

# Where to Retire? It's more complicated than you think

Linda Lubitz Boone, CFP® President  
The Lubitz Financial Group

One of the biggest decisions our clients face in retirement is where to live. Many want second homes. But there are so many factors to consider. This session will examine some of the most salient issues, including cost, availability of medical services, family proximity and the option of retiring overseas.

Since I am speaking to a group of attorneys and allied estate planning practitioners, I assume that you know the basic issues that you, as your client's advisor, must guide them on if they plan to move to another state, so I don't plan to review these in detail. The focus of this presentation is to give you some tools to think about if your client wants your advice and also for **YOUR OWN** personal situation.

I want to share with you three scenarios of post retirement living decisions:

Move to a new city

Move to a new country

Stay at current home

And give you some criteria that your clients should consider when making this very important decision because...

# How many of you..

**Have had clients move to a new city after they retired?**

How many clients successfully moved?

What made their move successful?

How many clients didn't have successful moves?

What made their move unsuccessful?

**How many of YOU are thinking about moving away  
from South Florida after you retire?**

# It's NOT ALL ABOUT THE GRANDKIDS!



Where do people look first for ideas?

The media's "Best" lists.

Any guess about which is the BEST city?



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# Want to use a “Best” list?

**US News & World  
Report**

**Flagstaff, AZ**

**Boone, NC**

**Traverse City, MI**

**Walnut Creek, CA**

**Ithaca, NY**

**Lincoln, Neb**

**Pittsburgh, PA**

**Port Charlotte, FL**

**Pittsfield, MA**

**Santa Fe, NM**

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Pittsfield, MA

Santa Fe, NM

Money Magazine

Bella Vista,  
Arkansas

Sioux Falls, SD

Morgantown,  
West Virginia

Iowa City, Iowa

Bozeman,  
Montana

Casper,  
Wyoming

Northfield,  
Minnesota

Bellingham, WA

Manchester, NH



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Casper, Wyoming
Northfield, Minnesota
Bellingham, WA
Manchester, NH

NerdWallet: Fastest Growing Retirement Places
Metro areas:
Phoenix, AZ
Portland, Ore
Las Vegas, Nev
Detroit, MI
Raleigh, NC
Atlanta, GA
Tucson, AZ
Jacksonville, FL
Richmond, VA
Grand Rapids, Mich

No duplicates yet

# What are our clients looking at - a “Best” list?

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[www](http://www)

NerdWallet: Fastest Growing Retirement Places
Metro areas:
Phoenix, AZ
Portland, Ore
Las Vegas, Nev
Detroit, MI
Raleigh, NC
Atlanta, GA
Tucson, AZ
Jacksonville, FL
Richmond, VA
Grand Rapids, Mich

Forbes
Abilene, Tx
Asheville, NC
Athens, GA
Blacksburg, VA
Boise, Idaho
Bowling Green, KY
Cape Coral, FL
Casper, Wyoming
Colorado Springs, CO
Columbia, MO
Fargo, ND
Great Falls, Montana
Huntsville, AL
Lexington, KY
Logan, UT
Mesa, AZ
Oak Grove, Oregon
Pittsburgh, PA
Port Charlotte, FL
Raleigh, NC
Rochester, MN
San Angelo, TX
San Marco, TX
Tucson, AZ

# Which one to use?

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Boone, NC
Traverse City, MI
Walnut Creek, CA
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Lincoln, Neb
<b>Pittsburgh, PA</b>
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Bowling Green, KY
Cape Coral, FL
Casper, Wyoming
Colorado Springs, CO
Columbia, MO
<b>Fargo, ND</b>
Great Falls, Montana
Huntsville, AL
Lexington, KY
Logan, UT
Mesa, AZ
Oak Grove, Oregon
<b>Pittsburgh, PA</b>
Port Charlotte, FL
Raleigh, NC
Rochester, MN
San Angelo, TX
San Marco, TX
Tucson, AZ

Milken Institute
Big cities:
Madison, Wisc
Omaha, Neb
Provo, Utah
Boston, MA
Salt Lake City, UT
Jackson, MS
Des Moines, Iowa
Toledo, Ohio
Austin, TX
Bridgeport, Conn
Small cities:
<b>Iowa City, Iowa</b>
<b>Sioux Falls, SD</b>
Columbia, MO
Bismarck, ND
Rapid City, SD
Ames, Iowa
Rochester, MN
Ann Arbor, Mich
Cheyenne, Wyo
<b>Fargo, ND</b>

And our winners are:

Pittsburgh, PA

Sioux Falls, South Dakota

Iowa City, Iowa

Fargo, North Dakota

Why so many different places?

