

A man and a woman are shown in a bright, airy room, likely a living area, packing a chair. The man, on the left, is wearing a brown t-shirt and blue jeans, and is using a roll of white tape to secure the chair. The woman, on the right, is wearing a grey t-shirt and blue jeans, and is holding the chair steady. The chair is covered in a layer of white bubble wrap. In the background, there is a white armchair, a small table with potted plants, and a window with sheer white curtains. The floor is made of light-colored wood. The overall atmosphere is one of a clean, modern home.

A guide to: Downsizing your house

0808 652 8612

enquiries@webuyanyhouse.co.uk

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Downsizing your house

Downsizing can be incredibly daunting, especially if you've been living in the same house for a long time and have collected what feels like a lifetime of memorabilia. There comes a time in everyone's life when it makes sense to downsize, and with that comes a good clear out.

At We Buy Any House, we have put together a handy guide to make sure you're going about downsizing in the best way possible.



Make the big decisions first:

Think about your new home and what space you've got to work with - as you're downsizing, there's probably considerably less space. If the new home is part-furnished with white goods, sell yours. If it isn't, how long have you had your fridge and freezer? It may be time to invest in a new unit for your new house instead.

Have you got any large, sentimental items? and if so do you want to take them with you or have you considered passing them on to another family member? Whilst it's hard to let go of certain items that have a good memory ingrained, sometimes it's best to start fresh and let go of bulky items, especially if you no longer have the space to house them.

Do you have ornaments, a china set, things that you may enjoy but not need anymore? Take some time and think about the difference between want and need, and get rid of things that don't fit into the latter.

Getting rid of your things efficiently:

You've got four main options when it comes to getting rid of things -

- Give them away to family and friends
- Donate it to charity
- Sell anything of value
- Recycle it/take it to the tip.

The good thing about donating or selling your old items is knowing that it's going elsewhere to someone who will have a use for it, and know that it isn't sitting in your loft anymore collecting dust. Similarly, giving items to family can be a senti- mental affair, and will often mean a lot to them.

Tackle small areas to begin with:

Try and pick areas of the house that you don't use regularly to make it easier, such as a shed or the cupboard under the stairs. These areas are prone to collecting junk over time, and so should make it a bit easier to clear; it will also put you on a high if you're able to get a good amount cleared and motivate you to tackle more tricky areas!

Furniture

It's a good idea to measure your new home, to make sure that any furniture you're taking with you will fit properly; the last thing you want is to find out on moving day that you can't fit the settee in your living room. Knowing what space you've got will also help you downsize, as it will make some decisions for you as to what you can take and what you can get rid of.

Start on the kitchen

The kitchen will be a bit of a step-up and really start to test your downsizing skills. It's best to start slowly, labelling the things that you use every day and then work backwards from there. It's likely that you've got drawers full of things that you don't want or need - everyone has a junk drawer - but you won't realise that until you start clearing.

Time to tackle the bedrooms

Your bedroom can be one of the hardest rooms to downsize, as you'll almost definitely have most of your keep-sakes hidden away in your bedroom. The best way to approach this is to be firm with yourself. Try not to keep things for the sake of keeping them, give yourself a box and only allow yourself to keep things that all fit in it. Although you may feel a little ruthless at first when you've moved and your new home is spacious and organised you'll be thankful!



When's the right time to downsize?

Downsizing a property is commonly associated with the age of retirement, but in reality, there is no perfect time to downsize. Knowing whether you need to move into a smaller property completely depends on your individual circumstances. Typically, there are a few common scenarios which may lead you to downsize and these can happen at any point in your life:

- If you retire and need to free some money held in the property
- If your partner passes, or you find yourself going through a divorce
- If you begin to find it hard to get around the house due to health or mobility reasons

Whether it's due to having too much room once the children move out, or you've retired and found yourself asset rich but cash poor, moving into a smaller property can help you free up more funds and ensure you're living comfortably in a more manageable space.

While there is no age barrier which indicates a time to downsize your house, there are a variety of signs that might help form a decision. For example, after your retirement, you may find that maintaining the house is a struggle both financially and physically. Having a smaller house can be easier to keep and while you may have to sacrifice some of your possessions to fit into the property, it can make your life much more comfortable.

How can downsizing help me financially?

From a financial perspective, payments on your house can become a lot harder to keep up with, especially if you've recently retired, have gone through a divorce or suffered a loss. Downsizing your house to a property that has more manageable and affordable payments can ensure you remain financially secure.

