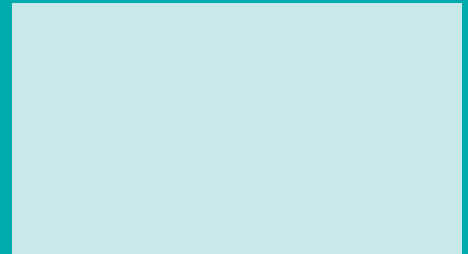




VALUING PEOPLE. VALUING MONEY.
MANAGING IN TOUGH TIMES INITIATIVE



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THIS MONTH'S TOPIC:

SHOULD I STAY OR SHOULD I GO: CONSIDERATIONS FOR DOWNSIZING YOUR HOME

Do you remember what it was like to live in your college dorm room or in your first one-bedroom apartment? Space was at a premium so you learned to be more efficient. You got rid of all the excess, you maximized storage space, and everything you needed was within reach. Of course, returning to the lifestyle of your younger days may not sound so glorious. But that minimalist approach does have some important lessons to teach us regarding our living spaces.

According to the Census Bureau, the average square footage of an American household increased 1,000 feet from 1973 to 2003. In that same time period, the average size of an American family has actually decreased! That means Americans today have more space and less family members to use it. For some, a spacious home may be just what they desire. Others may find that the additional space brings with it more hassle than they had hoped. If you have thought about downsizing your home, consider the following suggestions to help you weigh your decision.

The Benefits

Money

Downsizing your home comes with a laundry list of benefits and chief among them is probably money. In most cases, downsizing will result in a lower mortgage or rent payment. The extra savings may be better used to pay off student loans, reduce credit card debt, or begin saving for the future.





Time

The less extra space you have in your home, the less you will have to maintain. This will save time on needlessly cleaning guest rooms that aren't even being used. Moreover, having less may encourage you to declutter and rid yourself of possessions that cost to maintain but that are rarely used. A less demanding workload at home will free you up for more leisure time activities!

Savings

Less space in your home also means that you will have less storage. While you might expect to see this in the list of downsizing drawbacks, it can serve you well. Having less space may help you resist the urge to purchase extraneous home décor. In addition, having less square footage will reduce energy costs. Cutting down on these expenses can help you decrease debt or stay out of debt altogether.

The Drawbacks

Space

Obvious, right? But it is important to consider the potential ramifications of having less space. As a result of downsizing, you will probably have to give up some of your belongings. This can be difficult if you feel a sentimental attachment to much of the clothing and furniture in your home.

Prestige

For most people, a house is much more than just a dwelling. A house is also a symbol of status and wealth. Downsizing your home means being comfortable with the appearance of having less. And, in addition to the appearance of having less, you may actually have less after downsizing. This may mean you are forced to make lifestyle changes that are not always welcomed.

Guests

An often overlooked drawback to downsizing is how a reduction in square footage can affect your ability to entertain guests. While less space may be comfortable for you and your spouse, it may not be comfortable for a house full of in-laws. You may have to sacrifice being the hub for the holidays in order to downsize your home.

Market Timing

Lastly, we should mention a brief word about the market. Even after taking into consideration the pros and cons listed above, market indicators may be one final source of information before deciding whether or not to downsize your home. In a seller's market, the margin you create by downsizing will be significantly larger than the margin you will create by selling in a buyer's market. Be sure to downsize your home at the time when you will receive the maximum payout.

Reference: Census Bureau

Alex Elswick, MS, Extension Associate for Family Resource Management, Department of Family Sciences, University of Kentucky Cooperative Extension Service, (859) 257-3290; alex.elswick@uky.edu

Jennifer Hunter, Ph.D., Interim Assistant Director of Family and Consumer Sciences Extension, University of Kentucky Cooperative Extension Service, (859) 257-3887; jhunter@uky.edu

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