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"No one is useless in this world who lightens the burdens of another."
-Charles Dickens

"Rely on the ordinary virtues that intelligent, balanced human beings have relied on for centuries: common sense, thrift, realistic expectations, patience, and perseverance."
-Jack Bogle

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THE JKA REPORT

AN INVESTMENT NEWSLETTER FOR CLIENTS & PROSPECTS

More retirees crossing state lines- here's where they're going

Florida drew more retirees than any other state

More than 338,000 Americans relocated for retirement last year - a 44% increase from 2022 - and about a quarter of those retirees moved to a different state.

According to the online moving-services marketplace Hire A Helper's latest annual report, **Florida** is the number one destination for retirees, claiming 11% of movers across state lines. **South Carolina** comes in at a close second and **New Jersey** third, with **Texas** and **Washington** rounding out the top five. Let's explore what's drawing retirees to these destinations.

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INSIDE THE ISSUE

Tax Benefits A Key Consideration

Three of the five states - Florida, Texas and Washington - don't tax residents' income, which is an obvious draw for people whose earnings will decrease significantly in retirement. While many states don't tax Social Security benefits, these three also won't tax investment income of 401(k) distributions.

But what about New Jersey, with its notoriously high income and property tax rates? It's also the sixth-most likely state for older adults to leave. California and New York are the top two, originating almost 30% of interstate retirement moves between them.

With a cost-of-living index of 114, New Jersey is a more affordable destination for retirees leaving New York, with its index of 125. Cost of living indexes are pulled from a variety of factors, including housing, groceries, transportation and health care. A score over 100 means the state has a higher cost of living than the national average. But even for people moving from other locales, the Garden State has its benefits.

Not only does New Jersey not tax Social Security distributions, it also boasts generous pension exclusions that enable retirees to shield up to $100,000 from state income taxes, as well as property-tax relief programs for seniors and people with disabilities.

Climate And Topography Also Factor In

Washington also has a relatively high cost of living (index 115.10), but boasts some of the country's leading healthcare systems, as well as a strong economy, scenic diversity and a variety of recreational activities.

While Florida was long known for its affordability, its cost-of-living index has steadily increased to 102.3 as more people flock to its warm climate and white-sand beaches - including younger people who, thanks to remote working, can live in the climate of their choosing.

South Carolina and Texas both offer miles of beachfront and mild temperatures, but with a significantly lower cost of living (94.3 and 92.5, respectively).

Finances Are Less Of A Concern

Financial worries were less of a factor for retiree moves in 2023 than the year before. Just 6% of retirees reported moving to find more affordable housing, down from 12% in 2022. It makes sense, considering the median household income of retirees who relocated last year was $88,347 - 35% higher than 2022 and 17% higher than the typical U.S. household.

If you're considering moving for retirement, talk to your advisor about which factors are most important for you and developing a plan.

Purchasing Power of the U.S. Dollar
1980-2023

- America entered the 1980s in the midst of Paul Volcker and the Federal Reserve lifting interest rates to combat double-digit inflation. This painful but necessary tightening of monetary policy served to bring inflation back down.
- From an average annualized pace of 7.4% in the 1970s, inflation averaged 5.1% in the 1980s, 2.9% in the 1990s, 2.6% in the 2000s, and averaged less than 2% (1.7%) in the 2010s.
- While the timeline displayed over this chart primarily saw inflation in the 2-3% range, the impact of inflation compounds over time.
- From the start of 1980, the purchasing power of a dollar fell more than 73% by the end of 2023.
- We believe investors should always consider the impact of inflation on returns over time.