



# Downsizing Guide



Austin Eaton  
Realtor  
612-430-5494  
Austin@EatonGroupRE.com

real



Hello  
There!

As life changes, so do your needs. Downsizing can be an excellent way to reduce home maintenance, cut costs, and live in a space that better suits your current lifestyle. Whether you're looking for financial freedom, a lower-maintenance home, or to move closer to family, this guide will help you navigate the process with ease and confidence.

Regardless of your age, this guide is meant as a stepping off point to help you focus on the process of downsizing. If this guide inspires you, it's time to reach out to your trusted real estate professional to develop a plan.



Austin Eaton

Realtor



612.430.5494



Austin@EatonGroupRE.com



EatonGroupRE.com

# Table of *Contents*

- 1 **Assessing Your Needs and Goals**
- 2 **Benefits of Downsizing**
- 3 **The Emotional Side of Downsizing**
- 4 **Preparing Your Home For Sale**
- 5 **Staging Tips**
- 6 **Finding Your New Home**
- 7 **Navigating The Selling Process**
- 8 **Timing The Sale**
- 10 **Planning The Move**
- 11 **Financial Considerations**
- 12 **Financing Options For Downsizing**
- 15 **FAQs**

# Assessing Your Needs and Goals

Before making any decisions, it's essential to evaluate your priorities. Consider the following questions:

## **How much space do I actually need?**

Think about your daily routines and which rooms you use most. A smaller home can still accommodate your lifestyle while being easier to manage.

## **What amenities are important to me?**

Consider proximity to family, recreational activities, and healthcare.

## **What accessibility features might I need?**

Look for homes with single-level living, wider doorways, or walk-in showers.

## **Do I want to stay in the same area or relocate?**

Research neighborhoods or communities that align with your interests and needs.

## **What if I'm unsure about moving to a new area?**

Consider renting in the area first or visiting multiple times to get a feel for the community.





# Benefits Of *Downsizing*

Empty-nesters find they no longer need or desire to maintain a larger home. For these individuals, downsizing has many benefits. As we age, we may decide to downsize and move into a more manageable home or continuing care community.

## **Fewer Chores**

Larger homes require more work. Downsizing comes with less cleaning, less maintenance and fewer, possibly less costly repairs.

## **Lighter Burden on Others**

Whether you move into a more manageable home or a continuing care community, downsizing will help reduce your reliance on loved ones.

## **Healthy and Active Social Life**

Moving into a community with other retirees will help you stay physically active and socially engaged with new friends.

## **Peace of Mind**

Later retirement comes with a unique set of what-ifs. Downsizing to a single level home, for example, alleviates some of those worries. A retirement community adds peace of mind, with a plan in place in case of cognitive or mobility decline.

## **Flexibility and Mobility**

A smaller home or retirement community typically offers a more accessible and age-friendly environment. Downsizing can make it easier to navigate and maintain independence as you age. With less square footage to manage, you may find it easier to adapt your living space to any mobility changes that may arise in the future.

# The Emotional Side Of *Downsizing*

Downsizing isn't just about logistics—it's an emotional journey. Leaving behind a home filled with memories can be difficult, and it's important to acknowledge these feelings. Acknowledging and addressing the emotional aspect of downsizing can make the transition feel more like an exciting new chapter rather than a loss.

## **Give Yourself Time to Process**

Recognizing that this is a big change helps you approach it with patience.

## **Reflect on the Positives**

Downsizing offers freedom, simplicity, and a fresh start. Focus on what you're gaining rather than what you're leaving behind.

## **Involve Family and Friends**

Talking through the transition with loved ones can make it easier and provide reassurance.

## **Create a Memory Book**

Take photos of your home and document special memories. This can help with closure while allowing you to carry those memories forward.

## **Keep Meaningful Items**

You don't have to part with everything. Choose key items to bring with you that hold sentimental value.

## **Visit Your New Home in Advance**

Familiarizing yourself with your new space before moving can help ease anxiety and build excitement.



# Preparing Your *Home For Sale*

Getting your current home ready for the market is a critical step in the downsizing journey. The more attention you pay to this step, the higher your chances are for a favorable financial result.

