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MORE RETIREES ARE RENTING: SHOULD YOU? A FINANCIAL ADVISER WEIGHS IN

In some ways, renting is cheaper, more flexible and easier, but unless you understand the implications for your taxes and health costs, it might not be for you.



By: Michael Knox - October 14, 2025

Historically, homeownership has been viewed as a staple of the American dream. While many of us have probably rented at some point in our lives, it's often thought of as a starting point or a temporary solution.

But the landscape is changing, and recent data suggests more retirees are viewing renting as an attractive option in retirement.

The number of renters 65 and older grew by nearly 30% from 2013 to 2023, according to a survey from Point2Homes.

Meanwhile, individuals ages 55 to 64 are more likely to rent than their counterparts were just 10 years ago.

So, what's behind this growing trend, and how does renting in retirement affect your savings?

A movement toward renting

Over the past decade, more older adults are choosing to drop the burdens that come with homeownership for a more flexible lifestyle.

High mortgage interest rates, increased costs of living, changes in the job market and even longer life expectancies are causing older Americans to think long and hard about how they spend their money and their time.

Based on conversations I've had with older

adults who are renting, most have spent the majority of their lives worrying about home repairs, property taxes and dealing with home maintenance and chores on square footage they're no longer using as empty nesters.

Nowadays, many apartment complexes and senior living communities offer great amenities and activities that allow retirees to stay active, find fellowship and spend their time how they want.

Some downsides to renting

However, choosing to rent in retirement requires intentional planning, and there are a few things you'll want to consider.

While renting may reduce the stress and cost of maintaining a home, it also reduces your privacy and your space to entertain, and it eliminates any opportunities to build equity.

Meanwhile, homeownership provides stability, a sense of security, tax benefits and a fixed mortgage payment that you're likely already accustomed to.

Financial considerations for home sales

When it comes to retirement planning, retirees typically like the idea of downsizing to use the profits of a house sale to extend their retirement plan. They also like the idea of using the equity to invest or cover health care costs.

Utilizing the equity to invest in your future

can be one of the best ways to use that money, because it helps preserve and promote financial longevity.

However, if a retiree should decide to make the transition from owning to renting, they will need to understand whether the capital gains from the home sale will put them in a higher tax bracket, and whether the increase in their overall taxable income could cause more of their Social Security benefits to be subject to taxation.

If you're nearing the age to draw Social Security and are thinking about selling your home, consider selling before taking Social Security to minimize the taxes on your benefits.

Another consideration is whether the profits from a home sale could trigger IRMAA surcharges, potentially substantially raising your Medicare premiums.

The bottom line

Choosing to rent in retirement can be a great way to reduce your monthly expenses and increase your flexibility. But if you're not aware of the potential tax implications and impacts to your Social Security taxes and Medicare premiums, renting in retirement may not be the right fit for you.

Before making this decision, do your research and connect with a professional who can help you make the best choice for you.

Michael has been serving the financial industry for over 25 years. He founded 5280 Retirement Group, previously known as Knox Wealth, with a mission to provide optimal financial solutions to his clients for both their current needs and future goals. He values the importance of long-lasting client relationships and creating sound financial strategies and takes pleasure in helping provide financial security for his clients and future generations.

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