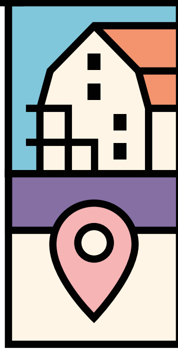

# A guide to downsizing your home.

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# Contents.



**This is a general educational guide and, while we're experts in later life lending, we don't offer all the products mentioned in it.**

# Foreword.

Taking the decision to downsize and move to a smaller home is a significant life decision, whether you're looking to reduce costs, simplify your lifestyle, or free up money for future plans. At Suffolk Building Society, we understand that while moving to a smaller home presents exciting opportunities, there are many important things to consider. After all, in life we often seek bigger and better homes, yet dedicate less time to planning ahead for downsizing.

We've helped many customers who are moving to a smaller property over the years, so we thought it was time to share our expertise to help others who are thinking about it.

This guide is designed to help you navigate the process, from understanding the financial implications, to practical tips on finding the right property.

We aim to support you in making informed choices that suit your needs and future goals.

We hope this guide proves helpful and informative as you embark on this new chapter.

**Richard Norrington**

CEO, Suffolk Building Society

**While moving to a smaller home presents exciting opportunities, there are many important things to consider.**

CHAPTER 1

# What is downsizing?

Downsizing generally involves moving to a smaller home, but the reasons for doing it can vary widely.

Maybe you want to free up some cash after paying your mortgage for years, or reduce your monthly bills with the cost of living going up? As you get older, your current place might feel too large, too expensive to run, or be in the wrong location.

So, let's dive into what downsizing really means and check out the different options.

## What is downsizing?

Downsizing involves changing the size of your home to suit your current or future needs more effectively. This often means moving to a smaller or cheaper property after your children have flown the nest, or when you're preparing for retirement.

**Downsizing involves changing the size of your home to suit your current or future needs more effectively.**

## Five ways to downsize

1. **Traditional downsizing**

   The most common form of downsizing involves moving into a smaller home. This could mean fewer rooms, smaller rooms, or single-storey. This often appeals if you're looking to reduce your outgoings, such as your monthly mortgage payments (you may even be able to go mortgage free), utility bills and property maintenance costs.

2. **Buying with family**

   Whilst not technically downsizing, there has been an increase in family generations moving in together. This often involves family members, such as grandparents, adult children and their families all living under one roof – usually one that's larger than where they've lived previously, to accommodate the larger family unit. This can provide social benefits, as well as sharing responsibilities and costs. It can also provide you with a supportive living environment, which can be especially advantageous as you age, and offer mutual benefits to family members with childcare responsibilities.

3. **Relocating to be near family**

   This can be a driver for many people approaching or in retirement. It may involve moving to a smaller house in a more expensive area, but while your house size may decrease, being closer to family can improve your quality of life (most of the time anyway!).

4. **Retirement communities**

   These communities are specifically designed for independent retirees but cater for those needing some level of support or care. They can provide peace of mind, as well as chances to socialise and access tailored facilities. The costs, services, and the extent of the care provided varies widely though, so it's crucial that you do your research and choose one that works for you.

5. **Co-housing and shared living arrangements**

   Co-housing or shared living arrangements involve moving into a community where you share common spaces with multiple families or individuals, whilst having your own private living area. You can enjoy a sense of community, reduce your living expenses, and benefit from mutual support. If you like socialising and want to be part of a supportive network it's worth considering, although some people may find sharing their space a challenge.

## Making the right choice

Downsizing isn't a one-size-fits-all thing. Choosing the right property involves careful consideration of your current and future needs, your financial situation, and personal preferences. It's important to weigh the pros and cons of each option and think about the long term.

Speaking to estate agents, financial advisors, or care specialists can provide valuable insights and help you make an informed decision. It's also worth considering how each option makes you feel alongside the more practical arrangements. What may sound good in theory, may not always be the best option for you.

