



**The State
of the
American
Homeowner**



unison.
Together, you can.



Owning a home

It's the cornerstone of the American dream. But aside from the joy of home ownership and the memories that can be made there, a house is a giant investment. To discover just how homeowners view their homes and the financial decisions surrounding them, Unison conducted a survey of 2,000 American homeowners.

The results were especially insightful. Scroll through this slide presentation to find the most compelling numbers from the State of the American Homeowner survey and discover how they can help you make more informed decisions about housing, retirement, and other important financial decisions.

1 The new state of retirement

Oh, Otto Von Bismarck!



In the late 19th century, the forward-thinking German chancellor, Otto Von Bismarck,¹ announced that anyone over 65 would be forced to retire and would receive an automatic pension. Otto was the inventor of formal retirement, and Americans thought his idea was pretty great.

After all, we don't want to spend our entire lives working, and as old age approaches, many of us will simply not have the option of working. Having a retirement plan is essential.

68%

of American homeowners are confident in the amount of money/assets they have saved to fund their retirement.

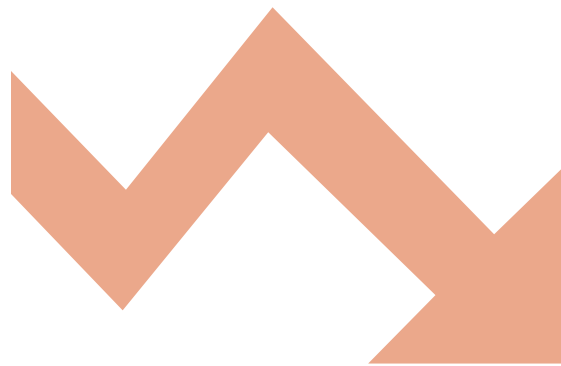
Americans need a new retirement plan

Retire-
ment
Trust
Fund
Pension
Plan.
Social
Security

Americans are still counting on retirement solutions that may not be there in the future. 70% of American homeowners are planning to fund their retirement via Social Security — yet by some estimates, the social security trust fund will run out of money by 2035.²

But what about Otto Von Bismarck's inspired idea for automatic pensions?

Pensions were the standard American retirement plan until the 21st century, when large organizations began lobbying to shut down pension plans. Now, retirees are responsible to fund their own retirements.



The power of appreciation

Utilizing our house as a retirement plan and as a piggy bank depends on one thing: our house appreciating in value.

70% of homeowners believe their house will be worth more by the time they retire.

64% of those homeowners planning on a value increase in their home before retirement say that expected increase is an important part of their retirement plan.

But home appreciation isn't a sufficient replacement for a pension or retirement fund. Between 2000-2019, the average home price return nationally was just 3.9% per year.⁴ And this average doesn't account for local market differences or the volatility of the housing market. In fact, a single home is actually a pretty risky asset – as volatile in value as a stock market index.⁵

Any given home has a roughly 30% chance of ending up being worth less in five years' time than it is today, and over a ten year period about 20% of homeowners will have a home that either stays the same price or decreases in value.

So treating your home as a pension is a big risk; if things don't go as planned and there's a 25% drop in housing values, 39% of homeowners admit they'd have to delay their retirement.

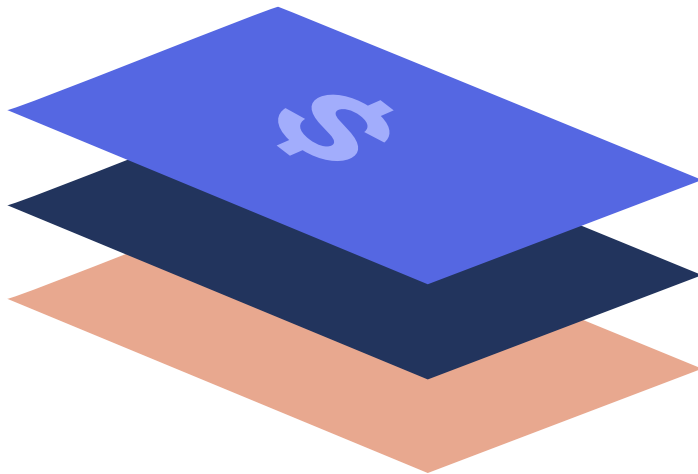


Retirement is expensive

You'll need

\$1.18 million

per person to support a 30-year retirement.²



47% of us have currently saved around \$250K or less – 35% of us say we're ok with having \$750K total saved by the time we retire.

