



# Factum

## Canadians Boomers Say Downsizing their Home in Retirement Isn't a Guaranteed Financial Windfall

### Three in Ten (27%) Downsizers say Costs were More Than Expected; Four in Ten (39%) who Haven't are Skeptical of the Potential Savings

**Toronto, ON, September 19, 2018** — While downsizing might be a growing trend among homeowners who are looking to tap into the equity of their home and have less home to maintain, a new Ipsos poll of Boomers conducted on behalf of HomeEquity Bank suggests that downsizing one's home might not always be the financial windfall that one might expect.

Overall, two in ten (18%) Boomer homeowners (those aged 55+) say they have already downsized, while one in three (34%) plan to downsize in the next five years (19%) or thereafter (15%). Fully one half (48%) say they do not plan to downsize. Among those who plan to downsize, one in three (32%) say they do **not** know the expenses related to downsizing their home, suggesting they could be in for a surprise if they decide to take the plunge and search for another home.

Thinking about the costs associated with downsizing their home, 27% of those who have downsized agree that the costs incurred as a result were more than they expected. Among those who do not plan to downsize, 35% believe the cost is too expensive, and only 22% believe that the cost of downsizing a home is worth it. Moreover, four in ten (39%) who have not downsized say they're skeptical that it will actually save them money, and among all homeowners, half (47%) feel the cost of downsizing a home is worth it, with men (42%) indicating the cost of downsizing is less worthwhile than women (51%).

While the vast majority (91%) of those who have downsized agree (65% strongly/27% somewhat) they're happy with their current living arrangement, among those who plan to stay put without downsizing, 93% agree (66% strongly/27% somewhat) that they're happy with their current living arrangement, underscoring their lack of desire to move. Four in ten (41%) who have downsized or plan to downsize say that they need the money from their home in order to live comfortably in retirement, likely informing their decision to downsize – but 19% of those with no plans to downsize also say they need to rely on their home's equity in order to live comfortably in retirement, suggesting that they'll need to find other ways to tap into that equity other than selling. Among all homeowners, women (34%) are more likely than men (26%) to suggest that they'll need to rely on their home's equity, as are those under 65 (35%).

While few (8%) of those who have downsized say they regret the decision or believe it was more trouble than it was worth (8%), one in four (24%) acknowledge that it was expensive, and only two in ten say they used the income to finance their retirement (19%) or some other purchase (16%). And the data suggest that other sacrifices were also made, such as where they are now located: while one in three (34%) of those who plan to downsize say that they plan to move to a new city/town when they downsize, fully one half (50%) of those who did downsize moved cities – suggesting that not all relocation is planned or voluntary. This rises to 59% among those who have downsized and are still under the age of 65.

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### About the Study

These are some of the findings of an Ipsos poll conducted between August 29-31, 2018, on behalf of HomeEquity Bank. For this survey, a sample of 2501 Canadian adults aged 55+ was interviewed online, of which 1,870 are homeowners. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within  $\pm 3$  percentage points, 19 times out of 20, had all Canadian homeowners aged 55+ been polled. The credibility interval will be wider among subsets of the population, such as  $\pm 6$  percentage points among those who have downsized. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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#### For more information about the CHIP Reverse Mortgage, please visit:

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