Whatever you choose to do, the key is to find a home that fulfils your needs and improves your quality of life. Good planning will allow you to take your time and explore the possibilities, helping you to make the best choice for you.

**Downsizing isn't a one-size-fits-all thing.**

# When do people downsize?

There is no 'right' age to downsize. It's all about when it's the right time for you.

Beckoning retirement and offspring flying the nest are common prompts for moving to a smaller home, although people do so at different stages of life.

Whatever your motive, you'll want to make sure you're physically and mentally able to manage the process, as well as enjoy any money you might free up from doing so. With that in mind, it's a good idea to at least start thinking about it sooner rather than later.

## Factors to bear in mind

- **Your financial situation:** Whilst some people downsize to help pay off their mortgage, others do so to lower their mortgage repayments, as some downsizers still require a mortgage. If you're struggling to keep up with energy bills and are living in a property that's larger than you need, you could save money by moving to a smaller property.
- **Individual and family circumstances:** It's increasingly common for adult children to live in the family home. For many homeowners, this will be a consideration in thinking about when to downsize. You might choose to stay in your property while they need a room, or you may contemplate helping them get a foot on the property ladder with some of the cash you free up by switching to a smaller home. Perhaps your grandchildren often come to stay so some extra room may still be needed.
- **Your health:** It's important to think about your health, both now and in the future. Whilst none of us have a crystal ball, planning the move while you have the energy will make the process more manageable. Plus, if you're keen to spend the extra money travelling or simply making the most out of life, you'll want to be in the best position to enjoy it.
- **Personal preferences:** Ultimately, what you want to do will also play a big role in your decision. Perhaps you love your current home, you're close to friends and family, and feel you can make it work for as long as possible? As long as you've thought ahead and considered the practical elements too, you should be well-prepared.

## What is the best age to downsize in the UK?

The right time for you will depend on a number of personal factors..

So, whether you're downsizing in your 50s or 70s, or switching to a smaller property at a younger age, it's never too early to start making plans. Moving at the right time allows you to focus on the next stage of your life, in a place that suits you best.

Moving at the right time allows you to focus on the next stage of your life.

CHAPTER 3

# The benefits of downsizing.

Downsizing can be exciting but may also feel a bit daunting. Whatever your reason for downsizing, there's a lot to consider before you take the plunge.

First, let's think about some of the potential benefits of downsizing:

## Financial savings

- A smaller property could **reduce your mortgage or pay it off entirely.**
- Living in a smaller property could also **reduce your utility bills.**
- Smaller properties can mean **decreased maintenance costs,** as you'll generally have fewer rooms to decorate and furnish.

## Lifestyle

- With fewer responsibilities at home, you could have **more time and freedom** for your hobbies and travel, or to see family and friends.
- Selling a larger home might mean you can afford a smaller place in a more **desirable location,** closer to your family, with better amenities, or somewhere more scenic.

## Simplified living

- Downsizing encourages you to **declutter,** which can make your home feel more organised and manageable.
- Smaller homes tend to be easier and quicker to **clean and maintain.** Although that might also be the effect of any children moving out!

## The unexpected benefits of downsizing

While downsizing has some obvious benefits, you might find there are unexpected advantages that you hadn't initially considered:

Better health and wellbeing

- A smaller home that needs less maintenance can **reduce your stress levels** and increase your overall wellbeing.
- Downsizing can help you adopt a **more active lifestyle,** as you may move somewhere that means you can walk to your hobbies or the local shops, rather than driving.
- Moving to a more **community-focused neighbourhood** can lead to better social connections and a stronger sense of belonging.

Helping the environment

- Modern, smaller homes generally consume less energy, so they're more **environmentally friendly.** Many new builds are rated A or B which means they're more energy efficient.
- Downsizing can encourage you to adopt a more **minimalist lifestyle,** meaning you buy less and reduce waste.

While downsizing has some obvious benefits, you might find there are unexpected advantages that you hadn't initially considered.

