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REAL ESTATE

Retirement: Long Islanders must weigh taxes, health care, more, experts say

Craig J. Ferrantino, right, principal at Craig James Financial Services LLC, works with client John Mercurio, of Babylon, in Melville on Friday. Credit: Barry Sloan

By Stephen J. Bronner

[Special to Newsday](#)

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Richard Peshkur, of Manorville, has been "deep diving into the feasibility of retiring" for the past two years, but his planning really started a decade ago. He and his wife, Denise, made improvements to their home like adding solar panels and heat pumps to keep costs down, worked with a financial planner and considered finding another home down south for the colder months.

"We love it here and would like to stay here," said the 58-year-old telecommunications engineer, adding he wants to stay close to friends, parents and their two adult children, ages 20 and 22. "We want to maintain the same quality of life we have now," he said, "but not get killed with the cost of it."

Peshkur is an ideal position to retire. Along with owning his home, he's worked for the same company for 34 years, earns a six-figure salary and has been investing in retirement accounts like a 401(k) and IRA.

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Still, he's keeping his eyes on the one thing he said may drive him off Long Island: property taxes.

"That's the only thing that will make us leave," said Peshkur, who added he pays more than \$15,000 a year in taxes, up from \$4,800 in 2004.

As Long Islanders like Peshkur reach retirement age, they face tough decisions as they determine how they'll live the last third of their lives. For those who can afford to retire, they'll have to consider how long to continue working, when to take Social Security and whether they can stay in their current homes or move locally or away from Long Island. There's also the specter of health care to consider — a factor that could prove costly and hard to predict. Owning a home adds some additional wrinkles to these considerations, but overall improves a future retirees' fortunes.

An aging Long Island



Credit: Getty Images/sorbetto

How many households have at least one person 65 or older?

Nassau: 38.9%

Suffolk: 36.9%

How many LIers 65 or older are still working?

23.6%

(compared to **19.7%** in New York)

Source: U.S. Census Bureau's American Community Survey

Long Island has to the **largest population of pension earners** in New York

How many retirees and beneficiaries does LI have?

*Interactive content by Flourish

Lisa Aviles, 66, of Rocky Point, is one of those [older working Long Islanders](#). But her reasons for doing so aren't financial — she said she found retirement boring. Aviles retired in 2008 from Verizon after more than 30 years with the company with a pension and a 401(k). After four years, she returned to the workforce at SUNY for another 10 years. She now works as a standardized patient for a local medical school. Aviles's annual household income is about \$100,000, she said.

"I never worried about the costs of staying on Long Island," she said. "[My husband and I] always lived simply. We own our cars and drive them to the end. We use our appliances until they break down. We never worried about money, to be honest. Sometimes when we receive a new bill, we'll think about it. But not much."

Others on the cusp of retiring may not feel so confident. Across the country, fewer than half of working-age people have any retirement savings, according to Census data.

To make sure the next decades of their lives are comfortable, experts recommend pre-retirees take a long, hard look at their financial numbers to evaluate the best approach to their golden years. That includes income sources, from retirement funds to social security, and expenses, such as monthly mortgage payments, taxes and maintenance costs. Pre-retirees also have to consider potential medical costs.

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One estimate, by [GoBankingRates](#), pins the annual amount needed to retire comfortably in New York at [\\$85,480](#).

As a general rule of thumb, the AARP (which offers a [free retirement calculator](#)) recommends that an individual's

retirement savings should be at least 10 times their annual income at retirement age. So an individual making \$100,000 a year should have \$1 million in savings to maintain their lifestyle.

“Anybody I deal with, their house, the primary residence, is usually the largest asset, and they just have to assess, are they going to age in place? Are they going to move somewhere on Long Island? Are they moving off of Long Island?”

— Annie Holdreith, associate real estate broker at Daniel Gale Sotheby's International Realty

But there's good news for those who already own homes: this valuable asset gives individuals plenty of options.

