

## Renting vacation property may be good idea

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(Special)&mdash;It seemed like a great idea 20 years ago you'd buy that condo in Florida, vacation there as often as possible, then someday sell your primary residence and spend your Golden Years basking in the sun.

Now, "someday" is here and &ndash; lo and behold &ndash; you've changed your mind. You now have grandkids you don't want to leave, all your friends are nearby, and frankly, the idea of nonstop sunshine with no autumn leaves or snowfalls has lost its luster.

You'd hate to sell your vacation getaway, but keeping up two homes has gotten too pricey for comfort. Is there a solution?

"Absolutely yes," says Christine Karpinski, director of Owner Community for HomeAway.com and author of *How to Rent Vacation Properties by Owner*.

"Renting out your vacation home allows you to have your cake and eat it, too. And the good news is, it's easy to do it yourself &ndash; not to mention surprisingly lucrative."

Many, many seniors find themselves in this position, she adds. A good percentage of second homeowners fall into the "retirement age" demographic, and quite a few of them have &ndash; at one time or another &ndash; kicked around the idea of selling their primary residence and moving into that beachfront condo or mountain chalet full-time.

Yet, changing lifestyle trends, combined with a rising cost of living, have led many of them to reconsider the fate of their vacation villa.

If you're a second homeowner, Karpinski offers five reasons why you might consider renting out your vacation home:

Circumstances have changed since you made your retirement plans. Maybe grandchildren have arrived on the scene and you can't bear the thought of moving hundreds of miles away from them. Or your parents are in poor health and need you nearby. Or your spouse has passed away and retiring in the Great Smoky Mountains was his idea, not yours. Regardless of specifics, your life bears no resemblance to what you thought it would look like back when you made your retirement plans.

You've suddenly realized there's no place like home. "Traditionally, many retirees would sell the home they lived in for 40 years, downsize to a smaller house or apartment, and split their time between that home and their vacation place in, say, Florida," explains Karpinski. "But there are drawbacks to doing that: you lose your neighbours, you're no longer close to your familiar grocery store, and so forth. And you don't get to pass the 'homestead' down to your kids. Rent out your vacation home and you can have the best of both worlds. You can afford both places. It's the perfect balanced solution."

You've decided to "retire" from retirement. It is not unusual for people to test-drive retirement and find that it's just not for them. Work can provide many rich rewards &ndash; structure, social interaction, mental stimulation, a sense of purpose, and so forth &ndash; that people keenly miss when they retire. And when they discover that quitting "the rat race" isn't quite what they thought it would be, more and more people are opting to return to the workplace. And (let's be honest), sometimes people simply can't afford to retire.

"When people decide to postpone retirement, they may also postpone moving to their retirement home," says Karpinski. "Even if they do retire and then rejoin the workforce either full-time or part-time, they may not want to live in the city they associate with retirement. It's a psychological thing. And so, in these cases, it's better to keep the vacation home a vacation home. Renting it out allows them to do that."

Your fixed income hasn't kept up with your lifestyle. Admit it. Even when you're happy to give up the daily grind of your job, losing the paycheck that comes with it can be pretty painful. Factor in inflation, rising taxes, and unexpected "new" expenses, and you may find that what seemed like a manageable cost of living five years ago doesn't seem that way anymore. Your second home, even if it's paid for, may start looking like a liability due to property taxes, homeowner's association dues, and maintenance costs. Not if you rent it out, says Karpinski. Then it becomes a (sizeable) source of new income.

You're currently renting your vacation home through a property management company, but you'd like to make more money. Ditching the middleman may be the way to go. Property managers simply charge a hefty fee for their services. In fact, as Karpinski's books point out, you have to rent ten more weeks with a management company to end up with the same amount of money you'd make renting by owner. And with the growing popularity of vacation home rental websites like HomeAway.com, finding renters is surprisingly easy.

"Here's another good reason for seniors to rent by owner: they typically have time to handle the details," says Karpinski. "Not that there's a huge amount of work involved, but it is easier to respond to renter inquiries, do bookkeeping, orchestrate routine maintenance details, and so forth when you aren't tied down to small children and/or a demanding career. Plus, vacation rental homeowners often meet interesting people and form friendships with them, and retirees tend to have more time to nurture these relationships."