CHAPTER 4

# The downsides of downsizing.

It's important to be aware of the possible downsides of downsizing as well:

### Emotional attachment

- Parting with a home that's full of **memories** can be emotionally challenging for many people.
- Downsizing means you'll need to adapt to having **less living space,** which may take some getting used to.

### Practicalities

- Having a smaller home means you'll have **less space for your belongings.** You may find this an exciting challenge, but many of us are sentimental. Some downsizers consider renting additional storage space if they can't bear to part with certain things.
- A smaller home may mean you don't have enough space to **host guests,** so you may end up visiting other people more often. Or you may decide to chip in for them to stay near you instead.

### Financial costs

- **Relocating can be expensive,** once you factor in the cost of selling your current home, buying a new one, and making the move. Make sure you factor in all your expenses, such as estate agent and legal fees, stamp duty and moving costs, so there are no unexpected surprises.
- **The property market** can negatively impact the financial benefits of downsizing. This is particularly relevant if the market is unfavourable for sellers at the time you decide to move.
- If you choose to move to a **sought-after location,** you might find that even smaller properties are as expensive as where you currently are.

Deciding whether to downsize ultimately depends on your personal circumstances.

CHAPTER 5

# Downsizing finances.

## Downsizing isn't a decision to be taken lightly.

### Mortgages and people over 50

As we get older, our financial priorities evolve. Navigating the world of mortgages can be challenging at any time, but as you plan your future mortgage needs, you'll need to consider when you're aiming to retire.

You may then decide that clearing your mortgage, either by overpaying or downsizing, is a priority. Whatever you decide, understanding your options is crucial to help you make an informed decision.

### Should I downsize to be mortgage free?

One of the most common questions people in their 50s and beyond ask themselves is whether they should downsize to become mortgage free. Selling your current property and buying a smaller, less expensive home, may mean you can reduce your mortgage significantly or even pay it off entirely.

### Later life mortgages

As you approach retirement, securing a mortgage can be more challenging. Some traditional lenders may be cautious about offering you a mortgage that extends into retirement.

However, there are options that are specifically tailored to meet the needs of older borrowers. Some mortgage lenders have more flexible lending criteria and are able to provide solutions for those approaching or already in retirement. They come in several forms:

- **Standard repayment mortgages:** Some lenders are willing to offer traditional repayment mortgages to older borrowers, particularly if they can demonstrate a sustainable income in later life, such as pensions and investments.
- **Standard interest only mortgages:** Some lenders will offer older borrowers an interest only option, where only the interest is paid each month. There must be a strategy in place to repay the mortgage amount at the end of the term, which can involve downsizing with the sale of the property.
- **Retirement interest only mortgages (RIOs):** These are similar to standard interest only mortgages but are specifically for older borrowers. You only pay the interest each month, with the capital repaid when you sell your home, pass away, or move into care. RIO mortgages are typically for homeowners aged over 55.
- **Lifetime mortgages:** A form of equity release, where you borrow against the value of your home, with the loan repaid from the sale of your property after you pass away or move into long-term care. These are available to homeowners aged 55 and over.
- **Home reversion plans:** This is another form of equity release that allows you to sell all or part of the value of your

Whichever option you go for, it's essential to understand the long-term implications.


# Downsizing finances continued.

home to your mortgage provider, giving you a tax-free lump sum whilst allowing you to stay in your property as a tenant. The plan ends when you die or go into long-term care, just like a lifetime mortgage. At this point your provider will take ownership of the portion of your home that you've sold, with the remaining portion paid to you or your beneficiaries. This is available to homeowners aged 60 and over.

## Older persons shared ownership scheme

Older Persons Shared Ownership (OPSO) schemes are specifically designed for those aged 55 and over. They allow you to purchase a share of a property, typically between 10% and 75%, and pay rent on the remaining share. They can be attractive if you're looking to downsize or move into a more suitable home without the need to take on a large mortgage.

