

CBS Boston

Baby Boomers Banking On Home Values May Be Surprised

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Reporting Paula Ebben

BOSTON (CBS) – A Lot of baby boomers are betting on the value of their home to help get them through retirement.

But the money they were banking on might not be there.

Dan Leclerc is selling the Belmont home he's owned for 27 years. The kids are gone and he and his wife are ready to downsize.

WBZ-TV's Paula Ebben reports

Even though Belmont homes have held their value better than most, Dan's equity isn't as much as he might have expected just a few years ago

He is one of the lucky ones. He still had a fair amount of equity to roll over. But there are many baby boomers who were counting on huge windfalls from their homes that just aren't going to be there.

Dana Levit is a financial planner from Newton. She says, "Its really sad because that is, that's what they were told, pay your mortgage, have the real estate, it will be there for you, and then when it's not there, its heartbreaking, that's exactly what it is."

One approach is paying down your mortgage faster, so you'll owe less when it comes time to retire and possibly sell, but Levit cautions against leaving your self cash poor.

“You really do need a pot of money aside that you can use for liquidity, for paying all of your bills. It's great to have a paid off home because I think there's more sense of security there, but if you can't access it then it is not a great planning tool.”

More boomers may be forced to do what's called “age in place”, that is stay put because they can't sell at a high enough price.

So does this mean younger people should avoid taking the ownership plunge? Not at all says Levit, but priorities need to be kept straight.

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