Even though 48% of Americans say they plan on retiring in their 60s* it's hard to think about saving for your 60s when you're in your 20s or 30s.

As a result, the degree to which we're unprepared for retirement is sobering.

*Another 9% plan to do so during their 50s, 22% plan on their 70s, and 4% in their 80s; 5% say they'll never retire, and 11% don't know.

Using your home as your savings account.

We're not doing so great at saving money.
But that's what our home is for, right?

90% of us see our homes as not just a place to call home, but as a financial asset, too.

How Americans Plan to Use their Home as an Asset

To fund my retirement	25%
To leave to my kid(s)	24%
To purchase a better home	20%
To get a home equity loan or HELOC	8%
To rent out (part or whole) for income	7%
As the location for my business	3%
I don't know	23%

...but 23% of us don't know how to use our homes as financial assets. We know a home is a valuable thing to have, but we're unsure of how to tap into that value.

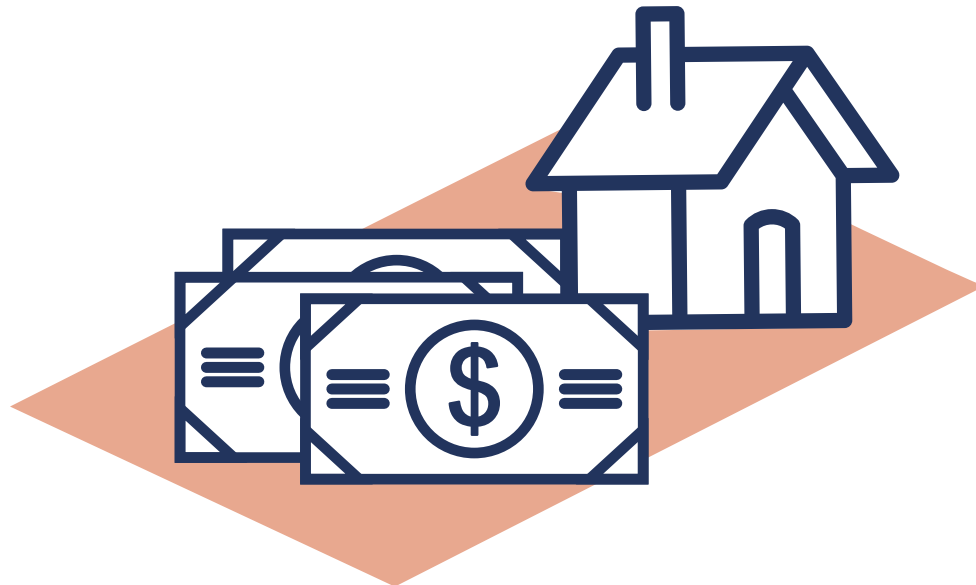
Also, when we say a home is valuable, we mean it: 26% of American homeowners say more than half their total net worth is tied up in their homes.

Our house is also our retirement plan

Since pensions are a thing of the past, we've had to get crafty to fund our retirement.