And why these *winners*?

It all comes down to what criteria is used.

But before we examine the criteria, let's look at how our aging population's attitudes and changing conventions might impact the future of our cities. As a white paper from the Milken Institute states:

*“As a growing population of older adults emerges, timeworn notions of aging no longer fit. Older adults are staying in the workforce longer and anticipating more meaningful “golden years.” New attitudes about work, health, housing, education, transportation, and other needs are evident. Millions of aging adults are upending convention, seeking to remain active and contributing members of their communities. A revolution in the “culture of aging” is underway.*

Criteria use by those age 65-79 will be **very** different for those over age 80.

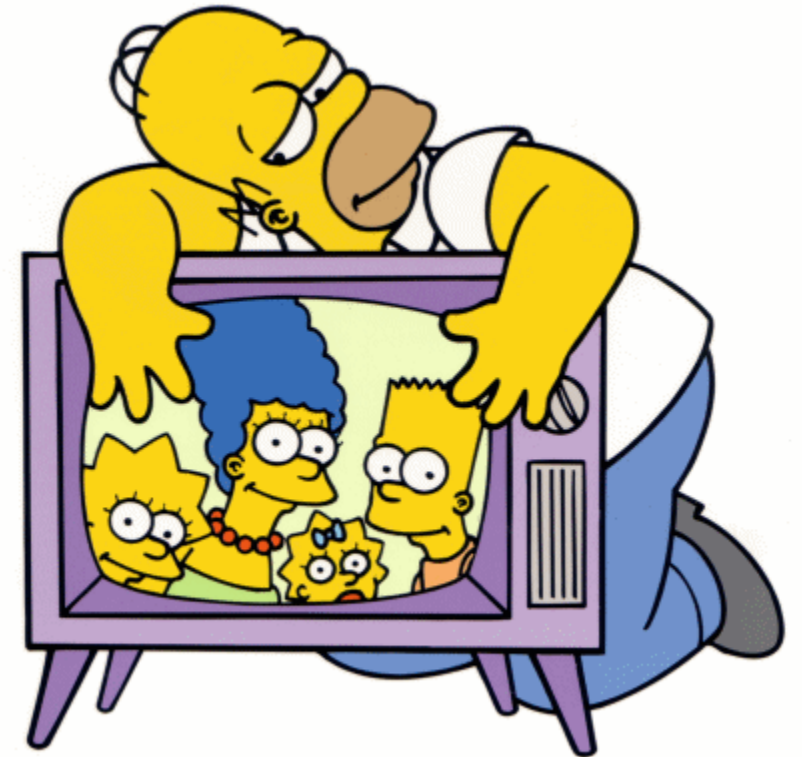
There is little question about where we *want* to age.

**The vast majority of older people—up to 90 percent, according to AARP’s research—want to age in place and at home.**

Sad fact: Texas Tech researcher Charlene Kalenkoski has shown they spend most of their time watching TV.

**Aging in place isn’t a goal - it’s a fact.**

**At least in the past. But that may be changing.**



# Let's get the estate planning basics out of the way

## 1. State Rules about Out-of-State Executors

- Must an out of state executor be related to the estate holder? Yes, in Ohio
- Must the executor be a resident of the estate?

## 2. Moving Into (Or out of) a Community Property State

- How the state laws will affect the final distribution of property are very different

## 3. Different rules about Living Wills/Advance Medical Directives/Powers of Attorney

- Living Wills or Advance Medical Directives are creatures of state law.
- Some are not valid if you are pregnant
- There may be a statutory form for that state
- Disposition of Remains statute in Oregon

## 4. Have an attorney in the new state review existing documents to determine validity

# More estate planning basics

5. Probate varies from state to state
6. Review your existing funeral arrangements
7. Estate tax varies from state to state
  - Could cause the typical two trust plan to disinherit a spouse
  - Possible gift tax
8. Impact on family members you may be supporting - A story about MZ
9. Beware of dual domiciles and possible dual estate tax



The crucial question is how we want to spend those later years. To age in place successfully, older adults must enjoy environments that support health and productivity and the ability to live purposeful, contributing lives. And, in cities that support this aging paradigm.