"Anybody I deal with, their house, the primary residence, is usually the largest asset, and they just have to assess, are they going to age in place? Are they going to move somewhere on Long Island? Are they moving off of Long Island?" said Annie Holdreith, associate real estate broker at Daniel Gale Sotheby's International Realty. The good news? "If you bought your house more than five years ago, you're sitting on some serious equity."

The median price for a single-family home was \$795,000 in Nassau County as of October, while that number reached \$670,000 in Suffolk, according to data from OneKey MLS, the multiple listing service that covers Long Island.

Aging at home



Credit: Getty Images/sorbetto

Like Peshkur, many of Long Island's future retirees may be scared into moving because of its notoriously high property taxes, leaving many homeowners on the hook for thousands to potentially tens of thousands of dollars

every year. Many have been willing to pay these taxes due to Long Island's high ranking schools, but they can be a bitter pill to swallow for retirees living on a fixed income with no school aged children.

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New York State offers a few programs for those 65 years and older to reduce their tax bills. There's the [senior citizens exemption](#), in which local governments and school districts can offer a reduction on the property taxes paid by senior citizens who earn less than the limit set by the municipality. Another program Long Islanders may be familiar with is [School Tax Relief](#) (STAR). Once an individual is 65, they may be eligible for even greater tax savings through Enhanced STAR. The income limit for that program as of 2025 is \$107,300 and applies to the combined incomes of all property owners, and any owner's spouse who resides at the property.

"People forget" about these savings, "it's unbelievable," Holdreith said. "If they're going to stay in the house, lower the taxes as much as possible."

Anoop Rai, professor of finance at the Frank G. Zarb School of Business at Hofstra University, said one thing Long Island homeowners shouldn't worry about is their mortgages.

“You're better off keeping the mortgage even if you reach 80 years old, because why pay now? Put it in the stock market or a mutual fund.”

— Anoop Rai, professor of finance at the Frank G. Zarb School of Business at Hofstra University

"If you have a mortgage, chances are you have it at a very low rate," he said. "You're better off keeping the mortgage even if you reach 80 years old, because why pay now? Put it in the stock market or a mutual fund."

Rai pointed out that people can now expect to live to around 85, and that the stock market has performed well over the past few decades, even amid financial crises such as the Great Recession of 2008. The market bounced back after, and reliably has delivered around 8% returns over 15-year periods, Rai said. This method will also provide tax savings.

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"Stay in a stock market mutual fund if you're about 60 or 65," he said. "Chances are you'll live till 85. Sure, some people won't, but their spouse is likely to live to that. Move to a long-term bond later as you get to 75, 80."

[Life expectancy](#) in Nassau is 81.9 and 80.1 in Suffolk, according to data from the Robert Wood Johnson Foundation, while the life expectancy of Black Long Islanders lags behind at 79 and 76.2, respectively.

For those who wish to remain at their current homes, consider any improvements that need to be made as soon as possible to avoid paying rising costs in the future. These projects can include moving a bedroom to the first floor or adding mobility and safety features like grab bars to bathrooms and wheelchair ramps to the entrance.

There are also more interesting ways for retirees to save money while aging in place, such as creating a legal rental unit within the home or taking on roommates or even a boarder who can contribute to any expenses and help around the house.

"It sounds like something from back in the day, but people still do it," said Kerlann L. Flowers, assistant professor of law at Hofstra's Maurice A. Deane School of Law, who is also a real estate agent.

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Craig Ferrantino, right, founder and principal at Craig James Financial Services LLC, works with client John Mercurio, of Babylon, in Melville. Credit: Barry Sloan

“The house becomes like a bank, an anchor.”

— Craig Ferrantino, certified financial fiduciary

There's another comforting factor for homeowners thinking of retirement: "The house becomes like a bank, an anchor," said Craig Ferrantino, a certified financial fiduciary based in Melville. "You could pull equity out of the house. If you had to, you also have the ability to have a reverse mortgage. The medical system is set up so that instead of putting you in a nursing home, they don't mind that you stay in your own house."