25%

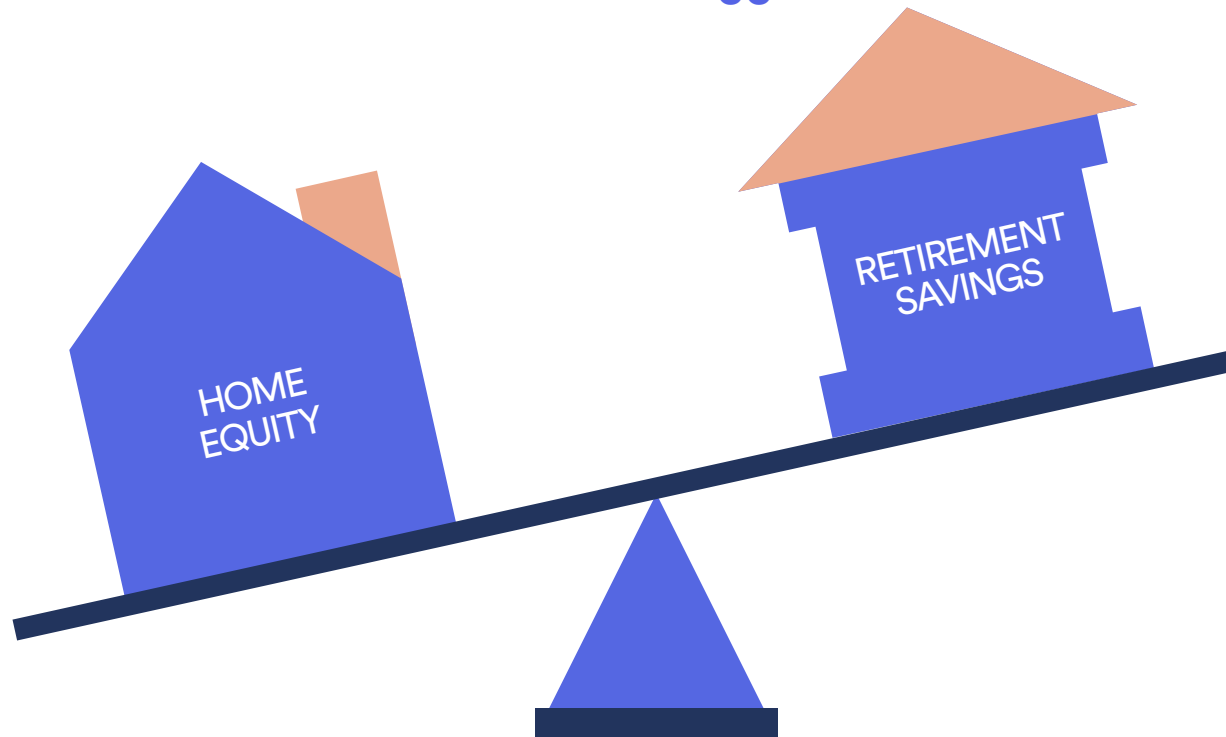
of American homeowners are planning to use their home as a way to fund their retirement.



One of the main ways homeowners plan on tapping into the value of their home is by moving to an area with a lower cost of living, like from Los Angeles to Alabama. But while 38% say they'll move to a less expensive area, 21% say they'll purchase a smaller home nearby. Only 12% of homeowners plan on moving into a retirement community.

Tipping the scale for retirement

55% of those banking on their home to fund their retirement say their home represents at least half of their total retirement nest egg.



2 It's all
about the
equity



Waiting for the payoff

Homes are often referred to as “investments.” But, unlike stocks or savings accounts, it’s not easy to withdraw money from a home. That may be why 36% of American homeowners completely forget to include their house when they consider their personal financial portfolio. It’s worse among millennials: 51% of them forget about their home when thinking about their personal financial portfolio.

That’s huge: after all, your home is a giant part of your net worth.

If equity were in any other form – let’s say in a trunk full of gold coins – and over night half the gold coins disappeared, you’d panic. But with equity, the risk of home ownership doesn’t seem to impact how homeowners view their overall financial health – most don’t, for example, consider how a home losing half its value could impact their future plans.

With that in mind, let’s take a look at equity and see what role it’s actually playing in homeowners’ portfolios.

The coveted red door.