- Do you want to be near friends and family?
- Will you be taking care of aging parents? If yes, will you need to be close by?
- Do you have hobbies or interests that play into where you'd want to live?
- Will you work during retirement? If so, will the location matter to you? If you'll transition to a part-time schedule for your current job, you may need to retire near or exactly where you live now.

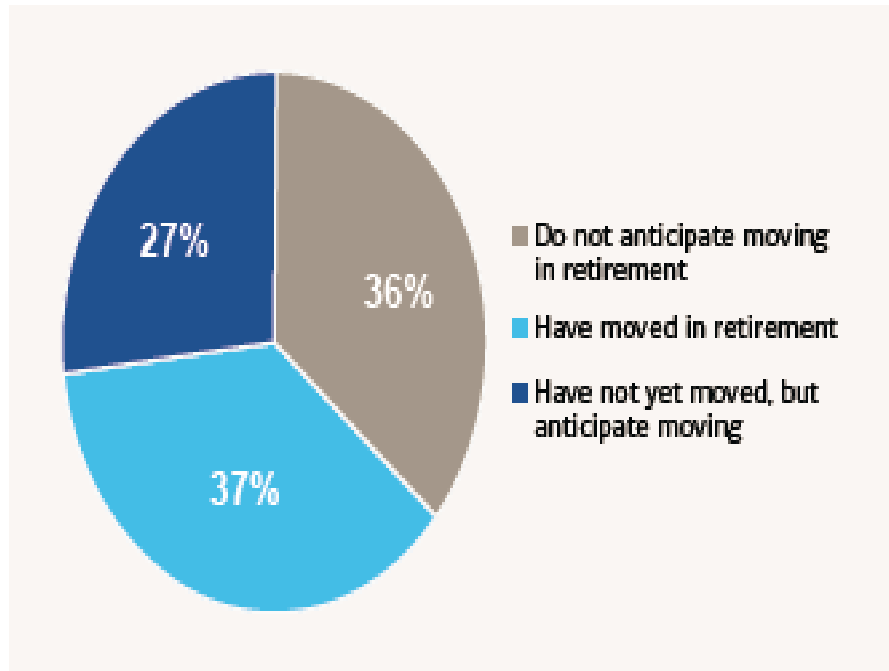
# What is the reality of seniors moving?

## How many of you have had clients move post retirement?

- ▶ According to a study done by the Center for Retirement Research at Boston College:
  - ▶ There are two types of movers - those who affirmatively plan to move and those who react to changing circumstances.
    - ▶ Changing circumstances such as death of a spouse/partner, need to move closer to relatives for care, or entry into a nursing home
- ▶ IF you do move, nearly 60% of you will move less than 20 miles, and only about 21% will move more than 200 miles.
  - ▶ There goes the mass migration to the warmer climate theory

