



# SMALLER LIVING

MORE AMERICANS ARE CONSIDERING ALTERNATIVES TO LIVING LARGE

*No matter what you call it—downsizing, tiny living, minimalism, microliving, or going (mostly) off the grid—living smaller and with less stuff is a thing these days. People don't just embrace this lifestyle because it is all they can afford; some do it because they want to spend less. Plus, downsizing and simplifying your life often go hand in hand.*

Even if you are not ready to take the big leap into a tiny house—defined as a home that is 500 square feet or less, typically on wheels—you still can enjoy the benefits of a more minimal lifestyle by downsizing and decluttering. Practice and prepare by going through your closets, cabinets, and living spaces, and collect items that no longer fit you, that you no longer need, or that you have not used in the past six months. Sell those items, and bank the savings.

Whether you opt for a smaller home, a downtown condominium, an apartment, or even a tiny house, downsizing can bring about decreased financial stresses and an increased sense of well-being.

If you do decide to take the plunge into true tiny living, you will not be alone. Though the numbers are still small, there is a growing population in the United States who are living their dreams in tiny houses. They even have their own association. It is

estimated that, as of May 2016 (the latest that reliable numbers were available), there were about 10,000 people living small. That was up considerably from the couple hundred just five years ago.<sup>1</sup>

For many, living without a big mortgage means they are able to save more, invest more, experience more, and retire sooner. That is quite an incentive when you consider that about 33% of US households that earn around \$75,000 still live paycheck to paycheck.<sup>2</sup>





MOVING TO A SMALLER HOME—EVEN IF IT IS NOT NECESSARILY TINY—CAN REDUCE NOT ONLY YOUR MORTGAGE BUT YOUR TAXES, INSURANCE, UTILITIES, AND MAINTENANCE COSTS.

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FOR MANY, LIVING WITHOUT A BIG MORTGAGE MEANS THEY ARE ABLE TO SAVE MORE, INVEST MORE, EXPERIENCE MORE, AND RETIRE SOONER.

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## HERE ARE SOME STARTLING FINANCIAL STATISTICS ABOUT TINY-HOUSE OWNERSHIP: <sup>3</sup>

68% have no mortgage, compared to about 23% of all US homeowners.

55% have a median savings of almost \$11,000 in the bank, which is more than the average American.

78% own their tiny home, compared to 65% of those with traditional homes.

32% have more than \$10,000 saved for retirement.

89% have less credit card debt than the average American, while 65% have no credit card debt.

The financial freedom that can come with tiny living has widespread appeal across the nation. The largest share of tiny-house dwellers, 23%, are between the ages of 31 and 40.<sup>4</sup> Millennials, who watched their parents languish in the Great Recession and have student debt that puts traditional houses out of reach, are gravitating toward tiny homes, as are baby boomers, who want more-affordable homes with less maintenance.<sup>5</sup>

Owners of tiny homes, which can cost as little as \$23,000 to build, say they enjoy this way of life for financial and emotional freedom, a greener lifestyle, and the satisfaction of building one's own refuge.<sup>6</sup>

A reduced carbon footprint is another draw of tiny houses. These homes use less lumber and building materials to construct. They need smaller and fewer appliances, and there's less space to heat and cool, which means less electrical and fuel use. More than 80% of a home's greenhouse gas emissions over the course of its 70-year life can be attributed to electrical and fuel use. Reducing a home's size by half reduces its lifetime emissions by 36%.<sup>7</sup>

There are cons to tiny-house life; chief among them are difficulty finding a place to park that tiny home because they often are too small to meet fire, building, and safety codes; doing less-than-pleasant chores such as emptying a composting toilet; and having limited space for overnight guests.<sup>8</sup>

Whether you opt for a smaller home, a downtown condominium or apartment, or a tiny house, downsizing can bring bigger savings and retirement accounts, decreased financial stresses, and increased well-being.

Sentinel has not independently verified the information available through the following links. The links are provided to you as a matter of interest. Sentinel makes no claim as to their accuracy or reliability.

<sup>1</sup> <https://www.usatoday.com/story/money/2016/05/18/recession-millennials-tiny-home-house/84284316/#>

<sup>2</sup> <http://www.cbsnews.com/news/earning-75000-and-living-paycheck-to-paycheck>

<sup>3</sup> <http://thetinylife.com/what-is-the-tiny-house-movement>

<sup>4</sup> <https://www.bloomberg.com/news/articles/2014-07-09/tiny-houses-big-with-u-s-owners-seeking-economic-freedom>

<sup>5</sup> [https://www.washingtonpost.com/lifestyle/magazine/tiny-house-big-benefitsfreedom-from-a-mortgage--and-stuff/2015/06/23/f8f706f0-0acc-11e5-9e39-0db921c47b93\\_story.html?utm\\_term=.7f0a1c9d53df](https://www.washingtonpost.com/lifestyle/magazine/tiny-house-big-benefitsfreedom-from-a-mortgage--and-stuff/2015/06/23/f8f706f0-0acc-11e5-9e39-0db921c47b93_story.html?utm_term=.7f0a1c9d53df)