In Scotland, homeowners paint their door red to signify they've finished paying off their home. If Americans followed this tradition, red doors would be somewhat rare.

As one would expect, older homeowners have more equity than their younger counterparts: 64% of those over 74 have their homes totally paid off while only 21% of Gen Xers have paid off their home.

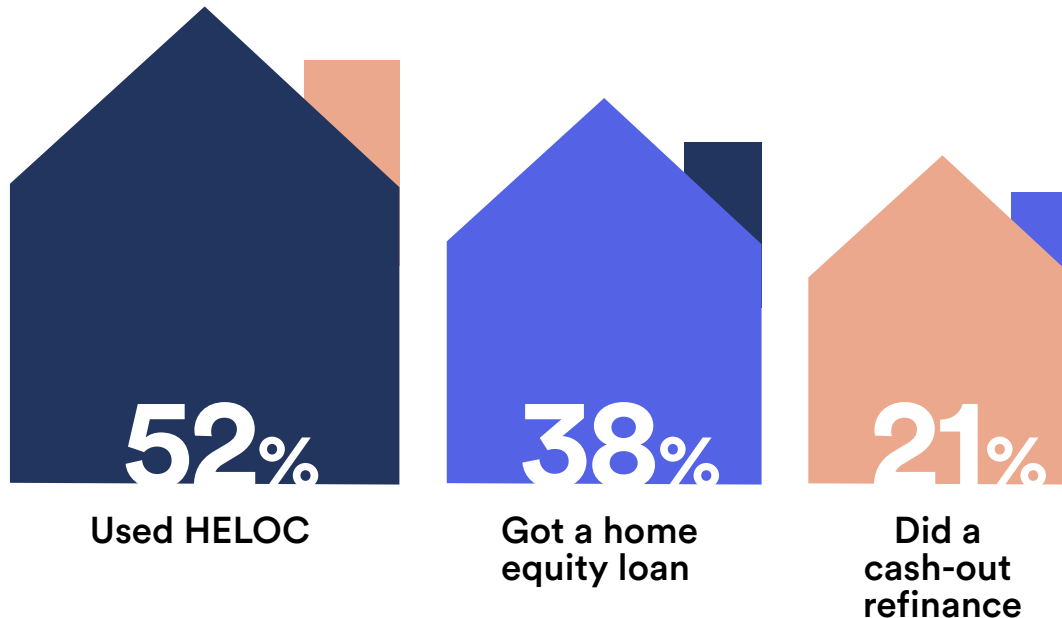
Percentage of survey respondents that...

Have paid off their home	31%
Have 51-99% equity	31%
Have 26-50% equity	18%
Have 25% or less equity	14%

Tapping into equity

Only **28%** of homeowners have reduced their home equity while being a homeowner.

How did they reduce their home equity?



Bear in mind, though, that HELOCs and home equity loans require you make monthly payments with interest to repay the money lent to you. That's risky. In fact, of those people who used a HELOC or home equity loan to use their home equity to fund another need, 43% are still trying to pay back the money. That's just adding debt to debt.

So what's all that money being used for?

It's telling that the vast majority of equity is being used for renovations that will most likely increase the value of a home. All this focus on equity, though, is assuming that the home's value won't decrease; putting so much cash into one financial asset is a risky game to play.



61% Home Improvements



25% Credit Card Debt



13% General Living Expenses



9% Debt Reduction



9% Sending Kids to College



7% Medical Expenses

Equity is value

Americans view home equity as a savings account, not an ATM.

72%

of homeowners have never accessed their home equity.



It's clear that most homeowners have a substantial amount of equity in their homes, but they're unsure of how to access that equity.

A better solution would be a way to access your home's value without accruing more debt, interest or having to make additional monthly payments.

3 Let's get
emotional



Home sweet home

Yes, your home costs a lot of money, but most of us don't walk in the door and think, "Ahhh, finally – I have returned to my financial asset!" We're thinking about cuddling in front of the fire or playing with our kids in the backyard or wondering how many dogs we can adopt before the neighbors start complaining.