## Decluttering Tips

### Step 1: Start Early

Begin decluttering 6–12 months before your move to avoid last minute stress

### Step 2: Tackle One Room at a Time

Tackle one room at a time, sorting items into four categories:

- Keep
- Donate
- Sell
- Discard

### Step 3: Address Sentimental Items

Keep only those that bring you joy. Take photos of keepsakes to preserve memories without taking up physical space.

### Step 4: Arrange For Storage

Most people have accumulated more belongings over time than can fit comfortably in a house. Buyers will want to see wide open space so they can visualize themselves living there. A storage unit for items you know you will want at your next home is a great option.

### Pro Tip: Hire Professional Help

Consider working with a professional organizer or estate sale company to streamline the process and make things easier on yourself. They can provide invaluable assistance if the process feels overwhelming.

## Staging Tips

### Depersonalize

Remove personal photos and items, as well as religious icons.

### Enhance Curb Appeal

A freshly painted front door, clean landscaping, and power-washed exterior can make a great first impression.

### Highlight Key Features

Work with your Realtor or stager to emphasize unique aspects of your home.

### Styles Change

Wall stencils, specialty painting, and window valances are all outdated. Removing these will make your home feel more modern.

### Pro Tip

If you plan to sell within the next year, it's time to start fertilizing your lawn as soon as possible.

### Do you want more tips?

Contact us for a list of the most cost-effective projects and upgrades.





# Finding Your *New Home*

Finding the perfect place to downsize to involves careful consideration of your future needs.

## Options to Explore



### Single-Level Homes

Ideal for ease of movement and long-term accessibility



### Townhouse or Condo

Offer low-maintenance living with shared amenities



### 55+ Neighborhoods

Choose to live around or near those in the same stage of life



### Senior Living Communities

Provide a sense of community and access to services

## Key Features to Look For:

**Proximity** to essential services like healthcare and grocery stores

**Accessibility** features such as ramps, grab bars, and step-free entryways

**Community amenities** that match your interests, like walking trails, pickle ball, golf, or social clubs

# Navigating The *Selling Process*

## Choosing the Right Realtor



- Look for a professional with expertise in this market, who has experience helping people like you
- Ask for referrals or read online reviews
- Ensure they understand the emotional and logistical aspects of downsizing
- Ask any Realtors you interview if they can demonstrate their success with preparing and marketing a home
- Make sure they can help you identify the best fit for your next home

## Pricing Your Home



- Work with your Realtor to set a competitive price based on a comprehensive market analysis
- The condition and presentation of your home, as well as any competing homes for sale, will always affect the overall sales price
- A compelling list price encourages competition among buyers and increases your chances of receiving multiple offers

# Timing The Sale

Timing the sale of your longtime home while securing your next downsized home is a crucial part of the transition. Here's how to plan strategically:

## 1. Understand Your Local Market Conditions

- Ask your Realtor if you are in a seller's market (where homes sell quickly) or a buyer's market (where homes take longer to sell)
- Knowing how long it may take to sell your home will allow you to plan accordingly

## 2. Selling Before Buying vs. Buying Before Selling

### Selling first:

- Ensures you know exactly how much equity you have for your next home
- Avoids the risk of carrying two mortgages
- May require temporary housing or storage if you haven't secured your next home

### Buying first:

- Allows for a seamless move without the need for temporary housing or storage
- Provides more flexibility in choosing the perfect downsized home
- May require financial planning to handle two different mortgages or a bridge loan







### **3. Understand Your Financing Situation**

If you want/need to buy before selling, discuss financing options with your lender, such as a bridge loan or a HELOC, to access equity from your current home. See page 12 for more information on financing options when downsizing.

### **4. Contingencies and Flexible Closing Dates**

- Consider making your new home purchase contingent on selling your current one
- Or consider listing your home for sale contingent on you finding your next one
- Negotiate a rent-back agreement where you stay in your home after selling for a short period while securing your next place
- If buying new construction, coordinate your sale timeline with the estimated completion date

### **5. Work with an Experienced Realtor**

A Realtor who specializes in downsizing can help:

- Align your timelines to reduce stress and financial burden
- Strategize pricing and marketing to ensure a timely sale
- Negotiate favorable terms to give you flexibility during your transition



# Planning *The Move*

Moving can be one of the most stressful parts of downsizing, but careful planning makes it manageable. Here is an easy timeline that will help make the transition easier.

