



LIFE AFTER WORK

Home Free.

There are plenty of reasons to buy your retirement house now—even if you don't plan to live in it for years

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BUYING A HOME WHILE PRICES ARE SLIDING is not an easy decision. After all, you never know when things will bottom out, and if you jump too soon, you may miss an even better deal that could have been yours just by waiting. But if your goal is to retire to a vacation-like property in a decade or so and you can afford to buy now, today's tepid housing market may offer a great opportunity to put your plans into motion early. Here's why.

RETIREMENT LESSONS
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First of all, home prices won't weaken forever, and they almost certainly will be much higher in 10 years. Waterfront and resort properties and those with spectacular views—just the features you dream of for a retirement home—can be expected to rise the fastest. Yet for even prime properties in today's market, competing bids are rare, and sellers are eager to deal. You have bargaining power, and you have time to research your purchase. Mortgage rates

remain low for those with good credit.

Equally important: a cottage in the mountains or a house on the beach where you plan to spend the rest of your days doesn't have to be subjected to the same rigorous evaluation as other investments. In theory, your retirement house won't be sold until you're not here to worry about it anymore. What do you care about the rate of return? You're buying a lifestyle, not a bond.

Such thinking clearly resonates with millions of people in their 40s, 50s and 60s who are keeping the second-home market alive. Last year, even as sales of primary residences fell, vacation-home sales rose nearly 5%, says the National Association of Realtors. The typical buyer of a vacation home was 44; a third of those people said they plan to move to the home full time later on.

None of this means you should be rash. The whole point of buying while the market is soft is to have time to think things through. Second homes come with myriad expenses and headaches. Can you really afford it? How will you feel if you drain your 401(k) plan to buy a second home (not recommended) and then stocks take off? What if moving day arrives and you find you no

longer want to live there? Sort it out now—and then take the plunge. Here are some other reasons that buying a vacation home now to live in later may make sense for you:

Roots. When you buy before you've retired, you start making the area part of your life right away. That helps you build a social network, which will ease the transition when you do make the move. "You get a chance to meet people and be part of the community," says Christine Hrib Karpinski, author of *Profit from Your Vacation Home Dream*. "It's truly a second home."

Family connections. Kids grow up and change jobs and cities. One way to bring the entire family together more often is by living in a fun, familiar house in a great location. Buying while you still have children at home is a bonus. The kids will feel invested in the place, make friends and want to visit more often when they're older. Six years ago, Nancy Fernandez Mills, 59, and her husband Mark, 58, sold their house in the Boston suburbs. They bought a condo downtown and a country home in the Berkshires in western Massachusetts. With three grown children and in-laws all living out of town, "our place in the Berkshires has become the place to come for Thanksgiving and other holidays," says Mills, author of *Boomers! Funding Your Future in an Age of Uncertainty*. "It's exactly what we hoped would happen."

You can rent to own. In the long term, prices are going to go up. By not acting soon, you risk eventually being priced out of the market altogether. If money is tight, consider buying now and collecting years of rent to defray your costs. Many homes remain too expensive for this plan; the cost of a mortgage, insurance and taxes is higher than the rent the property can realistically generate. But for the first time in years,

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home prices have slipped enough in some regions for the math to work, including in Destin, Fla.; the Outer Banks of North Carolina; Branson, Mo.; and the Smoky Mountains, says Karpinski. Her rule of thumb: if one week of peak rental income can cover a month of mortgage expense, the deal is a winner. The trick is getting over your fears. With retirement facing all of us sooner or later, there's only so much time for that.