Our homes are meaningful not just because they're a huge financial investment, but because they're where we live out the better part of our lives. Over half of American homeowners (58%) are emotionally attached to their home – so much so, that of them say selling their home would break their heart.

It's mostly about the memories

What's most important to you about your home?

The numbers are clear: we love our homes.

For most of us, a home isn't just a savings plan with a closet and dishwasher: it has great emotional value.



34% It's a family gathering place

31% It's a place to make memories

25% It's a nest egg

How homeownership makes people feel

Buying a home is a huge accomplishment: it's a symbol of success, maturity and financial wellbeing. But, considering the amount of money invested in buying a home, wouldn't it also make homeowners feel nervous?



Secure

43%



Stable

34%



Successful

15%



Pressured

4%



Vulnerable

4%

The emotional benefits of owning a home – even if there are challenges – are overwhelmingly positive.

Ask a homeowner

Real quotes from real homeowners about what their homes mean to them.

“It’s my sanctuary – the place that I can come home to and not have to worry about anything else.”

“A haven to feel safe and comfortable.”

“My home represents who I am.”

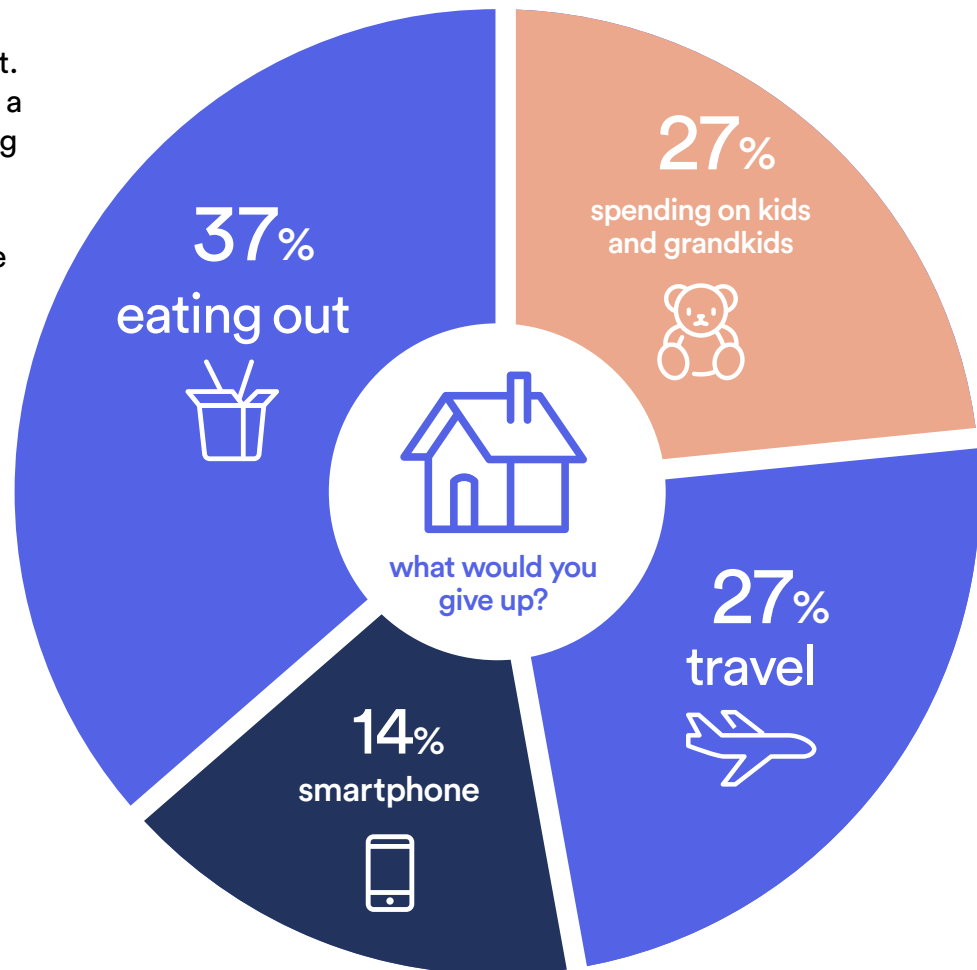
“My home is my refuge from the world. It is my own personal space of retreat, refreshment, renewal. It is the place that offers comfort, compassion, and love to those in my life.”