Reverse mortgages allow homeowners to borrow money against the equity of their homes. While it could provide a stable source of income for retirees, this type of loan has drawbacks, including high interest rates, fees of thousands of dollars and the fact that it'll have to be paid back when the borrower moves or dies, typically from the proceeds of a home sale. Other options that leverage a home's value are home equity loans or a home equity line of credit (HELOC). The former resembles a traditional loan that needs to be paid back over time, while a HELOC is similar to credit card, except it uses a home as collateral. These options can result in foreclosure if the loans aren't paid back.

Moving out



Credit: Getty Images/sorbetto

Of course, there are good reasons for those on the verge of retirement or who have retired already to sell their home. If they're empty nesters, and find that their current home is too large for their needs and maintenance proves to be burdensome, downsizing may be an appealing option. If a homeowner is leaning toward selling, they should consider their next steps closely, whether that's buying or renting another home on Long Island, buying or renting into a 55-plus community or packing up and heading to another state.

For those looking to make a decision this year, time is of the essence.

"If you're going to sell the house, right now is a great time to get on the market," Holdreith said. "We still have no inventory on Long Island. By getting ahead of your competition, you always historically end up with more money in your pocket because you don't have as many houses to compete with."

Still, while homeowners should do all they can to maximize their profits with the sale of a house — making certain home improvements such as painting walls to neutral colors or replacing old appliances can provide 10X returns, Holdreith says — the math still has to work in their favor for their next move.

Long Island's real estate market having so little inventory — in September, there were only about 5,100 houses and condos on the market, excluding the East End, fewer than half as many as the third quarter of 2019 — has driven up prices, meaning homeowners could earn a sizable chunk by selling their homes. But that cuts both ways: they'll also have to pay higher prices for their next property. Homeowners should evaluate all the costs associated with the property they may be interested in: taxes, maintenance, home improvements, etc. Don't trade a low monthly mortgage payment, or no mortgage payment, to save on taxes, for example. The math may simply not work favorably.



"[Long Island is] a great place to live, but it has to work for you financially."

— Craig Ferrantino, certified financial fiduciary

Credit: Barry Sloan

Long Island is "a great place to live, but it has to work for you financially," Ferrantino said "We have to go through the numbers as we're considering retirement: What's it going to cost you to live? Let's look at your cash flows. Let's look at your expenses, future expenses, not just your current cash flows, but your projected future cash flows. And let's do some projections on that."

For those who do buy another property, do so with the proceeds of the house sale in the same tax year to avoid any potential capital gains tax, a levy placed on the profits from the sale of an asset such as real estate. But there are also benefits to purchasing with a mortgage. Rai said that retirees should consider investing their house proceeds into the stock market and pay monthly mortgage payments to see returns in the future. As mentioned, homeowners could also write off mortgages on their tax returns, he added.

Enjoying the golden years



Credit: Getty Images/sorbetto

All this could make a pre-retiree's head spin, but they need to remember that they're doing all this to set themselves up for the next 20 to 30 years of their lives. The more an individual figures out now, the less they may have to worry

about later. That's important in the face of any potential health issues in the future, which can not only be stressful but financially challenging.

"Surveys have shown that retirees are spending more and more money on health care, and it's beating both the mortgage or rental expenses and also it's creeping up on other expenses," said Rai, adding that he knows retirees who moved to Europe to save on the high costs of prescription drugs.

Another important thing to remember: Pre-retirees don't have to plan on their own. Assemble a team of trusted advisors that includes a financial planner, a real estate agent and an estate attorney.

"Everybody has to work in concert and you'll be in good shape," Holdreith says. "You'll be able to plan and figure out if it's here, you're getting off the island, moving out further out on the island or maybe moving back into the city."

And it's important for pre-retirees to remember why they're doing this. Peshkur, who said he's a big advocate of retiring as soon as possible, is looking forward to "spending time with my wife, fishing, traveling, gardening and doing home improvements – while we're still young and able to do it."

By Stephen J. Bronner
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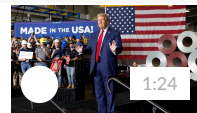
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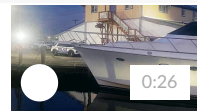
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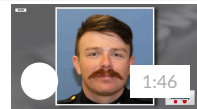
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