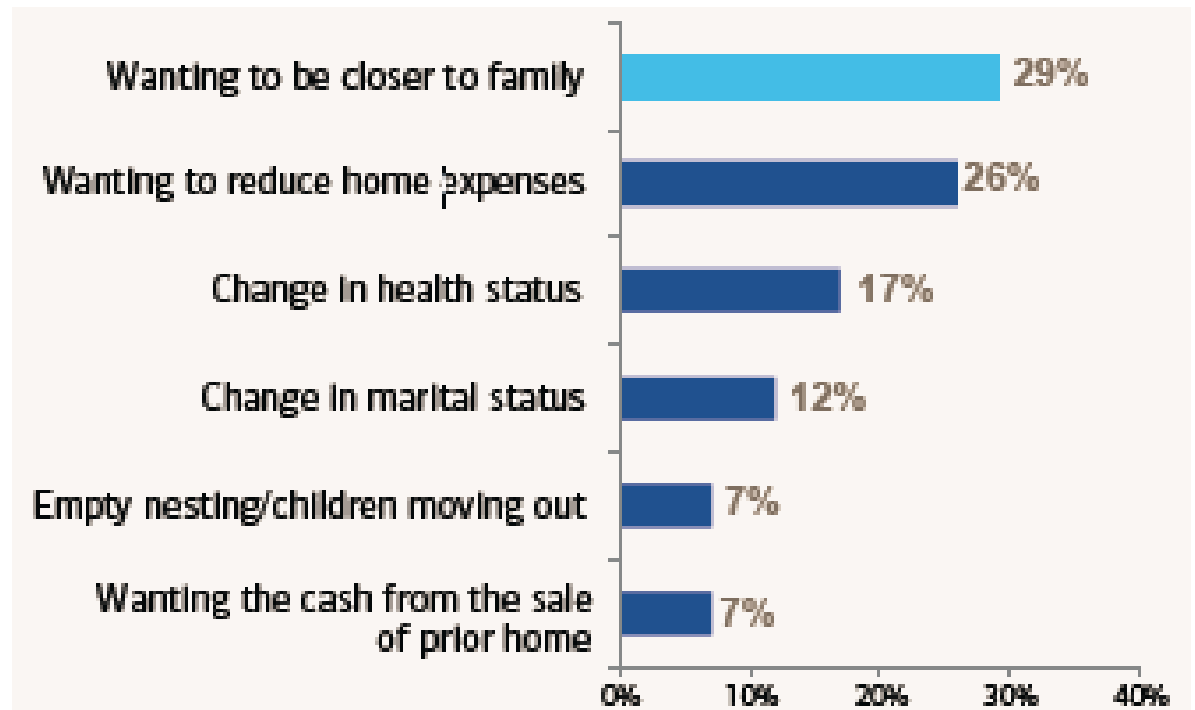
# Let's look at the statistics first

Figure 10: Percent of retirees who have moved or anticipate moving in retirement



Base: Age 50+ retirees

Figure 11: Reasons for moving in retirement



Base: Age 50+ retirees who have moved since retiring

# Financial or Affordability Criteria, including opportunities for work and entrepreneurship

- ▶ The area's tax burden, state taxes, property taxes,
- ▶ Small-business growth, poverty levels
- ▶ Employment rates for those 65-plus
- ▶ Data on reverse mortgages. employment opportunities and factors tied to encore careers
- ▶ Annual cost of In-home Services. Most expensive states for Long Term care: #1 Alaska \$56K; Connecticut; Massachusetts; NJ; NY. **Cheapest:** Louisiana - \$34K; Missouri; Alabama.
- ▶ Median home price
- ▶ Median income rate
- ▶ Tax rate - **CAUTION:** if you are in a second marriage or even a first, and you move to a community property state, determine what possible impact that might have.

# Health and Happiness

- ▶ Number of health professionals per capita (doctors and dentists), hospital beds, long-term care facilities with geriatric, Alzheimer's, dialysis, hospice, and rehabilitation services.
- ▶ Hospital quality and affiliation with medical schools
- ▶ Home care facilities per capita
- ▶ To determine the general wellness of a community, look at the rates of obesity, diabetes, Alzheimer's, smoking and mental illness
- ▶ The availability of recreation and other healthy pursuits
- ▶ Senior Centers per capita
- ▶ Public Golf courses, Hiking
- ▶ Adult Volunteer activities
- ▶ Political affiliation if you are active - don't move to Berkeley if you are a Tea Party supporter
- ▶ Ability to be (or NOT be) around children

# Living Options for Mature Adults

- ▶ Costs of homeownership and rental housing
- ▶ Nursing homes and quality nursing care
- ▶ Continuing Care Retirement Communities - continuum of care opportunities
- ▶ Assisted living facilities, and home health-care providers
- ▶ Safe and walkable neighborhoods
- ▶ Communes

## **Retired Military Criteria:** #1 Beaver creek, Ohio; Madison, Alabama; Goodyear, AZ

- ✓ Military base with privileges nearby
- ✓ No state tax on military pension - New Hampshire, Wisconsin, Pennsylvania, Texas
- ✓ VA Hospital nearby
- ✓ Federal job availability
- ✓ Number of veteran owned businesses

# New Options for “Senior Living”

- ▶ Among prior generations, most retirees had two options: if they were healthy enough, they could continue living at home; or they would need to move to a nursing home to receive care if they became too sick or frail.
- ▶ Today, however, there is a growing continuum of options for retirees facing health challenges, including:
- ▶ **Retirement apartments and communities** that offer meal preparation, home maintenance, and other helpful services
- ▶ **Assisted living communities** that offer meal preparation, home maintenance, transportation and other supportive services, activities and programs that provide the opportunity to stay active and involved
- ▶ **Cohousing**, through which retirees live together and help arrange or provide each other support as needed
- ▶ **Creative systems**, such as the “Village” model, through which older adults who live near each other form an organized group with centralized access to coordinating functions. Any clients living in “The Villages” in Central Florida?