“My retreat from the world.”

What if hard times hit?

Owning a home does mean that you'll have to be able to make the monthly mortgage payments in order to keep it. And life can throw a curveball once in a while, which means sometimes making that mortgage takes herculean effort. Homeowners are willing to make sacrifices to keep their homes, but the kind of sacrifices vary by owner.

Here's what homeowners are willing to give up in order to keep their homes.



Take the leap

Maybe it's because of this stability and emotional attachment that, despite the risk of home ownership,

93%

of current American homeowners recommend others take the leap into home ownership, as well.



Getting into a home is tricky, though, because not having the recommended 20% down payment means PMI, a higher monthly mortgage payment and less equity to start.

That's the beauty of using a co-investment solution: the homebuyer puts down 10%, Unison contributes 10%, and the 20% down payment is handed over. There are no additional monthly costs and there's no interest. When the home is sold – up to 30 years later – Unison shares in its appreciated value.

Co-investment helps put homes within reach.

4 The Bank of Mom and Dad



Counting on parents

It's no secret that millennials and the generations following them face unique financial challenges. Houses cost more than ever before,⁴ student loans are staggering burdens, and healthcare is both confusing and expensive.

To overcome those hurdles, adult children are having to rely on their

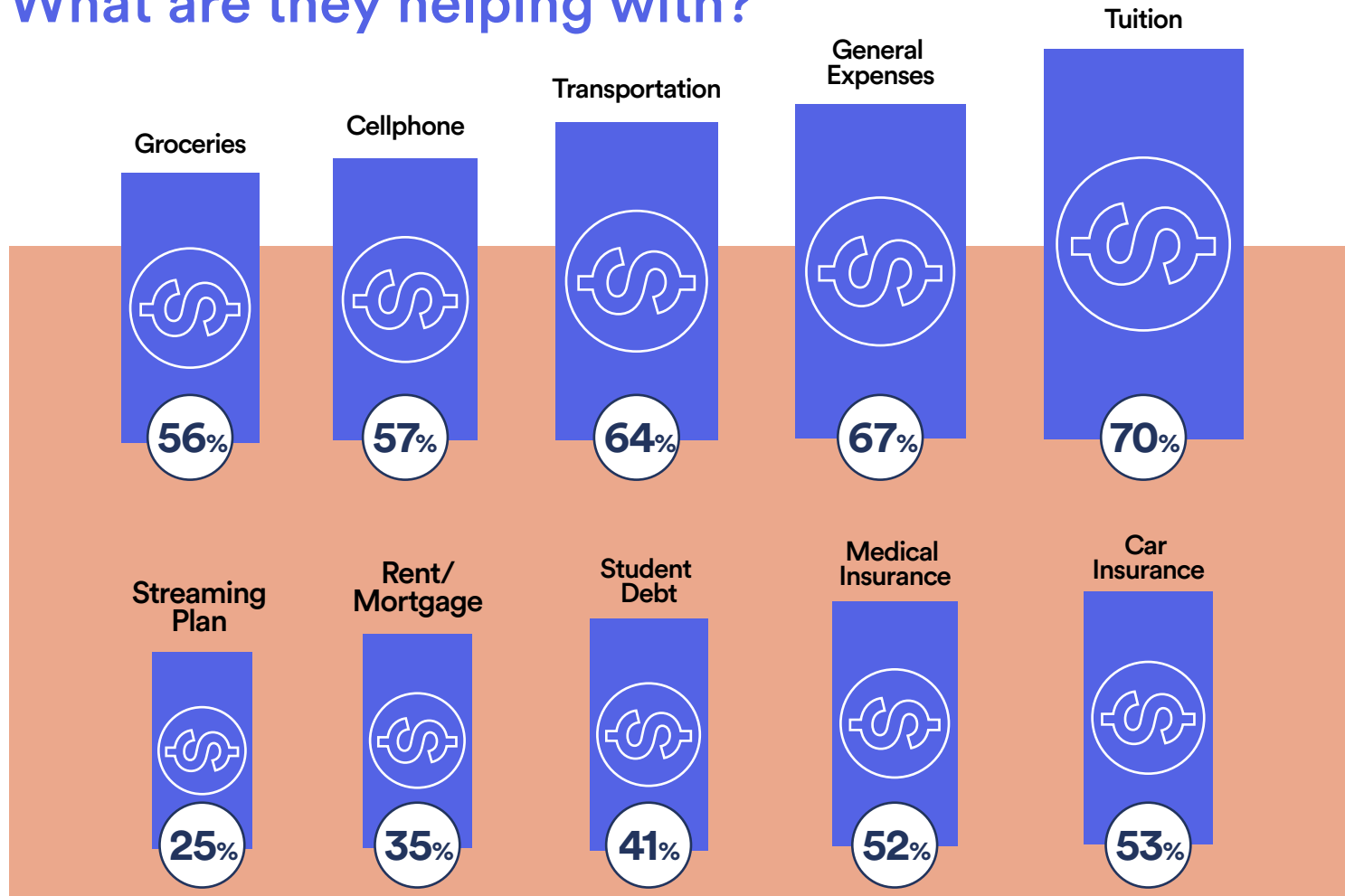
parents. In fact, 53% of American homeowners with adult children currently help their adult children financially.