From a retirement perspective, selling the family house can be tough, but if you don't need the room anymore then it can help you free some money that is tied up in your property. If your mortgage is paid off, then selling your property and purchasing a smaller, cheaper one means that any profits made in the transaction will be yours to keep.

However, if you are considering downsizing, it's important to remember that there are extra costs associated with selling your property. From solicitor's fees to Stamp Duty, you need to make sure that the profits from selling your house can justify the costs of the entire selling process.

Working with a company like We Buy Any House, can be beneficial if you're looking to downsize your property quickly. We handle all the additional costs and legal stresses, so you don't have to worry about anything.



The pros and cons of downsizing?

PROS

- There are financial benefits to downsizing. Your disposable income each month will open up, giving you the freedom to do things that you previously couldn't; go travelling, pay off any debts, go back to school, spend quality time with your family. This freedom can be a huge factor in deciding to downsize.
- A smaller house means less maintenance, which is especially important for older homeowners. Having a smaller house to clean and a smaller garden to keep on top of is a big relief for anyone struggling with these tasks.
- Having a smaller house can also be more homely, and it's easier to build a warm and cosy atmosphere in a smaller space. Often, items get lost in big spaces, so downsizing can make it feel more cosy for you to live in.
- You'll be able to save on your utility bills; it's cheaper to heat a smaller house, and this can be a big saving throughout the winter if your previous house was quite large.
- Downsizing can be a great reason to declutter your house. If you've been living in the same house for 20+ years, there is a good chance that you've acquired a lot of stuff that you just don't need - or want - anymore.
- Through your decluttering, you can sell anything of value that you no longer want which will mean you can get some money out of it.
- Downsizing usually means a smaller mortgage, which gives you the freedom to invest in other assets if you want to. It also means better cash flow, which is often ideal for anyone coming close to retirement.

CONS

- Downsizing means you'll have less space, which you may find hard if your previous house was quite large. It may take time to adjust, and you could feel a little cramped at first if you're not able to declutter and have a lot of items to fit into a smaller property.
- You will have to adjust your lifestyle to accommodate a smaller house; how you shop, how you store your things, how you entertain guests and where you have visitors stay. This can be difficult, especially if you're used to having an abundance of space and are left feeling a little short.
- There is an emotional impact that you should also consider; it can be hard moving if you've grown attached to your house, even more so when you've spent a large period of your life there. This can also be increased by the decluttering process, as you're likely to find items with a lot of sentimental value that could be hard to let go of.
- The upfront costs of downsizing can be pretty daunting, what with the stamp duty, legal fees, potential capital gains tax and moving expenses. It isn't cheap to downsize, so you will need to consider if the short term costs will be outweighed by the long term savings that you may benefit from.
- It may take some time to adjust to not only your new house but if you've moved quite far you also have to adjust to a new location. This can be difficult as it can take a while to feel at home somewhere new and get used to somewhere different; more so if you've moved from the city to the countryside, or vice versa.
- One of the biggest factors that you should consider is the stress of moving. Moving house is one of the most stressful events that we go through, so you should make sure that you're all in before committing to the stress that inevitably comes with moving.

There are pros and cons to any decision, so spending some time weighing them up is a really good idea to ensure that you're making the right decision for you. If you're considering downsizing and want to see what your current property is worth, visit We Buy Any House today.





How to downsize to a smaller house

The downsizing process can seem intimidating as you prepare to purchase and move into a new home. However, it's no different than any other time and with the profits from your current home, you could even be able to pay for the property outright and start living a mortgage-free life.

There are a wide variety of different scenarios that could lead to someone downsizing their property. Whether you're looking to move to an area closer to work or a change to your financial status means you need a cheaper property, being organised and proactive can help make the whole journey much easier.

Find the right property

If you're considering downsizing your property, then the first thing you need to do is find a suitable house to move to. When choosing a new property, there are a variety of factors you need to consider:

- The area – Whether you're looking to be closer to work or just have a specific area in mind, where you look for a property can have a huge impact in the price.
- The size of the property – You want to make sure that the size of the property you're downsizing to is realistic. If you're currently living in a 3-bedroom house, then a 1-bedroom home may not be a realistic option.
- The price – This is potentially the most important aspect when downsizing. The price of the new property will dictate whether or not you'll need a new mortgage and if you'll receive any of the proceeds from the sale of your current home.