# Safe, affordable, and convenient environments

- ▶ Cost of living
- ▶ Stability of the area - trendy places can cause a future increase in taxes to support infrastructure needs
- ▶ Employment growth for those over age 65
- ▶ Jobless rates
- ▶ Income distribution
- ▶ Crime rates
- ▶ Alcoholism
- ▶ Weather
- ▶ Air and Water quality
- ▶ Close to major airport, if travel is important to you



# Beneficial engagement with families and communities, and physical, intellectual, and cultural enrichment

- ▶ Volunteerism opportunities
- ▶ Access to fitness and recreational facilities
- ▶ Training and education, especially enrichment programs focused on older adults, such as the Osher Lifelong Learning Institute
- ▶ Museums, cultural institutions, libraries, and YMCAs
- ▶ The proportion of the population that is 65 and older

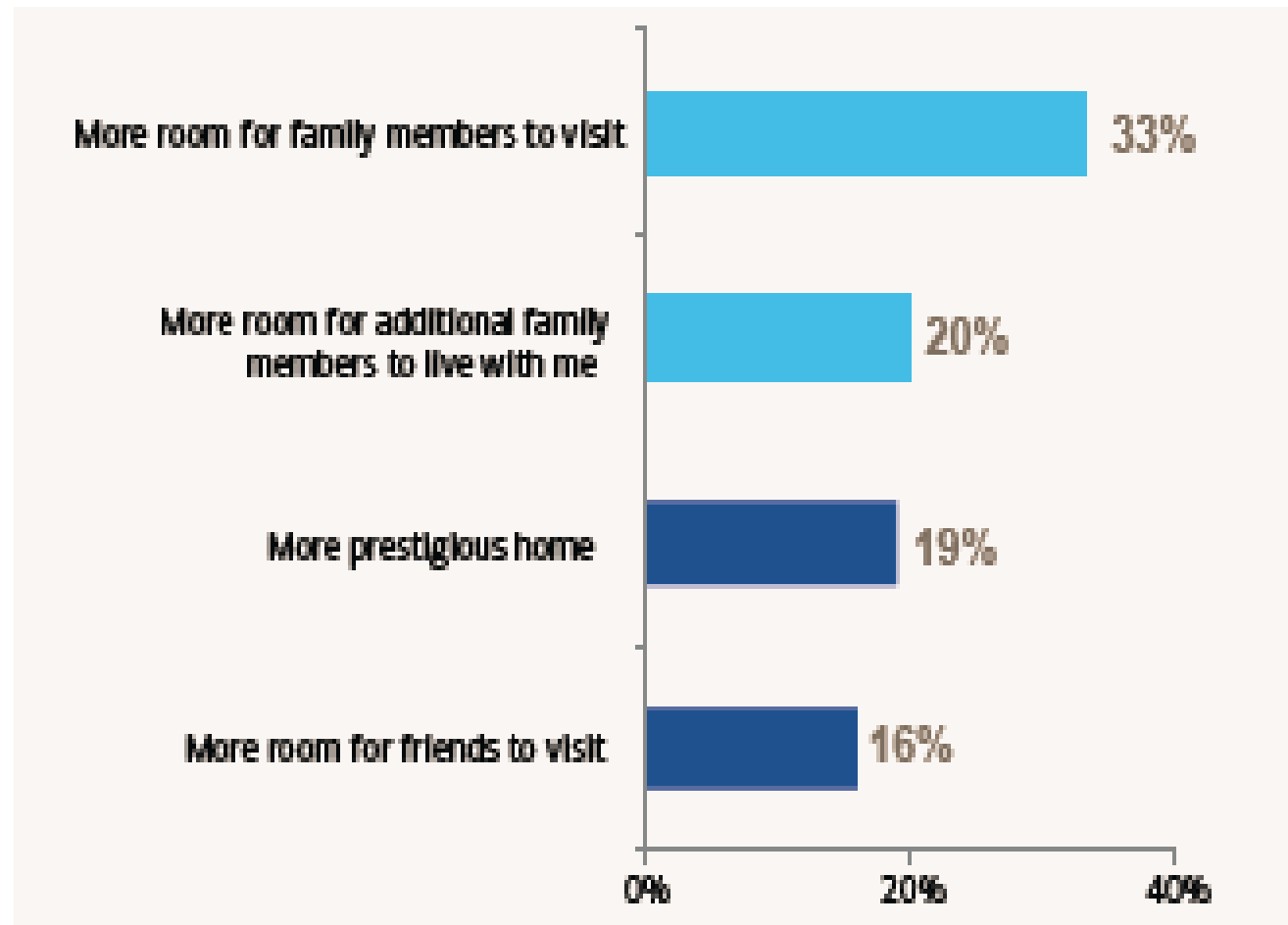
# Mobility and access to convenient transportation systems

