



DOWNSIZING - Many older Americans are choosing to go smaller and downsize when retiring. Moving is a stressful experience at any age and downsizing for retirement carries unique challenges. Downsizing involves letting go of 60 to 80 percent of the belongings that took you decades to accumulate.

DOWNSIZING ADVANTAGES

Saving money is one of the primary reasons people downsize in retirement. Less expensive housing is an easy way to increase your budget and your retirement savings.

Some financial advantages of downsizing in retirement include:

- 1) Selling your home will possibly result in a windfall of cash. This can boost your savings and increase your retirement nest egg.
- 2) Selling your home can increase your cash flow. The extra money from downsizing can be spent slowly increasing your available monthly cash flow.
- 3) A smaller mortgage. If your current home isn't paid off, a new home with a lower monthly mortgage payment can give your budget room to breathe.
- 4) Less cleaning and maintenance for you. A newer home will likely need fewer repairs, less cleaning, and have lower upkeep costs than an older home.
- 5) With a newer, smaller home, if hiring out work, you probably won't spend as much money hiring help to take care of the property.
- 6) Lower Utility Bills: Smaller spaces and fewer rooms mean lower utility costs. If you're moving to a home with newer windows or energy efficient appliances, you may save even more.

RETIREE BE AWARE - PLAN YOUR FUTURE HOUSING

- 1) Do you want to obtain your new home by taking out a mortgage, paying in cash, or renting? Evaluate your options.
- 2) If you are thinking of taking out a mortgage, talk to your lender BEFORE you retire. It may not seem logical but generally lenders make loans based on your INCOME, NOT YOUR SAVINGS. While you may have plenty of savings, once retired you may have very little income. A lender may be hesitant to loan to you because your income is too low. This is particularly relevant if retiring prior to collecting social security or if social security will be your only income.
- 3) If you retire and have lots of cash but no income you may find yourself forced to spend a chunk of that cash on your new home or as rent. It may be difficult to find a bank to loan to you. If you are just moving the equity in your current home to the new home that works as well but be aware that money will be "locked up" until you sell the new home. This may defeat one of the financial purposes of downsizing.
- 4) If you have a lot of equity in your home but little other cash you may want to look at "reverse mortgages". We at Atomic Realty are not lenders so please contact a lender and do research on if these work for you.
- 5) Renting - If you retire and want to downsize but are not 100% sure the house is the last redoubt, perhaps renting makes sense. Many of us want to move close to family. However if the kids move or you lose other family members are you sure you want to stay there? If not, consider renting. If you

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have retired but do not want to spend that large cash amount you receive from your old house, renting may be an option.

Downsizing Considerations

Downsizing for retirement takes planning, hard work, time, and usually expense, If moving consider the following:

Let's assume you've decided to move and downsize. Now it's time to start, but how do you start? It isn't a simple process, but it is a process. People have created careers helping other people through the process of downsizing.

Be realistic. Take a hard look at each item in your home. Identify the things that are most useful or loved. If you haven't used something in more than a year, consider giving it to family or friends, donating it, or throwing it away.

Planning.

- Where do you want to downsize to? Do you want to live in the same area as you currently live or a new and different area?
- What style home will be practical to live in? A single level, or a home with stairs, how many bedrooms, do you require a garage or shop space?
- How much space do you need to be comfortable? Measure the furniture you want to bring and write down the dimensions to ensure it will fit in your next place.
- What's the cost of housing in the new area that you would be interested in? Atomic Realty can help you identify reliable Realtors in an ANY area of interest, just let us know and we will set you up at no cost. In the meantime look at "Zillow" and "Realtor.com" websites to get some ideas.
- Communicate: Make sure your family knows what's going on, too, especially if they grew up in the house.
- What sacrifices are you willing to make? Are you no longer going to have a sewing room? Will you not have space for your classic car? What are you willing to live without?
- How much time and money can you commit to the moving process? Once you have decided to make the transition Atomic Realty recommends starting the process of downsizing 6-12 months before you want to move.
- Consider if you move to a neighborhood, townhome, condo or community with a homeowners association, or HOA you may incur a monthly fee and onerous restrictions.
 - Some retirees believe renting out their old home rather than selling as an income stream is an option. Unless living locally Atomic Realty does not suggest this. Calculate your net income and consider;
The cost of a property management companies are not small,
The cost of upkeep will not be small as all repairs will be hired out at retail prices



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Many property management companies are lax in their maintenance of your property and only repair things when absolutely necessary, You or your heirs will then be left with a run down property that will not be worth as much as it should be.

Hard work, Stress

Do you have so much stuff you have forgotten what you have? A good rule of thumb is if you haven't used it in a year - you don't need it. Be realistic. Take a hard look at each item in your home. Identify the things that are most useful or loved and keep those but if you haven't used something in more than a year, give it to family / friends, sell it, donate it, or throw it away.

Gift family and friends, sell items you don't need and donate items. Doing this helps to clear space, and there's satisfaction in knowing that your old items will benefit others.

Be ruthless and be realistic. It's easy to fall in love with objects — and often difficult to let them go. Yes family and friends will want your “good stuff” but who better to have them than family and friends.