Read on to discover just how much parents are helping out their adult children in the current financial climate.

A united team

Families are coming together to overcome modern financial challenges. American homeowners are pitching in to help their adult children.

What are they helping with?



Feeling the pinch

As you can imagine, parents' finances are impacted by helping their adult children with so much. In fact, half of parents who help their adult children say doing so has impacted their own personal finances and retirement planning.

Nearly 23% of parents of millennials who aren't confident in their retirement savings say it's because they've been supporting their millennial child financially.

47%

Parents who haven't been able to save like they need to because they've been spending their money on their adult children.

Where are parents getting the money? Sources include:

Savings Account/CD

41%

401K/IRA/
Retirement Fund

8%

Took Out
A Loan

8%

Tapped Home
Equity

5%



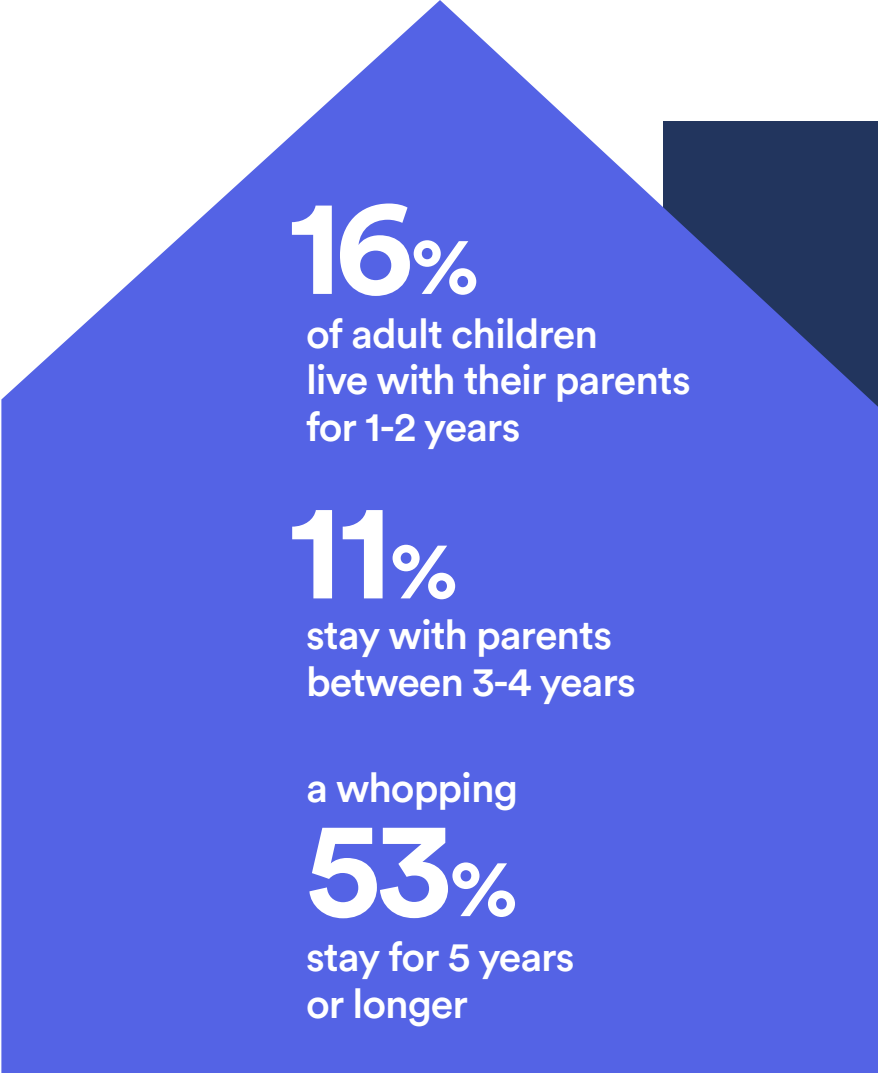
Thank goodness for family

In addition to sharing their finances, American homeowners also share their homes with their adult children. Currently, 36% of homeowners with adult children have an adult child currently living with them.

This isn't surprising, given how expensive rent is in many areas. And, considering it takes most people 14 years to save for the 20% down payment recommended for buying a home,⁶ it makes sense to save faster by living with parents. Families are coming together as teams to make ends meet.

How long are we talking?

**It's likely at least a year.
That's a lot of free laundry.**



16%
of adult children
live with their parents
for 1-2 years

11%
stay with parents
between 3-4 years

a whopping
53%
stay for 5 years
or longer

Hastening an exit

