

## **When Age Makes You Feel Like You Cannot Keep Your Home**

It finally happens. You can no longer maintain your home. Perhaps because of an injury or an illness. Maybe your joints just won't let you get up and down the ladder, or mow the lawn, or do any number of things that suddenly seem to take a lot of physical stamina. You have to live somewhere. What can you do?

Your initial response may be to choose a course of action, without considering the alternatives . . . and there are alternatives to consider. So, take a break; make a cup of tea; take out some paper and consider your options.

Maybe you don't have to move. You might hire someone to do the maintenance work. Not enough income to pay someone? Consider a reverse mortgage. These allow seniors older than 62 to access the equity in their home without having to repay the loan. (There's a lot more to be said about reverse mortgages, but not the space to cover the details. You should consult a trusted adviser before making any decision.) You might also consider renting out a portion of your home to help with the finances (and maybe the upkeep).

Perhaps you've decided you do need to move. Maybe you want to use the equity in your home without getting a reverse mortgage. Perhaps a new home will be easier for you (those stairs are getting *really* uncomfortable). What to do?

You could move into an apartment, invest and use the proceeds from the sale of your home to pay rent. This would solve the maintenance problem. The downside: You can never really make the apartment yours (owners tend to frown on major - and sometimes minor - renovations). Rents increase. If your invested money does not earn what you hoped, it's possible for you to run out of money, but still have the rent to pay.

Two big advantages to home ownership are building equity and being able to budget long-term housing costs. A newer, smaller house might help to minimize upkeep, and you can still hire-out the remaining maintenance.

A condominium might address most of your upkeep concerns. You are responsible for the inside of your home, but the condominium association has to maintain the outside and the grounds. You have to pay for this service through a monthly fee. Some fees are low (too low, in fact, to do all the required upkeep), and some fees can be extremely high. An average is likely to be in the \$100 to \$200 per month range.

Maybe you want an investment property or perhaps you would like to have a family member close at hand. Consider a duplex. You could arrange a rent-reduction agreement with the occupants of the "other side" of your duplex if they help with the maintenance.

Good planning involves considering the merits of your options before making a decision. Talking with trusted advisers, family, and friends is a good idea. If you are not currently in a situation where you need to consider these things, it might make sense to

do so anyway. When the time comes to consider moving, you will already have explored your options and arrived at a good decision. You can still sit down with that cup of tea, though.

Michael Snowdon, CFP®

Here are some resources to help you explore your options.

Reverse mortgages:

<http://www.reverse.org/>

<http://www.aarp.org/money/revmort/>

<http://www.ftc.gov/bcp/online/pubs/homes/rms.htm>

<http://www.hud.gov/buying/rvrsmort.cfm>

Investment/income calculators:

<http://www.sec.gov/investor/tools.shtml>

<http://www.kiplinger.com/personalfinance/tools/>

[http://apps.nasd.com/investor\\_Information/Tools/Calculators/retirement\\_calc.asp](http://apps.nasd.com/investor_Information/Tools/Calculators/retirement_calc.asp)

Real Estate Options

[http://www.homefair.com/homefair/usr/rentbuyform.html?NETSCAPE\\_LIVEWIRE.s  
rc=homestorefinancervb](http://www.homefair.com/homefair/usr/rentbuyform.html?NETSCAPE_LIVEWIRE.src=homestorefinancervb)

[http://www.freddiemac.com/corporate/buyown/english/calcs\\_tools/](http://www.freddiemac.com/corporate/buyown/english/calcs_tools/)

<http://invest-faq.com/articles/real-es-rent-vs-buy.html>

[http://www.myfico.com/CreditEducation/Calculators/MortgageRentvsBuy.aspx?fire  
=1](http://www.myfico.com/CreditEducation/Calculators/MortgageRentvsBuy.aspx?fire=1)

[http://realtytimes.com/rtcpages/20010723\\_rentvbuy.htm](http://realtytimes.com/rtcpages/20010723_rentvbuy.htm)

[http://www.aarp.org/families/housing\\_choices/](http://www.aarp.org/families/housing_choices/)