Pick the “low hanging fruit”. Get in the habit of finding obvious things you can get rid of, such as outdated paperwork, clothing that no longer fits and old magazines and duplicate household items.

- Organizing and decluttering your current home is no easy feat; it is physically and mentally difficult.
- Sort Keep - You want to “mark” and perhaps “box up” and consolidate things you want to move and keep.
- Sort - Give to family / friends. - You will need to decide what you are giving away to family, and good friends. - Do you no longer want to keep and store your adult kids belongings? Do you feel guilty telling them to come get them or you're getting rid of them. Perhaps ask them to come over and help you sort, if they are far away do it in a series of zoom or “facetime” calls, this provides the second benefit of seeing and reminiscing with them. Ask if they want items. If they don't, then get rid of it. This communication can be an enjoyable visit and can reduce conflict and resentment down the road.
- Sort - Sell. You will need to sort and and decide what you may want to sell. Selling unwanted items is a good way to raise extra money for your move. i.e. extra vehicles, furniture you will no longer need, and other belongings that have real value but you will no longer have use or space for. There are many websites like Craigslist or Facebook Marketplace to list belongings. Make sure to accept only cash offers to avoid scams. For smaller items, or those with lesser value, consider holding a yard sale.
- How many vehicles will you want to keep? Sell, give them to family, or donate the one(s) you don't need. The cost of owning and storing a vehicle is significant.
- Sort-Donate - you will need to decide what charities you may want to donate unwanted items to. Some charities will pick up items from your doorstep free of charge and you may get a tax deduction, others you will have to drop off items.
- Documents. Do you keep your bank statements for decades? Your first tax returns? Carefully destroy outdated paperwork that has your personal information on it. This is a time consuming project as

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paperwork accumulates quickly and we tend to just store it. Of course, keep what is important but don't move or store what is not.

- If you are moving to a retirement community and are selling almost everything you may want to consider hiring an estate sale company. There are different details from company to company but essentially they sell all your belongings and split the proceeds, usually about 50-50. Ask them for the details.
- If you are moving and want someone else to take care of everything you may want to work with a Senior Moving Manager. Generally it is expensive but it allows you to spend your remaining time on this earth living life not managing minutia.
- In your new location it is likely you will start with few friends, that means a lot of alone time. Plan on working hard to be involved in your new community. Enjoy the adventure!

Expense:

There are costs to changing homes some may be unique to downsizing but most costs will be encountered regardless of any home change, large or small.

- 1) The cost of getting rid of unwanted belongings. You can mitigate this cost by taking your time and doing it yourself. If you have already given away or sold all the things of importance, what is the value of your remaining time on this earth and how do you want to spend it? Do you want to spend it making a few dollars on the remaining items with little to no value or do you want to spend it living life and doing things you want to do?
- 2) The cost of cleaning your home prepping it for sale. Deep clean it. If hiring a cleaning crew ask them "what does deep cleaning mean"? Ask does it include cleaning all the cabinet shelves, all the drawers, all the windows and their frames, wiping down the walls, cleaning all the appliances inside and out, cleaning all the floors, cleaning the bathrooms.
- 3) The cost of selling your home. The cost of selling a home. The reality is the cost of selling your home generally costs from 6%-10% of its value. If using a Real Estate company, compare what they charge and what they do. Atomic realty offers full service - full time real estate sales at only \$599 + 4% at close. Compare this cost to the others. They may have a great song and dance but they will not sell your home any quicker or for any more money than Atomic Realty. See AtomicRealty.net for details and free resources.
- 4) Buying your new home. If you like we, at Atomic Realty can research and connect you Realtors in the area you are considering. They will provide you with local market information you will find useful - let us find professionals that will not waste your time. It costs you nothing and you don't have to use them if you feel they are not a good fit.
- 5) Shop homeowners insurance. Just because you move to a smaller home doesn't mean you'll save money on homeowners insurance. Location, crime and other external factors also matter and can increase insurance premiums, even on a smaller home.
- 6) Moving companies. Moving companies charge a lot of money and there are often hidden costs. Don't move things you don't plan on keeping! It's critical to get estimates from multiple moving companies. Ask the moving companies for all their costs, and timelines.



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- 7) You will still need to buy things for your new home. you will tend to spend a lot of time shopping when you first move, Be aware, when moving you will almost always spend more money than you planned. Budget for these expenses.

The above list takes time, and energy, are you ready?

The steps

- Make a plan on where you want to go.
 - Online research the area
 - Visit the area
 - Talk to Realtors in the area. Atomic Realty can help you with this, at no cost to you.
- Make a plan on what type of housing you want.
 - Bigger house
 - Smaller house
 - Condo
 - Apartment
 - RV life
 - Buy
 - Rent
- Make and implement a plan on dealing with your current possessions.
 - Give to family / friends
 - Sell
 - Donate
 - Throw away
 - Some people hire experts to help, while others rely on friends and family for support.
- Deep Clean the house . If hiring a cleaning crew ask, “what does deep cleaning mean”? Does it include cleaning all the cabinet shelves, drawers, all the windows and their frames, wiping down the walls, cleaning all the appliances inside and out, cleaning all the floors, cleaning the bathrooms.
- Sell your home - Atomic Realty can help you with this - We are full service, full time Realtors that charge a sensible commission.