Key benefits include:

- **Lower initial mortgage costs:** Since you're only buying a portion of the property, your initial mortgage costs are likely to be lower than a standard mortgage.
- **Lower rent:** The rent you pay on the remaining share of the property will typically be lower than the market rate, making it a more affordable option than renting privately.
- **Flexibility:** The scheme is designed with older buyers in mind, with properties that are often easier to maintain.
- **Security:** You have the option to stay in your home for as long as you want, giving you peace of mind.

However, it's important to remember that while this can make home ownership more accessible, not all properties are eligible, and availability can be limited. While you can often buy more shares in the property over time (a process known as 'staircasing'), the maximum share you can own is capped at 75%. Once you reach this threshold, you won't pay rent on the remaining portion, but you also won't be able to own the property outright. Also, when you sell your property, the funds will be split according to the ownership percentages.

Whichever option you go for, it's essential to understand the long-term implications, particularly concerning interest rates, repayment terms, and the impact on your estate.

# Downsizing finances continued.

## What is an interest only mortgage?

Interest only mortgages mean you only pay the interest on the loan each month, rather than both the interest and the original loan amount. This means your monthly payments are lower, but the mortgage balance isn't reducing each month. At the end of the mortgage term, you'll need to repay the full amount you borrowed.

**Benefits of interest only mortgages:**

- **Lower monthly payments:** This can free up cash for other expenses.
- **Flexibility:** Some borrowers use the savings from lower payments to invest elsewhere, or to help with living costs.

**Downsides of interest only mortgages:**

- **The debt remains:** Since you're not paying down the mortgage balance, you'll still owe the full amount at the end of the term.
- **Repayment risk:** You'll need a solid plan to repay the mortgage, whether through savings, investments, or selling your property.
- **Higher interest rates:** Rates can sometimes be higher for interest only mortgages than repayment mortgages.
- **Higher costs in the long run:** Over the full term of the mortgage you are likely to pay significantly more interest than you would have done on a traditional repayment mortgage.
- **Potential for negative equity:** If property prices fall, you could end up owing more than your home is worth.

Interest only mortgages can be an attractive option, but as with any mortgage, you need to make sure it's the best option for you and your circumstances.

## How to avoid mortgage early repayment charges

Paying off your mortgage early can seem like a good idea, especially if you're approaching retirement. However, many mortgages come with early repayment charges (ERCs) if you're tied into a product, which can significantly reduce the financial benefit of paying off your loan ahead of schedule.

**Paying off your mortgage early can seem like a good idea, especially if you're approaching retirement.**


These charges are typically a percentage of the outstanding or original loan and can add up to thousands of pounds, so consider the following to avoid or minimise them:

- **Check your mortgage terms:** Before making any repayments, review your mortgage agreement to understand when and how ERCs apply. Some mortgages allow overpayments up to a certain limit each year without incurring charges. This can help you reduce your debt faster without triggering penalties.
- **Plan your payments:** If you're approaching the end of your current mortgage deal, you may still be able to make lump sum overpayments before it ends without incurring any ERCs.

By understanding your mortgage terms and planning your payments carefully, you may be able to avoid or minimise early repayment charges. This will help you decide if any charges you have to pay will be offset by the interest you save.

Navigating the world of mortgages in your 50s and beyond can be complex; however, with the right information and careful planning, you can make decisions that work for you.

**If you're thinking about downsizing, it's important to be aware of the potential costs.**

## Costs to consider

If you're thinking about downsizing, it's important to be aware of the potential costs, so here's a comprehensive checklist of things to consider:

### 1. Property sale costs

**Estate agent fees:** Typically 1% - 2% of the sale price plus VAT

**Solicitor/conveyancing fees:** Legal fees for selling the property (£800 - £2,000)

**Energy performance certificate (EPC):** It's a legal requirement to provide this (£60 - £120)

**Mortgage redemption fees:** Any early repayment fees (ERCs) or exit fees if applicable


### 2. Buying costs for your new property

**Stamp duty land tax (SDLT):** Applicable for properties over £125,000 (correct as at June 2025, rates and thresholds subject to change). See gov.uk/stamp-duty-land-tax/residential-property-rates for the latest rates