## **6–12 Months Before the Move**

- Decide on your ideal timeline for moving
- Evaluate your housing needs and research new living options
- Begin decluttering and downsizing your possessions
- Consult a Realtor to understand the market and your home's value and start preparing your home for sale
- Consult with a Realtor to identify cost effective projects to improve the home

## **3–6 Months Before the Move**

- Make minor home repairs and improvements to maximize your resale value
- Tour and identify your home options
- Begin selling, donating, or gifting items you no longer need
- Research moving companies and get quotes (Your Realtor can provide recommendations)

## **1–2 Months Before the Move**

- Schedule movers and arrange transportation for belongings
- Begin packing non-essential items
- Arrange for temporary storage if needed

## **Moving Week**

- Pack a suitcase with essentials for a few days
- Keep important documents, medications, and valuables with you
- Celebrate this exciting new chapter!



# Financial Considerations

## Estimating Costs



- Work with a financial advisor and a Realtor to understand the costs of selling, buying, and moving
- Consider potential renovations or repairs to your current home
- Can you afford to buy, and then sell?

## Tax Implications



- Consult a tax professional about capital gains taxes or exemptions when selling your home
- \$250,000 of an individual's capital gains on a home sale are excluded from taxable income. This increases to \$500,000 for those who are married and filing jointly.

## Budgeting for Retirement



- Choose a new home that aligns with your long-term financial goals
- Consider downsizing to free up equity for other priorities

# Financing Options For *Downsizing*

## 1. Home Equity Line of Credit (HELOC)

A HELOC allows you to borrow against the equity in your current home, providing a flexible line of credit you can draw from as needed.

✓ **Best for:** Homeowners with significant equity who need cash for a down payment or moving costs before selling

ⓘ **Things to Consider:**

- You must qualify based on your income and credit
- Interest rates can fluctuate, as most HELOCs have variable rates
- You must set it up before you list your home for sale, as lenders typically won't approve a HELOC once the home is on the market

## 2. Bridge Loan

A bridge loan is a short-term loan that helps you “bridge” the gap between selling your current home and buying your next one.

✓ **Best for:** Homeowners who need funds to purchase a new home before their current home sells

ⓘ **Things to Consider:**

- Typically has higher interest rates and short repayment periods
- Your lender will consider your ability to handle two mortgage simultaneously
- Works best in a seller's market where homes are selling quickly





### 3. Qualifying for Two Mortgages at Once

Some homebuyers prefer to purchase their downsized home before selling their current one.

✓ **Best for:** Those with strong financial standing who want a seamless transition

ⓘ **Things to Consider:**

- You must have enough income to cover both mortgage payments
- You must maintain a strong debt-to-income ratio (typically under 43% for most lenders)
- You must show financial reserves (some lenders require several months of payments in savings)
- Managing two mortgages can be stressful if your current home takes longer to sell
- Some lenders offer programs that allow you to exclude your current mortgage from your debt-to-income ratio if you have a contract in place to sell

### 4. Borrowing from Retirement Accounts (401(k) or IRA)

Some homeowners borrow from their 401(k) or take an IRA distribution to fund their downsizing purchase.

✓ **Best for:** Those with substantial retirement savings who prefer not to take on new loans

ⓘ **Things to Consider:**

- 401(k) loans must be repaid with interest (usually within five years). If you leave your job, repayment may be required sooner.
- IRA withdrawals before age 59 ½ may be subject to taxes and a 10% early withdrawal penalty (unless using a qualified exemption)
- This may reduce your retirement savings and long-term financial security



## 5. AnnieMac Mortgage Buy Now, Sell Later Program

This program eliminates the need for current homeowners to sell before buying. AnnieMac Private Equity buys your new home so you can move right in while taking the time to comfortably sell your current one. Then, the new home is sold directly to you as soon as you sell.

✓ **Best for:** Those who want a convenient transition from one home to other

ⓘ **Things to Consider:**

- You need to be approved to use this program
- This program does involve fees
- You will temporarily rent your new home, until your previous home sells (rent is accrued, but not paid immediately, so you never have two housing payments)

## 6. Paying Cash from Home Sale Proceeds

If you've built enough equity, selling your home could allow you to buy your downsized home outright.