<sup>6</sup> [https://www.washingtonpost.com/lifestyle/magazine/tiny-house-big-benefitsfreedom-from-a-mortgage--and-stuff/2015/06/23/f8f706f0-0acc-11e5-9e39-0db921c47b93\\_story.html?utm\\_term=.7f0a1c9d53df](https://www.washingtonpost.com/lifestyle/magazine/tiny-house-big-benefitsfreedom-from-a-mortgage--and-stuff/2015/06/23/f8f706f0-0acc-11e5-9e39-0db921c47b93_story.html?utm_term=.7f0a1c9d53df)

<sup>7</sup> <http://restoringsimple.com/our-tiny-house/tiny-house-statistics>

<sup>8</sup> <https://www.usatoday.com/story/money/2016/05/18/recession-millennials-tiny-home-house/84284316/#>

<sup>9</sup> <https://www.trulia.com/blog/benefits-of-small-house-living>

<sup>10</sup> <https://www.trulia.com/blog/benefits-of-small-house-living>

<sup>11</sup> <https://www.trulia.com/blog/benefits-of-small-house-living/>

<sup>12</sup> <http://blog.transunion.com/living-less-leading-minimalist-lifestyle>

<sup>13</sup> <http://blog.transunion.com/living-less-leading-minimalist-lifestyle>

<sup>14</sup> <http://blog.transunion.com/living-less-leading-minimalist-lifestyle>

<sup>15</sup> <http://money.usnews.com/money/blogs/my-money/articles/2016-05-10/the-financial-benefits-of-living-with-less>

<sup>16</sup> <http://money.usnews.com/money/blogs/my-money/articles/2016-05-10/the-financial-benefits-of-living-with-less>

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# TINY LIVING

IN 30 SECONDS OR LESS

Whether you opt for a smaller home, a downtown condominium, an apartment, or even a tiny house, downsizing can bring about decreased financial stresses and an increased sense of well-being.

AS OF MAY 2016, THERE WERE ABOUT  
**10,000 PEOPLE**  
LIVING SMALL IN THE UNITED STATES.

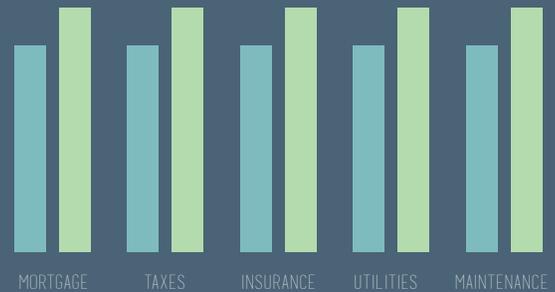


## SMALLER SPACES IN DESIRABLE LOCATIONS ARE MORE AFFORDABLE.

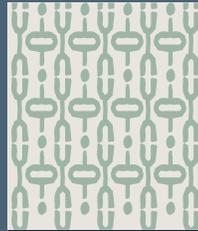
It is easier to find affordable housing in hot or trendy neighborhoods when you are not fixed on buying or renting a 2,000-square-foot (or larger) home. Condominiums, townhouses, row houses, and apartments in the heart of a city can fit the bill for microliving.<sup>9</sup>



MOVING TO A SMALLER HOME — even if it is not necessarily tiny—can reduce not only your mortgage but your taxes, insurance, utilities, and maintenance costs.<sup>13</sup>



REMODELING AND REDECORATING COST LESS —there is less space to deal with. Since you are not dealing with so much space, you might invest in custom-made items or higher-end finishing touches.<sup>10</sup>



HAVING LESS SPACE FOR FAMILY MEMBERS TO SPREAD OUT AND ISOLATE THEMSELVES MIGHT BRING FAMILIES CLOSER TOGETHER, ALLOWING PARENTS AND CHILDREN TO PLAY AND INTERACT MORE.<sup>14</sup>



DOWNSIZING YOUR HOME AND REDUCING YOUR SPENDING CAN LEAD TO MORE FINANCIAL SECURITY AND SOLVENCY.

Since you have less space to put and store things, you are less likely to spend on items you do not need anyway.<sup>15</sup>



TINY LIVING COULD LEAD TO BETTER RETIREMENT OPTIONS. NOT ONLY ARE YOU PUTTING MORE MONEY TOWARD RETIREMENT, BUT YOU MAY BE ABLE TO RETIRE EARLIER THAN YOU THOUGHT.<sup>16</sup>



A SMALLER LIVING SPACE MEANS LESS ROOM FOR CLUTTER AND UNNECESSARY BELONGINGS.

In turn, this could mean spending less money on things you probably do not need and spending less time on chores such as cleaning house.<sup>12</sup>