**Solicitor/conveyancing fees:** Legal fees for purchasing the new property (£1,000 - £2,500)

**Mortgage arrangement fees:** If you're taking out a new mortgage (£500 - £2,000)

**Survey costs:** Depending on the type of survey you want (from £250 to £1,500)

**Removal costs:** Hiring professional movers or renting a van yourself (£300 - £1,500)

**Valuation fees:** Required by mortgage lenders (£150 - £1,500)

### 3. Moving and setup costs

**Moving insurance:** Coverage for possessions during the move

**Storage costs:** If you're downsizing significantly, you may need temporary storage

**Utilities setup fees:** Installation fees for broadband, electricity, and gas

**New furniture/appliances:** If you need smaller or more suitable items for your new home

**Home improvements:** Renovations, repairs, or decorating

### 4. Financing and investment considerations

**Mortgage:** Whether you need a new mortgage or will pay cash from the proceeds of your sale

**Pension/investment impact:** Downsizing may free up capital, so consider how it impacts your retirement or investment plans

**Eligibility for benefits:** A new mortgage, or increasing your savings, could impact your eligibility for certain benefits

**Inheritance tax planning:** If downsizing frees up substantial equity, consider how this affects your estate planning

**Capital gains tax (CGT):** Applicable if the property you are selling is not your main residence

**Storage or disposal of possessions:** If you need to downsize your belongings

### 5. Ongoing costs after downsizing

**Council tax:** Based on the band and location of the new property, it could be lower or higher

**Insurance:** Home and contents insurance for the new property

**Ground rent/Service charges:** For leasehold properties or flats

**Utilities:** Adjusting to new costs for gas, water and electricity in your new home

**Maintenance costs:** Repairs and upkeep for your new property

**Home improvements:** You're likely to want to make your new house a home

# Downsizing after divorce.

Guest authored by **Backhouse Solicitors.**

During a divorce or dissolving of a civil partnership, there is an enormous amount for couples to consider, negotiate and agree before going their separate ways. This typically includes arrangements for the care and support of any children, division of assets and shared property and making a financial agreement for the future. As part of this process, there is often a need to downsize the family home to two smaller properties so the parties can go their separate ways.

When considering the downsizing process, at Backhouse Solicitors we find that our clients often have similar questions. As a result, we've compiled a list of the eight most frequently asked questions into a handy "What if" guide to help others in a similar situation.

**Q1 - What if... I want to keep the family home, but my ex-partner wants it to be sold? Can they force me to sell the family home so that we would both need to downsize?**

The negotiations during the divorce settlement will determine whether it is possible for you to retain the family home. If the court ultimately orders it to be sold, you will have no option but to abide by the ruling.

**Q2 - What if... One person holds on to the family home and, as a result, the other (downsizing) partner needs a new and potentially much more expensive mortgage. Is there anything that can be done to avoid this or is it just something to be mindful of?**

As with any property purchase, if a mortgage is required it will be down to the individual to seek the best mortgage deal available for the transaction. However, the downsizing partner may request an increased financial settlement within the final order to take this into account, depending on the circumstances.

**Q3 - What if... I am planning to downsize - should I tell my ex-partner?**

It is up to you whether you choose to disclose the details of your plans to downsize.  However, if it impacts on a future court order that will be made, you will need to tell your solicitor, who will provide your financial information and plans to the court so they can take it into account.

**Q4 - What if... We have agreed that we will both downsize, how quickly can this happen after divorce? How soon can we start searching for a new property?**

As with any property sale or purchase, this one is going to be a combination of luck, hard work and judgement! You can start looking as soon as you have agreed, but you will both need to find the right property, which normally starts with looking at one of the online portals like Rightmove and visiting estate agents. However, if the downsizes are reliant upon the sale of the family home, you will not be able to proceed until you have a buyer for your current property. It is likely that you will have two sets of purchase and sale chains to contend with and once the legals are in progress it is likely to take at least three months to complete them.