- ▶ Commute times, fares, the use of and investment in transit for the public and specifically for older residents
- ▶ The number of grocery stores

Also, back to health care - check out the Genworth Financial information on Long Term care costs - the best I've seen so far.

So you want to stay in your home town -  
downsize or  
**UPSIZE?**

Figure 13: The main motivations for upsizing in retirement



Base: Age 50+ retirees who upsized in retirement

# Aging in Place

- ▶ GREAT RESOURCE Age in Place website <http://www.ageinplace.org/> plus local chapters
- ▶ National Association of Homebuilders provides a very complete checklist of over 50 items for a home suited for an elderly occupant.  
<http://www.nahb.org/generic.aspx?genericContentID=89801>
- ▶ Issues to consider:
  - ▶ **Overall Floor Plan** Main living on a single story, including full bat. No steps between rooms/areas on the same level, 5-foot by 5-foot clear/turn space in living area, kitchen, a bedroom, and a bathroom
  - ▶ **Faucets** Lever handles or pedal-controlled, Thermostatic or anti-scald controls
  - ▶ **Appliances** Front loading laundry machines, Microwave oven at counter height or in wall
  - ▶ Accented stripes on edge of countertops to provide visual orientation to the workspace
  - ▶ At least one wheelchair maneuverable bath on main level with 60-inch turning radius or acceptable T-turn space and 36-inch by 36-inch or 30-inch by 48-inch clear space
- ▶ Also, if your elderly parent comes to visit, is your home “age friendly”? Can she/he get up from that really low sofa?

► In summary - if you are going to stay at home identify the following:



Your housing needs: Are you comfortable in your home or do you need modifications to your current home or another home?



Your health & wellness needs: Do you have access to the healthcare you need?



Your personal financial needs: Do you have sufficient financial resources to fund your retirement if you stay at home?



Your transportation needs: Do you have easy access to the transportation you need?

Your community and social interaction needs: Are you part of a community and do you have the social interaction and access to entertainment that you want?

*If you don't know, start out by listing:*

► *Things you can accomplish by yourself*

► *Things you need help with*

The National Council of Aging in Place has a great workbook

## Retiring overseas - a dream or a necessity?

According to the Schwartz Center for Economic Policy Analysis:

75% of Americans nearing retirement age in 2010 had less than \$30,000 in their retirement accounts

Taking your retirement global can maximize your quality of life return for every dollar spent.

## Questions to ask yourself before retiring overseas.

- ▶ Do you enjoy a change of seasons?
- ▶ Would you be unhappy without regular sunshine?
- ▶ Do you lose your cool if you can't send an e-mail the first time every time you try?
- ▶ Does your work require reliable Internet service 24 hours a day, seven days a week?
- ▶ Would you mind living on a dirt road?
- ▶ Would you be unhappy if you couldn't watch football on Sunday afternoons?
- ▶ Are you afraid of the dark? In much of the world, electricity isn't 100% reliable
- ▶ Will you have earned pension, dividend, interest, rental, or capital gains income to account for? The source of your income has a lot to do with your ultimate tax liability, especially if you're an American. Foreign Account Tax Compliance Act (FACTA)
- Are you comfortable with possibility of increasing complexity in your life?
- ▶ Do you have children or grandchildren you want to see regularly?
- ▶ Are you going to be keeping a home in the country where you're moving from? Expensive!

