

## PALO ALTO ODYSSEY

# Miranda feels pressure to sell house

MIRANDA was trying to figure out if she could quit her New York lawyering job and retire to Palo Alto.

One financial planner said, “Sure, easy, I can get you 7% to 8% on your money. You’ll have no problem living on that. I’ll take 1.5% from your gross assets each year as my cut, to make this work for you.”

Her friend Valerie told Miranda, “Anyone says they can get you more than 3% a year is a liar.”

All the financial planners took the approach that Miranda needed to forecast the year she will die, and work backwards from that point. It seemed an irresponsible approach.

Miranda laughed at Valerie’s story of a fancy Palo Alto retirement home where incoming residents purchased

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their units and then passed them along to heirs. This was unlike the more typical retirement home arrangement where you bought your unit, but on your death it reverted to the facility to resell to a new incoming resident.

The posh Palo Alto facility soon sold itself to an investment operation that tried to renege on the contracts and change the system of ownership to the more traditional method, only to find themselves sued by a cabal of retired lawyers living in their facility who had a lot of time on their hands.

Miranda saw how vulnerable the aging were; and how this increasingly was a social problem, as people lived longer.

She wondered what the millennials and other younger people would do when they retired, without Social Security and without health care. Young people just couldn’t see that far into the future, as her generation could not when they were younger.

Back then they all thought they were invulnerable and would live forever, or would die young.

Miranda met with a realtor to talk about her parents’ Southgate neighborhood bungalow, which she would like to keep and live in for a while if she retired; but might have to sell.

The realtor said, “We can get \$3 million for your house.”

Miranda asked, “If I keep it, will it grow in value?”

The realtor said, “Yes, in theory. But if housing prices move out of the

current sweet spot where enough people can’t afford them; then demand will drop, and your value curve will decline. So I recommend that you sell now.”

Miranda felt she was getting the hard sell.

Maybe her ex-boyfriend, Guy, would like to retire also, and come out from New York to Palo Alto and live with her.

He was a nurse. He could keep working if he wanted to.

Guy was a gay man who left Miranda, and broke her heart, when he told her he couldn’t deny his sexual orientation any longer. But they had stayed close friends.

Miranda decided to call Guy and run the idea past him.

**More tomorrow.**