**Q5 - What if... I receive financial support for our children from my ex-partner and I intend to use this towards a new mortgage. What do I do if my ex doesn't actually pay what they are supposed to?**

It is important to get any financial arrangements in writing at the time of the Final Order for your divorce (previously called the Decree Absolute). It may be possible to use this income in the affordability calculations for a new mortgage application; however, the responsibility for the monthly mortgage payment would still be down to you. We recommend that you ensure you can afford the payments each month even if your ex-partner refuses to pay.

It is possible to make a claim to the court if your ex-partner breaches the Final Order. However, this could be a lengthy process and your new home could be at risk if you do not keep up with the mortgage payments on it. There is also a legal requirement for the non-resident parent to pay maintenance and this is dealt with by the Child Maintenance Service if an agreement cannot be reached between the two parties. You should take legal advice on your particular circumstances if you do not receive payment.

**Q6 - What if... The agreement is for both parties to downsize - are there any particular hurdles to overcome when buying a property after a divorce?**

If you have both agreed to downsize, you can follow the traditional path of buying a house, regardless that you are a divorcee. There are no particular hurdles to be aware of, other than the usual challenge of ensuring the affordability of your new property as a sole purchaser. Remember that the purchase costs are not just the house itself but also the costs of purchase (legal fees, searches etc), the costs of moving and the Stamp Duty.

**Q7 - What if... It has been agreed by both parties that we will be downsizing, at what point can I start getting rid of clutter? Do I have to check with my ex before disposing of household items and furniture?**

If you are both in agreement that you will be selling the family home, you can start the decluttering task straight away as this can also help with selling the property. It is best if you can decide between yourselves what items can be disposed of, as it will be more expensive if there are arguments between your solicitors about who gets or keeps what items. Which leads us to our final question.....

**Q8 - What if... We cannot agree who gets what items or furniture from the family home and we both want the same things?**

If there are particular items or furniture that you both would like to keep and you cannot negotiate and agree between yourselves, it would be advisable to raise this with your solicitor in your divorce settlement. If there are specific items of sentimental value then try to agree on these in advance of any court hearing. If an agreement can't be reached then ownership can be determined by the court BUT the court does not like to get involved in disputes over belongings.

It is no secret that the divorce process can be stressful and upsetting for all involved, and choosing to downsize or having no option but to downsize is part and parcel of this change and the next chapter in your life. At Backhouse Solicitors we like to help our clients turn this potentially daunting experience into a fresh start. If you would like further advice about a divorce or have some 'What if' questions of your own then our team of friendly Family Law solicitors are here to help. Likewise, if you are selling the family home and looking to downsize, our expert Property team can help with your conveyancing and will make every effort to make the process run as smoothly as possible.

*Chelmsford-based Backhouse Solicitors is a family-owned firm of specialist, problem-solving solicitors who pride themselves on offering friendly and easy-to-understand advice.*

*Backhouse kindly guest authored this chapter to help provide additional insight and perspective.*

*Publication of information from third party guest authors does not constitute an affiliation with, nor a recommendation. If you require further information on this topic we recommend you seek specialist advice.*

**There is often a need to downsize the family home to two smaller properties so the parties can go their separate ways.**

CHAPTER 7

# Talking to your family.

Downsizing is a significant life decision, involving not just practical and financial considerations, but also emotional ones. So, whatever your motivation for moving, you might want to discuss it with your family.

Of course, it's always your decision to move. If you're the parent of adult children though, you may wish to let them know about your plans. Should your children be unsupportive, there are ways to navigate this.

Whoever brings up the subject for the first time, it's important to talk things through. Once you've got your ducks in a row, agree on a time and place where you can have a calm, uninterrupted conversation.

Whether you're looking to downsize for financial or health reasons, or a desire for a simpler lifestyle, sit down with your children and explain this to them. Allow your children to respond and ask any questions. But also reassure them that your decision to downsize has been carefully considered and the overall outcome will improve your quality of life.

