



Summer Have You Dreaming of Where to Retire?

Consider the tangible financial and economic benefits too, not just sunshine

You have no doubt seen dozens of lists of places to retire in, but they seldom focus on financial factors, which are important when you live off your savings.

Due to warm weather, beaches and the absence of a state income tax, locations in Florida are heavily over-represented on most such lists.

But it's not a stretch to think that not everyone wants to live out their golden years in the Sunshine State, so let's broaden the list by creating criteria that includes important financial considerations too.

On this list, let's zero in on the tangible financial and economic benefits for retirees, because you shouldn't be spending your golden years worrying about bills.

Here are the five criteria you should consider using in deciding which cities are best for retirees financially.

#1 – The Cost of Living

An index of 100 represents the U.S. average. The cities listed here have a range from 88 to 116.

#2 – The Tax Burden

Overall tax burden by state, taking in income, sales, real estate and other taxes. The national average is 9.9% of income, while the tax rates of some of the cities here are lower than 9%.

#3 – Median House Prices

By definition, half the cities in the U.S. will have home prices higher than the national average – which currently stands at \$199,200. So, consider which markets are still relatively low in their respective parts of the country. And remember, half the cities in the U.S. will have prices lower than the national average too.

#4 – Weather, Amenities and Culture

This is a very big category and one that gets less attention relative to the others. And while preferences for temperatures and things to do differ, they can translate into lower living expenses.

For example, a mild climate usually means lower utility bills. And an abundance of local attractions reduces the need for travel.

#5 – The Job Market

You might not consider the job market to be among items to consider, but that would be a mistake. To determine the strength of the job market in a particular area, just look at the local unemployment rates (compiled by the Department of Labor).

Retirees often return to the job market because they need the money or have too much time on their hands. In addition, strong local employment also creates investment opportunities close to home, particularly in rental real estate.

With that in mind, here are a few cities not on your average “Places to Retire” list, but they should be:

Omaha, Nebraska

The cost of living in Omaha is well below the national average, and the median house price is only a little bit more than 75% of the U.S. average. This home city of Warren Buffett offers low-cost living, combined with rising economic opportunities and an increasing number of cultural amenities.

Sarasota, Florida

No list of cities to retire would be complete without at least one from Florida. It has no state income tax, a benefit to retirees looking to stretch their nest eggs further. Year-round warm weather keeps heating bills low. Although house prices in Sarasota are above the national average, they are still lower than many other popular retirement havens in Florida.

Austin, Texas

Austin is a city of rapid economic growth yet with a lower-than-average cost of living. Texas also has no state income tax, which makes the overall tax burden the second lowest on this list, at 7.9%. Because of the booming economy and population growth, Austin’s house prices are above the national average. The unemployment rate is far below the national average, great for people who need a post-retirement job.

Charleston, South Carolina

An historical seaport and beach community, Charleston offers a rich array of entertainment and cultural amenities. Like most other cities on this list, Charleston combines a low cost of living and relatively low taxes. House prices are above the national average, with a median of \$225,000, but that’s still a bargain for a coastal city with a mild year-round climate.

Nashville, Tennessee

You just have to love those states that have no income tax, and Tennessee is one of them. The capital of country music has the lowest overall rate of taxation on this list, plus a well-below-average cost of living and house prices. The economy is strong, with a growing health-care, education and automobile assembly industries.

Des Moines, Iowa

Des Moines is another city in the Midwest that sees steady growth in both population and its economy. Despite that, the cost of living in Des Moines is 10% lower, and house prices 20% lower, than the national averages. It is the third-largest insurance center in the world, and has a significant number of jobs in both finance and health care.

Atlanta, Georgia

While big cities are not generally good places to retire, Atlanta is an exception. In addition to a below-average state tax burden, retirees enjoy a major tax benefit: \$65,000 retirement income exclusion for those older than 65. This includes taxable investment income, pensions and income from rental property. The cost of living and median house prices are both below national averages.

Manchester, New Hampshire

People don’t normally think of chilly New England for retirement, but Manchester is well worth a close look. While its overall cost of living and house prices are higher than national averages, the city is very affordable by Northeastern standards. Though real estate taxes are fairly high, the state has neither an income tax nor a sales tax. And the city’s low jobless rate virtually assures that there will be a job available, if you ever decide to come out of retirement.

Salt Lake City, Utah

Salt Lake is another location that combines low cost of living with a strong and growing economy. At 3%, the unemployment rate is technically the national average. Employment is broad-based, including government, education, health care, transportation (the city’s airport is one of the busiest of the nation), as well as business and professional services.

Asheville, North Carolina

If you’d like to retire to a mountain region, Asheville is worth checking out. The city features beautiful scenery from the Blue Ridge Mountains and mild climate comparable to Atlanta. Regarding cost of living, tax burden and house prices, Asheville is right about at the national average in each category. The jobless rate is low. The local economy is solid with opportunities in education, health care, retail, and tourism.