

9 Questions to Ask Before You Relocate

Are pensions taxed in your prospective new state? Are health care and climate good?

By Stacy Julien

You've made up your mind to move far away when you retire, to give yourself a fresh new start. You'll relocate to an affordable place of warm winters. There will be long leisurely readings of the newspaper over coffee, weekly tennis games and rounds of golf.

Wait, you're not thinking about doctors?

Maybe you haven't put "great health care" on your wish list when planning your move, but you certainly should. While your planned new home may be in your budget and in the right climate, it needs to fit into your life in many other ways.

"It's not always about the money when it comes to deciding where to live in retirement," says AARP work expert Kerry Hannon, author of the forthcoming book AARP's Great Jobs for Everyone 50+. "Money does matter, but what's really key is living in a place that makes you feel comfortable."

That means finding the ideal mix of crucial ingredients for a good new life — including nearness to family, safe streets, cultural events and, of course, those doctors.

So if you've started thinking about relocating in retirement, make sure you ask yourself these nine questions before you pack up and move:

1. How does the cost of living compare?

There will be a vast difference between, say, Beverly Hills, Calif., and Boca Raton, Fla. So take a hard-nosed look at what you can afford. Will you take out a mortgage or will you rent? Can you handle the price of gas and food?

And don't just consider essentials. Price out the activities that are dear to you in particular. Are golf green fees affordable?

"That could be a big factor depending on

what your interests are," says Jean Dorrell, president of Florida-based Senior Financial Security Inc. "Look for retirement communities that offer incentives."

2. What's the income tax burden?

Federal taxes won't differ much no matter where you live, but your state and local tax will. Nine states, for instance, have no income tax at all, while others can take a real bite — California, for instance, charges 8 percent on taxable income over \$38,004.

3. Are pensions taxed?

A number of states, such as Alabama and Massachusetts, exempt federal, military and in-state pensions from income tax.

4. How about other taxes?

Property taxes may help determine where you relocate, since they fluctuate from state to state. And many states will tax your estate.

All in all, says Hannon, it's a smart decision to move from a high tax state to a low tax one.

5. Buy or rent?

It's easier to rent, and it requires less of a commitment from you. But you may want to set up your home the way you want to, and perhaps leave it as an inheritance to a family member. Consider

whether you'll have to sell your current home before you move to a new one. Or would it make more sense to keep it and rent it out? That may mean hiring a management company. "Have a plan for your first house," Dorrell says.



6. What's Mother Nature like?

This is far from trivial, especially if you dream of coastal living. "People worry about hurricanes in Florida, dust storms in Phoenix and earthquakes in California. Think about your destination," Dorrell says.

Consider, too, whether your health would do better in a warmer or cooler place. While there's no scientific proof, some arthritis patients say their joint pain waxes and wanes based on changes in climate.

7. What about doctors?

Don't plan on traveling a long distance to go to a doctor you like. Make sure you're moving to a place that has a reputable medical community close by.



And check your insurance coverage to ensure it's accepted.

Two good places to find information on a particular community's medical care are the federal website Medicare.gov and the website of the state's department of insurance, Hannon advises.

8. Can you get a decent part-time job?

You may want or need to work in retirement to supplement your income. If the cost of living of your new place is lower, your wages will be, too. If you're going to work part time, where will you get an acceptable paycheck doing what you want to do? Check it out in advance.

9. How far will you be from your family?

"A lot of retirees I talk to in Florida love it for the benefits, but they go up north a lot to be with the grandkids," Dorrell says. "It's an added cost." Keep this in mind as you plot your potential retirement spot. How much will you spend for car, bus, train or plane for holidays and other Hallmark moments?

Jean Dorrell, CEP and founder of Senior Financial Security, (The Villages, Fla.) has more than 20 years of experience working directly with seniors on a variety of financial issues. Her expertise lies within tax services, retirement and estate planning, annuity selection and wealth management.