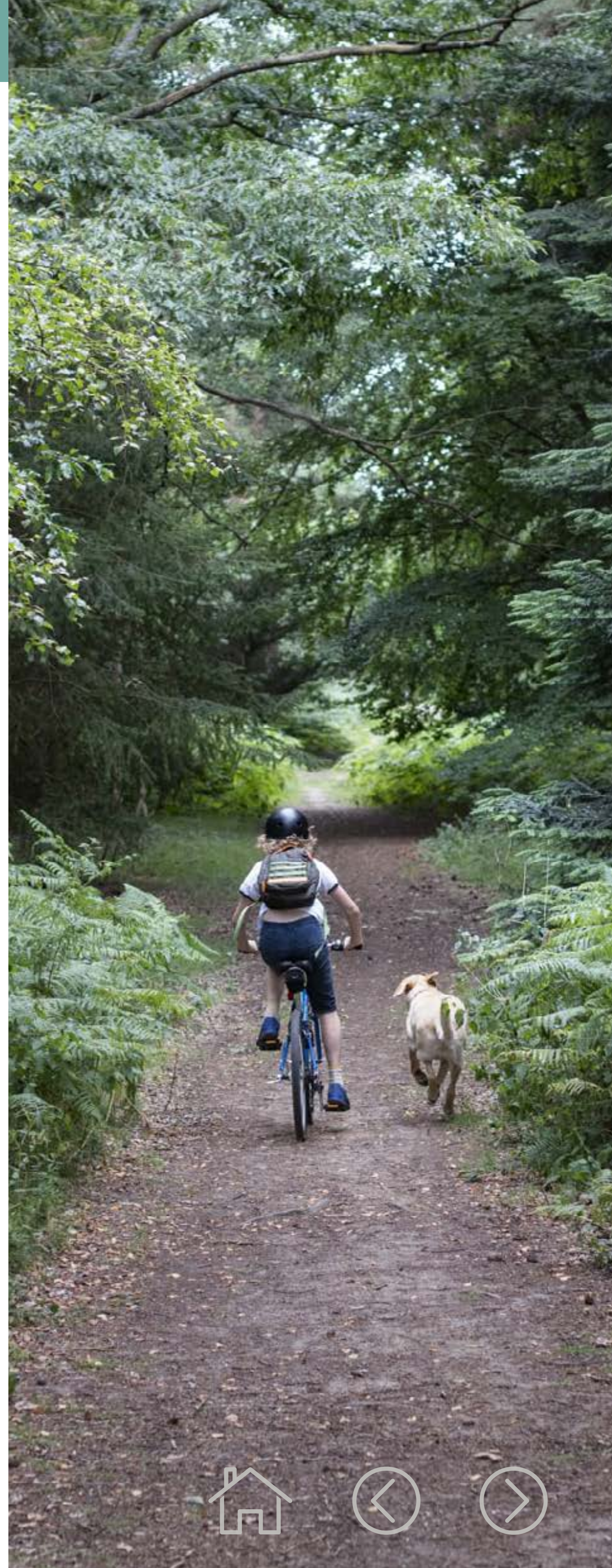
Remain firm in your decision while staying compassionate and understanding of their feelings, making it clear why downsizing is in your best interest. View the situation as the start of a new chapter, rather than the closing of a book.

## Seek professional help if necessary

Should conversations about downsizing become particularly challenging, consider involving a mediator or family counsellor to help facilitate the discussion. Furthermore, consult estate agents, mortgage brokers and financial advisors for independent, professional and objective advice on the downsizing process.

Discussing downsizing with your family requires sensitivity, transparency, and patience. By preparing yourself, choosing the right time, and approaching any conversations with empathy, you can help your family understand your decision. After all, downsizing isn't just about moving home; it's about starting a new phase of your life - and embracing the opportunities that lay ahead.

**Discussing downsizing with your family requires sensitivity, transparency, and patience.**




To discuss your downsizing needs in more detail,
please get in touch with one of our mortgage experts.

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**YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.**

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