a totally new concept as it's based on the historical retirement model. The Beacon Community near Boston is often credited as the first official "Village Model,"⁶ but the idea of communities taking care of seniors has been around a long time.

The Village Model allows you to age in place in your home while providing the support you need. It's usually set up similar to a homeowners association where people pay dues into the "village" or "community," which in turn provides services like transportation, events and basic care services to the seniors.

Pros: The cost structure of this option reduces the overall costs per senior. You would also have more

time to meet your retirement objectives and manage costs since you don't have to move into expensive senior housing right away.

Cons: The Village Model isn't quite universal – many seniors don't have it as an option in their area. And within the community, services are limited so eventually you might need to move as your need for care increases. The cost associated with the Village Model would be an extra retirement expense that could negatively impact your cash flow.

6. Age-Restricted (Active Adult Communities)

In the United States, the Fair Housing Act of 1968 prevents housing discrimination based on age, gender or race. However, the Housing For Older Persons Act of 1995 allows communities to restrict housing options to older individuals as long as certain parameters are followed.

Two forms of age-restricted housing options exist in the United States. The first style requires that at least 80 percent of the occupied units in the community have at least one person who is age 55 or older living in the home. The other style is a bit more restrictive as it requires all residents to be at least age 62.

Pros: One of the biggest benefits to living in an age-restricted community is companionship. You're able to live near those going through a similar part of their life and retirement.

Cons: Age-restricted housing has a few downsides. It's by far not the cheapest housing option available. And with age restrictions, adult children or spouses with large age gaps can't move into the community.

7. Continuing Care Retirement Communities

Continuing Care Retirement Communities (CCRCs) are housing options that offer a continuum of care throughout retirement, often starting with independent living. Most of these communities require you to move in when you're in good health and can live independently. Over time, you can stay in the same community and facility and receive different levels of care and housing ranging from assisted living to long-term care to end-of-life care.

Pro: One of the best benefits of a CCRC is that it allows you to age in place in the same community and receive the care services needed up until the end. It's a way to control – and in some cases pre-pay – long-term care costs. The communities also often provide food, transportation and recreational activities.

Con: The biggest concern with CCRCs is whether or not the community will fulfill its promises over time. CCRCs are typically for-profit or general businesses that could run out of money or go out of business. CCRCs require significant down payments from their residents and if the entity goes bankrupt, you could lose your down payment.

8. Assisted Living

Assisted living offers a combination of housing and part-time care services. Typically when someone moves into an assisted living facility, they just need help with a few daily living activities. They can still live independently.

Pro: Assisted living facilities offer care services that are required to maintain a certain standard of living desired by each senior. You might need some help with bathing, dressing, mobility or cooking. The facility allows you to enjoy your quality of life.

Con: Assisted living facilities aren't cheap. According to 2018 numbers in Genworth's Cost of Care Study, the average assisted living annual cost is roughly \$48,000 a year⁷. Genworth predicts this cost will balloon to roughly \$86,000 a year by 2038. Additionally, it can be hard to choose the right facility in your area. You need to plan ahead to determine how you'll pay for assisted living and the type of facility and care that you want.

9. Nursing Home

Nursing homes provide housing and full-time care

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services if you need significant levels of long-term care assistance. Nursing home care is less about making a housing decision and more about receiving the level of long-term care you need.

Pro: Nursing homes can provide significant care otherwise difficult or expensive for family members to provide or hire out for at home. Usually this level of care helps you live a better lifestyle than you would have been living if you tried to manage by yourself at home.

Con: Nursing homes range in quality and cost. It's also not the first choice retirees make when it comes to housing – in fact it's a move driven out of necessity due to failing health. According to Genworth's Cost of Care Study, a private room in 2018 costs over \$100,000 a year⁷ on average.

10. Charity Housing

Charities and religious organizations can sometimes provide free or reduced cost housing options for low-income seniors. This is an example of charity housing. Another form of charitable housing can come from family members who take in relatives during retirement to help them out.

Pro: Charity is likely going to be the cheapest type of retiree housing. And if family members take you in, it doubles as a great way to spend time with family.

Con: Most people don't want to rely on family members or charities for their retirement housing or needs. They want to live independently in retirement – however living with family and using charitable housing is a viable option for many seniors.

Many retirement housing options are expensive and vary in levels of care and quality. It's imperative you do your research well before your retirement. Aging in your current home isn't as likely a scenario as many hope so have a backup plan in place.

Ready to build a retirement income plan that can help put you on the path to confidence and clarity?

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¹ Source: U.S. Census Bureau, Survey of Income and Program Participation, Wealth Tables 2011, Table 1. Median Value of Assets for Households 2011

² Bureau of Labor Statistics Consumer Expenditures – 2017, <https://www.bls.gov/news.release/pdf/cesan.pdf>

³ <https://www.onefpa.org/journal/Pages/MAY17-The-Effect-of-Low-Reverse-Mortgage-Literacy-on-Usage-of-Home-Equity-in-Retirement-Income-Plans.aspx>

⁴ <https://www.aarp.org/home-family/your-home/info-05-2013/older-women-roommates-house-sharing.html>

⁵ <https://www.onefpa.org/journal/Pages/MAY17-The-Effect-of-Low-Reverse-Mortgage-Literacy-on-Usage-of-Home-Equity-in-Retirement-Income-Plans.aspx>

⁶ <https://www.npr.org/2017/12/12/570248798/village-movement-allows-elderly-to-age-in-their-homes>

⁷ <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

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