

Seniors Over 70 Might Consider Downsizing Into a Rental, Not a Smaller Home

Regular readers know that I've written about this topic before, but it bears repeating. Just last week a reader in his 80s called me about listing their home and helping them to buy a smaller and easier to maintain home.

Most agents would welcome this opportunity to have two paydays from a single client, but I'm different, because Rita and I were in a similar situation two years ago and chose another path, which we recommend.

We sold our 4,000-square-foot home and moved into a 2-bedroom 1,200-square-foot rental apartment in a 55+ building. A recent study showed that this is a trend among us Baby Boomers.

REAL ESTATE TODAY



By JIM SMITH Realtor®

Homeownership has a lot of costs, responsibility and tasks. The costs include rising property taxes which you might want to appeal every two years, plus rising insurance costs which can't be appealed. For many, HOA dues and special assessments are an added burden.

Also, just as you prepare to enjoy your "golden years" and travel, there's the added stress of securing your home and handling yard maintenance and snow removal in your absence, so your home doesn't look like you are on vacation.

Condo ownership at least offers a lock-and-leave situation, but still entails those other expenses. Rental relieves you of all the above.

I still recommend home ownership for non-seniors, because it is a proven strategy for wealth accumulation. Indeed it is the appreciation from our owned real estate which set Rita and me up for retirement, far more than our earned income.

Fortunately, most seniors over 70 probably own their home free and clear, which means that selling their home can produce a lot of cash to invest in annuities or CDs which could well provide enough monthly income to compensate for paying rent. A quick calculation can tell you *whether your money will in fact outlive you*, when the income from investing it is added

to your Social Security and other income. Rita and I made that calculation and saw that it would.

The question then arises, where can I rent an apartment that suits my needs? Should I go into a 55+ "independent living" complex or a regular rental?

A 55+ community may suit you, especially if you're a widow or widower or otherwise single, because it can provide much-wanted companionship with its many activities. Some such communities offer "continuous care," meaning that if you suffer a health

setback, you can switch to assisted living, nursing home care and or even memory care without having to move to another community. I recommend **Jenn Gomer of CarePatrol, 720-675-8308**, who will interview you about your needs and wants and help you find the right 55+ community for you. She found the complex that Rita and I selected, although we have since moved to a regular rental closer to my office. You pay nothing for Jenn's services. She is compensated by the community which you end up choosing.

Trusts: Another Tool for Leaving Home to Heirs

On July 25th, I wrote about title issues, especially as they relate to leaving a home to your heirs. With input from attorney Dan McKenzie, I wrote about the use of beneficiary deeds and life estates.

A reader asked, "what about trusts?" So I asked Dan to address that topic, and he sent me the following:

Trusts offer several advantages over beneficiary deeds and life estates. Like those two options, a properly funded trust avoids probate. Unlike those two options, however, it also allows your chosen trustee to step in and manage the property during an incapacity event, which is a more significant risk than death at any point in your life. Also, trusts allow you to control things over a few steps and can include instructions on handling things during the various phases of occupancy.

For example, if I want to leave a house to my two kids at my death, I could do that with a beneficiary deed, and that would avoid probate. However, the two kids would become equal co-owners,

with no obligation to each other or any way to resolve disputes about the property. If the property is passed to them through a trust, you can specify as many details as you want in the trust agreement about who is in charge: how costs will be split, decisions will be made, disputes resolved, etc.

Similarly, a trust can allow someone to live in the house for some time but ultimately direct where that house goes after a particular event. This is very common when one spouse brings a house into a second marriage. The spouse who does not have an ownership interest often wants assurance that they can stay in the house if they survive the house's owner. But the house's owner wants assurance that, ultimately, this significant asset will pass to their kids, not their step-kids.

A trust can include all the instructions about handling that, such as who is responsible for the maintenance, upkeep, insurance, and taxes during the surviving spouse's occupancy. A life estate doesn't give you a way to provide so much instruction.

Fine Arts Festival Opens This Saturday in Downtown Golden

Every August, the Golden Chamber of Commerce hosts its famous arts festival along 11th Street, next to the Golden History Park. As always, Golden Real Estate is providing logistical support in the form of our moving truck, which you'll see at the entrance on Arapahoe Street.

The 34th Annual Golden Fine Arts Festival runs **Saturday and Sunday, Aug. 10-11, from 10am to 5pm**. It is a juried show limited to just over 100 artists, half of whom come from out of state to benefit from this prestigious event. The festival is a couple blocks from our office, so come say "hello"!

Kudos to Wendy Renee, Loan Officer Extraordinaire

Last week, I had a double closing that was only saved by the diligent work of our in-house lender, Wendy Renee of Fairway Independent Mortgage. I can't go to press this week without describing how she saved the day!

As happens now and then, I "double-ended" a listing, selling it to an out-of-state buyer who was unrepresented. This was an investor who has purchased 18 homes and had her own lender, but that lender couldn't perform and two subsequent lenders failed her, until the last one said we'd have to move the closing to August 15th instead of July 31st. The problem was that my seller was under contract to buy her replacement home

on July 31st, and the seller of that home couldn't postpone the closing because of the contract they had on *their* replacement home.

So I introduced the out-of-state buyer by phone to Wendy, who said she could meet the deadline — and she did!

Making that possible was the fact that Fairway has every lending function in-house. She issued disclosures on day 1, got underwriting approval on day 2, sent the Initial Closing Disclosure on day 3, and got the appraisal transferred and a Clear-to-Close on day 7. The loan proceeds were wired on day 7 so we had them for closing at 8 a.m. on day 8. Thanks, Wendy. You're amazing!



Jim Smith
Broker/Owner, 303-525-1851
Jim@GoldenRealEstate.com
1214 Washington Ave., Golden

Broker Associates:
JIM SWANSON, 303-929-2727
CHUCK BROWN, 303-885-7855
DAVID DLUGASCH, 303-908-4835
GREG KRAFT, 720-353-1922
AUSTIN POTTORFF, 970-281-9071
KATHY JONKE, 303-990-7428

In-house Lender: WENDY RENEE, 303-868-1903



Golden Real Estate lists and sells residential properties across the metro area.