De-clutter your possessions

It's easy to fill the space we have with things we don't need. However, downsizing your house means you'll have less space for all the things you've accrued over the years. While a lack of space may put some people off the idea of downsizing their houses, it presents the perfect opportunity to remove any clutter from your life.

One of the main reasons people downsize is to free up some cash they have tied up within their house and selling anything that you won't need in your new house can help add to the extra cash you receive from moving into a smaller property.

Measure your furniture

The furniture you bought over the years was done so with the intention of fitting into your old house. With a new, smaller house on the way, you need to make sure that your furniture will still fit. By pre-emptively measuring your furniture, you can create room plans which will give you an idea of how much space you'll have when moving in.

Having a floor plan can also help you make tough decisions before you move in. While a bed may have fit perfectly in your current house, it may take up too much room in your new house, meaning you'll either have to find a new bed or sacrifice something else to ensure there's enough room for the essentials.

When it comes to the moving day, you'll hopefully be prepared for a stress-free transition and can easily find new places for all your possessions.

Moving to a new house is never as simple as we want it to be, especially if it's due to circumstances that see you struggling in your current house. However, by preparing to downsize you can try to streamline the process and have a plan in place, so you know where to start.

At We Buy Any House, we can help you downsize quickly and efficiently. Our service is quick, so you could have the money in your account within 14 working days. We also take care of all the legal work, so you can focus on securing the right property for you.



Do I have to pay Stamp Duty when downsizing?

When you're downsizing your property, you need to make sure that you're making the right choice. This means that at the end of the process, the move will provide you with the financial comfort you're aiming for.

While it can be simple to look at the difference between property values and assume that downsizing will help free up your finances, there are plenty of other costs and taxes that could swiftly cut into your profits. One example of this is the Stamp Duty Land Tax which typically must be paid on most property transfers.

In England, the Stamp Duty threshold is currently £250,000 for residential properties and while downsizing may lead to a property that is valued lower than that, it's important to know if you'll have to pay.

The amount of Stamp Duty you'll have to pay depends entirely on the value of your house and the bands currently stand at:

- Up to £250,000: Nothing to pay
- £250,001 to £925,000: 5%
- £925,001 to £1.5 million: 10%
- Anything above £1.5 million: 12%

So, if you were moving to a property worth £250,001, you would fall into the 2% bracket and the total amount of Stamp Duty tax to pay would be £5,000.

While it is unlikely that anyone downsizing will be moving to a property that reaches the 10% band, knowing how much you are set to pay can help you calculate the extra costs that come alongside a new home.

If you're looking to downsize your property to free up some finances, then you need to make sure that the various taxes and charges don't eat into your funds too much. Alongside, this it's vital to realise that if you are downsizing for financial purposes, then just moving to smaller property may not be the answer.

There are many external factors that can affect the value of a property from the local schools to the nearby transport links. So, just because a house is smaller than your current home, doesn't mean that it will help you free up any financial assets that you may be hoping for.



What taxes do I have to pay when downsizing my house?

There are a variety of taxes involved with the exchange of property and individual circumstances, such as an inheritance that can complicate things even further. However, when simply downsizing your house, the typical taxes of Stamp Duty and Capital Gains Tax are fairly straight forward.

What is Stamp Duty?

Stamp Duty is typically paid on any property you buy. So, when you're downsizing, you're liable to pay a certain percent of your new homes overall value.

This tax only applies to properties over a certain amount and as the Stamp Duty rates currently stand, the following thresholds show just how much you can expect to pay:

- Up to £250,000 – No Stamp Duty
- £250,000 to £925,000 – 5%
- £925,000 to £1.5 million – 10%
- Anything above £1.5 million – 12%

How does Capital Gains Tax work?

This tax is typically paid on any profit you make from the sale of a property. However, if you sell your main residence, then you do not pay any Capital Gains Tax.

This tax only applies to the sale of any extra properties that are not your home. For example, these could include inherited properties, buy-to-let properties or business premises.

Downsizing your home can have many practical benefits, from giving you a more manageable space to help cut down the cost of your monthly bills. Moving into a smaller property can also lead to a boost to your bank account, with older generations expected to release an average of £80,000 worth of equity upon selling.



webuyanyhouse.co.uk 

t: 0808 652 8612

e: enquiries@webuyanyhouse.co.uk