# So you want to live overseas...

## ▶ Best for health care:

Malaysia      Costa Rica      Panama      Uruguay      Thailand

## ▶ Best Retiree Benefits and Discounts:

UPDATE - Now Europe is cheaper to retire in over Central/South America due to stronger U.S. dollar and depressed real estate prices. Check out Portugal.

- ▶ **Panama** - IF you get at least \$1,000 a month in Social Security or pension, you get access to amazing discounts such as 20% off doctor, 15% off hospital bills, 10-20% off medications. Prominent Cardiologists can charge \$75 for a consultation. Special window in banks so old folks don't have to wait in line. Big advantage, the currency is the U.S.dollar
- ▶ **Equador**- 50% off airfares, sales tax refunds, property tax and utility bills; 50% off cultural and entertainment discounts
- ▶ **Belize** - Once you reach age 45, you qualify for government retirement benefits and you only have to live there one month a year to maintain. No import taxes. NO Belizean tax on foreign earned income. Just deposit \$24,000 a year into a Belize bank.
- ▶ **France** - French railway passes 50% off. AirFrance and cultural and entertainment



## Lowest cost of living

- ▶ **Ecuador—Vilcabamba:** From \$700 a month PLUS most residents live to age 100, “John pays less than \$1.25 a month for gas for cooking and hot water. His monthly water bill is just \$1.70 and electricity adds another \$30 to the monthly utility bill”
- ▶ **Panama—Santa Fe:** From \$800 a month
- ▶ **Malaysia—Penang:** From \$1,200 a month “We live in a spacious 2,100-square-foot apartment with four bedrooms and three bathrooms. We also have a carport, swimming pool, and well-equipped gym. The apartment is fully air-conditioned and fitted with ceiling fans, and costs \$900 a month. We have a maid who comes for \$12 a month, plus vibrant cultural life and great restaurants”
- ▶ **Mexico—Campeche:** From \$1,400 a month Just 100 miles south of Mérida on Mexico’s Yucatán Peninsula, Campeche has long been under the radar for expats. But that is changing fast as visitors discover the charms of this city, considered one of the safest in [Mexico](#)
- **Thailand** - offers several attractive residency options

And who thinks Florida isn't a great place to retire? Come on down if you like to fish.

### Most Fishing Facilities per Capita

1. Fort Lauderdale, FL
2. Miami, FL
3. St. Petersburg, FL
4. Cape Coral, FL
5. Tampa, FL



### Least Fishing Facilities per Capita

116. Philadelphia, PA
117. Las Vegas, NV
118. Houston, TX
119. Charlotte, NC
120. Columbus, OH

- ▶ Choosing a place to retire is about much more than simply finding an area with inexpensive living costs, low taxes, delightful weather and fun things to do.
- ▶ It's about living the best life you can for the rest of your life
- ▶ Norm's story.....

# Resources

- ▶ Milken Institute. The Best Cities for Successful Aging. <http://successfulaging.milkeninstitute.org/>
- ▶ Stanford Center on Longevity <http://longevity3.stanford.edu/>
- ▶ National Aging in Place Council [www.ageinplace.org](http://www.ageinplace.org)
- ▶ [www.internationalliving.com](http://www.internationalliving.com)
- ▶ Center for Retirement Research Boston College <http://crr.bc.edu/>
- ▶ [www.seniorresource.com/house.htm](http://www.seniorresource.com/house.htm)

## Quizzes

<http://www.kiplinger.com/tool/real-estate/T006-S001-find-your-best-city/index.php>

<http://www.quizrocket.com/where-should-i-live-quiz>

<http://quizsocial.com/where-should-you-retire>

<http://www.buzzfeed.com/adamdavis/where-should-you-retire#.fcbnpjK9Q3>

<http://www.best-place-to-retire.com/places-to-retire-quiz>

Thanks for the invitation to  
speak

Slides are available at

[www.LubitzFinancial.com](http://www.LubitzFinancial.com)

Links tab