



Here's a comprehensive list of **financial benefits of downsizing** for Empty Nesters considering a smaller, more manageable living situation

## Financial Benefits of Downsizing

### 1. Lower Monthly Housing Costs

- **Reduced Mortgage Payments:** If you purchase a smaller, less expensive home, your monthly mortgage payment could be significantly lower, freeing up cash for other purposes (travel, hobbies, retirement savings).
- **No Mortgage Payments (for Paid-Off Homes):** If your current home is paid off, moving to a smaller, more affordable home could leave you with no mortgage, eliminating that monthly expense entirely and having money left over for living your dream.

### 2. Tax Savings with Prop 19 Property Taxes

- **Save on Property Taxes:** If you're 55 or older, you can transfer your property tax base to a new home anywhere in California.
- **No Price Restrictions:** Whether your new home is smaller, larger, or worth more, you'll pay the same property tax rate.
- **Move to a New Area:** Explore new locations with less worry about high property taxes.

# Financial Benefits of Downsizing



## 3. Capital Gains Tax Savings

- Exemption on Primary Residence Sales (under certain conditions): If the home you sell has been your primary residence for at least two of the last five years, you may be eligible for a capital gains tax exclusion of up to \$250,000 (\$500,000 for married couples) on the profits from the sale.

## 4. Reduced Utility Bills

- Smaller Space, Lower Utility Costs: A smaller home requires less energy to heat and cool, and fewer lights, appliances, and devices will be used. This translates to lower utility bills (electricity, water, heating).
- Reduced Maintenance Costs: A smaller home often requires less upkeep and maintenance, reducing long-term expenses related to repairs, lawn care, and cleaning.

## 5. Savings on Homeowners Insurance

- Cheaper Coverage: A smaller, less valuable home typically costs less to insure. By downsizing, you could lower your homeowners insurance premiums. Please tell me that you have been keeping this up to date so if anything would be to happen you are covered for what it would cost in today's world to replace your home. If not please call us so we can talk about this right away.

## 6. Less Maintenance and Repair Expenses

- Fewer Repairs: A smaller home often means fewer rooms and systems (e.g., plumbing, roofing, HVAC, electrical, windows, appliances...), which can result in fewer repairs and maintenance costs. A newer home can also mean that a lot of this has been updated already and you don't have to worry about it.
- Lower Yard Maintenance Costs: Downsizing could include moving to a condo or a smaller yard, reducing or eliminating lawn care costs, tree and bush trimming, and other outdoor maintenance expenses.

# Financial Benefits of Downsizing



## 7. Access to Liquid Capital

- Cash from the Sale of Your Home: If you sell your current home and purchase a smaller one, you could free up significant equity that's tied up in your property. After all why are you sitting on a pile of cash (what your home is worth) when you can use it for your new lifestyle? This cash can be used to:
  - Fund retirement savings.
  - Pay off debts (e.g., credit cards, loans).
  - Travel, enjoy new experiences, or fund other lifestyle goals.
  - Invest in long-term care insurance or other safety nets for the future...

## 8. Retirement Savings

- Increase Your Retirement Fund: If you're able to sell your larger home and purchase a less expensive one, the difference in price can be contributed to your retirement savings or investment accounts, boosting your financial security in retirement.

## 9. Debt Reduction

- Eliminate High-Interest Debt: The proceeds from downsizing could be used to pay off outstanding debts, such as credit card balances, car loans, or personal loans. This reduces monthly debt payments and interest charges, giving you more financial flexibility.

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# Financial Benefits of Downsizing



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## 10. Better Cash Flow Management

- Downsizing gives you greater financial flexibility. With fewer ongoing housing-related expenses, you can allocate more funds toward other areas, like medical care, travel, personal interests, or just going out with friends, improving your overall cash flow management.

## 11. Potential for a Simpler, Lower-Cost Lifestyle

- Fewer Expenses on "Stuff": Downsizing often leads to decluttering, which not only makes your living environment more manageable but can also reduce spending on excess material items. Living in a smaller space might encourage a simpler, more intentional lifestyle, which could reduce discretionary spending (e.g., shopping, dining out).

## 12. More Opportunities to Invest in Health or Lifestyle

Ready to explore your options? Contact us today for a FREE personalized downsizing consultation!



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