Having their adult children living with them may contribute to parents being so willing to help with a down payment. Owning a home is also viewed as a key component to adulthood by many people, so it's no wonder that 79% of parent homeowners say it's important their child owns a home. And while some of American homeowners are planning on leaving their house to their offspring, parents are also willing to help their children buy a home.

How do adult children afford their own homes?
With mom and dad's help:

18%

of parents helped their millennial-aged child purchase a home.

22%

of American homeowners received financial help from their parents when purchasing a home. That's love.



About the Research

Unison conducted the State of the American Homeowner research using an online survey among $n = 2,000$ adult homeowners who have been a homeowner for at least 10 years and have an annual household income of \$50k or higher. Data was collected from a geographically representative national sample balanced across gender and age group during August and September 2019.

References and Methodology

The State of the American Homeowner research was conducted from August 16 to 23, 2019, using an online survey among $n = 2,000$ adult homeowners, with data collection and sample provided by Dynata. Respondents were required to have been a homeowner for at least ten years and to have an annual household income of \$50k or higher. Data was collected from a geographically representative national sample balanced across gender and age group.

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Together, you can.



What we know

Owning a house rocks. It's clear this investment is one of the few big purchases that yields emotional dividends.

But with financial pressure greater than ever, such a large purchase can become a burden. That's why tapping into your equity without adding debt can be so helpful. It can relieve pressure, improve your emotional connection and let your home work for you instead of the other way around.

