



# 80 MILLION: Is It Time To Downsize?? *A Two-Part Series*



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Over 80 million Baby Boomers will be entering the retirement zone at a rate of about 10,000 per day for the next 18 years.<sup>1</sup> (We inherited a few million from other countries!) That is a massive amount of people that will make a substantial impact on our American way of life. Some are prepared and some are not. Some, through no fault of their own, were derailed from their retirement plans because of stock market volatility, unemployment and the spiraling real estate decline.

*How "golden" will those years be for today's boomer generations (born 1946-1964)?*

If there is one thing that can be said about the boomers—they're tough, they're entrepreneurial and they know how to juggle their family responsibilities, their finances, and their lives. Living the best life possible has always been a priority for the boomers and they have often thrown caution to the wind to have that life for their families. Once again, the boomers are faced with the mother of all

challenges—how to continue their prized lifestyle well into their eighties and nineties while dealing with the economic and social climate of today.

One way to overcome this hurdle is to think about *downsizing*. Get ahead of the problem. If you are an empty nester with the typical 4 bedroom, 2 bath colonial with the two-car garage (filled with stuff you no longer need) and the beautiful lawn that needs caring for and mowing, perhaps it is time to consider downsizing.

Yes, we all know the real estate market is the pits right now and many are thinking that they'll wait until it recovers before selling the big house. Really? It all comes back to a basic economic principle—supply vs. demand. With an ever-increasing inventory of the typical boomer home, for 18 years, do you think the demand for these houses will be greater than the supply any time soon?

The Generation X'ers (purchasers) are only about 50 million people<sup>2</sup> compared to the aging boomer population (sellers) of about 80 million. The numbers speak for themselves; more supply and less demand, equals declining or stagnant values. When you factor in the economic situation, including unemployment, it doesn't appear there will be a great rush to purchase large homes at even today's prices, never mind tomorrow.

*Here are some questions that boomers should be asking themselves now:*

- 1 What are the costs to maintain your current home? (taxes, utilities, maintenance, mortgage, if any).
- 2 Do you want to stay in the area you live in now, or move closer to kids & grandkids or aging parents and other family?
- 3 Will you or your spouse continue working for a while or can you relocate anywhere you might find compatible with your desired lifestyle?
- 4 What are the things that make you happy? Is it the beach, cultural events, the theatre, hunting, fishing, golf, shopping, nature? Taking the time to really think about this may help you figure out where you would be most happy living.
- 5 Are there any health concerns or physical limitations that may improve if you move?
- 6 Would you be happy in an apartment where you could travel with no worries, or an adult community that offers some services and companionship or just a smaller home with lower expenses and upkeep? All of these are important considerations to think through carefully.
- 7 And last, but certainly not least, how will staying in place or downsizing affect you and your family financially?

*We will address some of these questions in more detail in our next issue, but for now, here are a few simple suggestions to get you started:*

- **Go over your budget**—in great detail—besides the obvious expenses. Include hair-cuts/coloring, nails, spa appointments, magazine subscriptions, golf fees, eating out, club and gym memberships, birthday and holiday gifts, gas and tolls. (Call us for a free budget planning/inventory worksheet if you need help.)
- **Get a complimentary market analysis of your home.** Call at least 2-3 different realtors. The highest evaluation is usually the least accurate—they may be trying to make you feel good to get your listing. A good realtor will give you the cold hard facts. That's what you want. You don't have to list right away or make a decision, but at least you will know what your home is valued at in today's market, and an honest realtor sure deserves your business when you are ready to sell.
- **Meet with a caring, values-based financial advisor** who can run the numbers with you and factor in your other assets, your income needs, taxes and inflation (more on that in our next edition). This will really help you to determine if your goals are realistic or if you need to do some things differently. The sooner you plan – the better the outcome.

*And SAVE, SAVE, SAVE. Like your life depends on it. It does.*

As the saying goes, it's not the years in your life, it's the life in your years. Time to start enjoying yours!

*Call Family Focus Financial Group and have confidence and security when it comes to your financial future. 732-364-5462.*

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<sup>1</sup> Mark Lassiter, "Nation's First Baby Boomer Files for Social Security's Retirement Benefits-Online," *Social Security Press Release*, October 15, 2007 (<http://www.ssa.gov/pressoffice/pr/babyboomerfiles-pr.pdf>)  
<sup>2</sup> M.J. Stephey "Gen X: The Ignored Generation?" *Time*, April 16, 2008 (<http://www.time.com/time/printout/0,8816,1731528,00.html>)

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