✓ **Best for:** Those who want to avoid mortgage payments and simplify finances

ⓘ **Things to Consider:**

- It might be wise to keep some cash liquid instead of using all the proceeds for a home purchase
- You'll still need to budget for property taxes, insurance, HOA fees, and maintenance

## 8. Seller Financing (Not a common option)

In some cases, sellers offer financing options where the buyer makes payments directly to the seller instead of taking out a traditional mortgage.

✓ **Best for:** Buyers who may not qualify for traditional loans but have cash for a substantial down payment

ⓘ **Things to Consider:**

- Terms can vary widely and may include higher interest rates
- Requires negotiation with the seller and legal documentation

# FAQ's

## How do I decide when it's the right time to downsize?

The right time varies for everyone. Consider factors like the monetary and physical costs of maintaining your current home, changes in health or mobility, financial goals, and whether you're using most of your current space.

## What should I do if I'm overwhelmed by the amount of stuff I've accumulated?

Start small by decluttering one room or category at a time. Enlist family members or hire a professional organizer for assistance. Break the process into manageable steps to avoid feeling overwhelmed.

## How can I find a home that meets my future needs?

Look for properties with features like single-level living, accessibility options, and proximity to healthcare and family. A Realtor experienced in downsizing can help identify options that align with your lifestyle and location needs.

## What if I'm emotionally attached to my home and belongings?

Downsizing is often an emotional process. Focus on the memories rather than the items and consider taking photos of sentimental belongings. Hosting a small farewell gathering can also provide closure.

## What happens if my home sells faster than I can find a new place to live?

Your Realtor can negotiate flexible closing dates or temporary rental options. Alternatively, you can explore short-term housing solutions. If you are able to, the best solution is to move into your new home before selling your current house.

# FAQ's

## How do I make my home more appealing to buyers?

Declutter, depersonalize, and make minor repairs. Staging and enhancing curb appeal can also make a big difference. Your Realtor can provide personalized advice based on local market trends.

## What are the financial benefits of downsizing?

Downsizing often reduces property taxes, utility bills, and maintenance costs. Selling your current home may also free up equity for other priorities.

## Are there tax implications I should consider when selling my home?

Consult a tax professional to understand how capital gains taxes or exemptions might apply to your sale.

## What are some common challenges people face when downsizing, and how can I avoid them?

Challenges include underestimating the time needed to declutter, feeling unprepared for the emotional impact, and overlooking financial or logistical details. Start planning early, involve professionals, and set realistic expectations.

## What should I prioritize when packing for the move?

Focus on essentials first. Label boxes clearly and pack heavy items in smaller boxes. Create an inventory to keep track of what's being moved and where.

# FAQ's

## How can I ensure my move goes smoothly?

Hire a reputable moving company and coordinate logistics in advance. Develop a timeline to stay organized, and keep important documents handy during the move. Label all boxes clearly on more than one side.

Pro tip: Use different colored packing tape for each room.

## What resources are available to help me downsize?

Local senior centers, professional organizers, donation centers, and experienced Realtors are all valuable resources. Many communities also offer downsizing seminars or support groups.

## What if I'm worried I can't find a home after I list mine for sale?

There are multiple programs that exist to avoid this exact issue. We work with mortgage lenders that offer Cash 2 Keys programs, HELOC, and bridge loans. There is also the possibility of qualifying for two mortgages, or borrowing against retirement.

## What if I don't want to make any repairs to my current home?

You can do as little or as much work on your current home as you like. There are buyers for homes in any condition. If your goal is a premium price for your home, you will want to make some improvements. If your goal is an easy and stress-free sale, you may not need to. However, you can't expect to make little to no improvements and still receive top dollar for your home.



# How I Can Help

I specialize in helping long-term homeowners like you downsize with ease. From guiding you through the selling process to finding the perfect new home, my team and I are here every step of the way. Let's work together to make this transition as smooth and stress-free as possible.

## Other Guides Available:

- **How to Prep Your Home for Sale in 90 Days**
- **Comprehensive List of Downsizing Neighborhoods**
- **Guide for Adult Children of Downsizees**

Austin Eaton



612.430.5494

[Austin@EatonGroupRE.com](mailto:Austin@EatonGroupRE.com)

[www.EatonGroupRE.com](http://www.EatonGroupRE.com)

