

Tips for Snowbirds Before They Take Flight

By Rachel Louise Ensign

By the time Gil Stanley retired from teaching in 2009, he'd had enough of the harsh winters in his hometown of York Harbor, Maine. So the now-72-year-old built a home in Florida where he spends about half the year.

But getting his financial life in tune with this new lifestyle was no easy task.

He had to open a bank account in the new state, organize important documents, decide which state would benefit him financially in terms of taxes, and hire an accountant to do his taxes for the first time in years. Mr. Stanley and his wife also had to hire someone to take care of each of the homes when they are not there.

"By hook or by crook, we've stumbled onto a very livable situation for the two of us because of the fact that our taxes are considerably lower," says Mr. Stanley from his Bradenton, Fla., home.

It's time for the annual migratory flight of the snowbirds, typically older people who head south during the cold months. This migration is born of the desire to escape the harsher winters of Northern states as well as to live primarily in a state that will let them stretch their retirement dollars further.

Of course, maintaining two geographically separate lives presents many logistical and financial challenges. Here are some tips for those thinking of joining the flock.

Set Up Residence

If you've moved your life substantially from one state to another, you'll want to see if you're eligible to file taxes there. Doing this entails being a so-called domiciliary of that new state. Rules vary by state so it's best to contact a lawyer or tax professional. For instance, New York and Connecticut have complicated

requirements, says Felicia Hoeniger, an attorney in Hartford, Conn.

Switching your domicile from one state to another can have an impact on your nest egg, especially when it comes to taxes. For example, nine states, including Florida, Nevada and Washington, have no state tax on ordinary income and domiciliaries may not need to file state-specific tax forms. Some states offer property-tax exemptions as well.

Mr. Stanley says he became a domiciliary of Florida in part because of the tax perks the state offers, including no income tax and a tax exemption for homeowners. But his wife still spends the majority of her time in Maine and files taxes there, so the couple had to hire an accountant to file their now-more-complicated tax returns.

Another thing to keep in mind: If you file in a new state, you'll likely have to tweak any state-specific estate documents, says Jean Dorrell, a certified estate planner in Florida. Wills and advanced medical directives often are state-specific, so redo them to fit the parameters of the state you're now a domiciliary of.

Organize Your Finances

You'll want to make your finances as portable as possible. That means setting up accounts in banks that you'll have access to in both locations. If that's not an option, look into local smaller banks or credit unions in one of the locations,

which often offer lower or no fees compared with bigger banks.

You'll need to stay on top of any income and two sets of bills. Set up direct deposit for a pension, annuity payment, dividends and any other income. If you use online banking, set up automatic payments for as many bills as possible. Try to prepay insurance premiums.



If you prefer mail, make sure you get checks and any bills forwarded to your winter home, says Jason Heller, a financial adviser near Albany, N.Y., who counts many snowbirds as clients. If any CDs or bonds will come due while you're away, have a plan in place for what to do with the proceeds.

Chuck Tompkins, who lives with his wife in Scottsdale, Ariz., during colder months and in Minot, N.D., in the warmer months, has all of his mail sent to a P.O. Box in North Dakota. His accountant sends him his mail, along with a weekly email overview of his finances. He also uses online banking.





Watch Your Health

Having a complete network of health-care providers in both places would be "pretty hard to do," says Anna Rappaport, actuary and chair of the Society of Actuaries committee on post-retirement needs and risks based in Chicago.

Still, you'll need at least a minimal health-care plan in place at the residence where you don't have your primary doctors. You can start by making a list of the names and locations of a few local doctors and hospitals and keep it handy.

Also make sure that your health-insurance plan has good coverage in both locations. Some Medicare Advantage plans, for instance, have a network of doctors only in a specific region, says Ms. Rappaport.

Prepare Your Home

Many snowbirds make the money-saving decision to suspend cable, phone and other services at the home they're not living in.

You'll also want someone to check in on your vacant home every two to four weeks, says Ms. Rappaport. This will ensure that all of your belongings are safe, and appliances, air conditioning or heat are functioning properly.

In areas with large snowbird populations, professional home-watching services have sprung up, so check those out. Weekly visits typically cost about \$20 to \$40 each.

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.

