

Should I Move in Retirement?

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When you're planning for retirement, it's common to daydream about starting fresh somewhere new. There are a handful of reasons why retirees move: to be closer to family and friends, to find a more affordable location, or simply due to weather and scenery. However, moving is not an easy task and can be costly. Before you list your house and pack your bags, there are a handful of questions to consider.

How will moving impact your retirement?

Many underestimate how big of a transition retirement can be. You'll probably have more time on your hands than you'll know what to do with. In some cases, the abrupt lifestyle change can cause retirees to feel more anxious and depressed. Moving somewhere that will fill your newfound free time with either fun activities and hobbies or familial responsibilities can help ease the burden of the transition.

While this move can be a great way to fill time at the beginning of your retirement, you also need to look at the long term. If this is where you plan to live for the rest of your life, you should research healthcare accessibility. Moving to a more remote location may make it difficult to find the healthcare you'll need as you get older.

What's the cost of living?

Some cities and states are more expensive than others. The cost of healthcare, taxes, food, housing, and transportation varies in different places, and your dream location may be more

costly than you think. Always research the average cost of living in a location before making the decision to move. Moving somewhere with a significant increase in living expenses can impact the longevity of your portfolio.

However, not every move will break the bank. We often hear of individuals moving to Florida in their golden years. Depending on where you live, expenses could be more or less than you're accustomed to. For instance, a Michigan resident looking to retire in Florida would realize about a \$3,400 increase in the annual cost of living. For some, this may be immaterial compared to the personal benefits.

If you live in a state with a high cost of living, relocating to a more affordable area could be a strategic decision for your retirement. For instance, a retiree currently residing in California could potentially save around \$13,000 per year in living expenses by moving to Florida. Understanding these differences can provide valuable insight into whether moving is a good choice for your retirement plans.

Do you plan to buy or rent?

Retirees often consider moving when they are ready to downsize. While your home may carry your fondest memories, it can become overwhelming and sometimes impossible to maintain as you get older. You may want to sell your home and move into a rental to enjoy less day-to-day upkeep, no maintenance cost, and more flexibility with where you live. On the other hand, perhaps your current home is simply too big for your needs, and it makes more sense to move into a smaller house that is more manageable.

You should weigh the costs associated with moving, including how monthly rent or new mortgage terms can impact your retirement savings. Housing expenses vary depending on the location, with some having notably higher costs than others. Before deciding, look at the housing market in the city you're moving to and see if this location makes sense for your budget. In some cases, selling might be the right decision for your golden years. Moving somewhere more affordable can help stretch your retirement savings even further.

How will moving impact state taxes?

Moving to a new state can come with tax implications. Different states have varying tax structures – some impose minimal or no income taxes, whereas others may tax up to 12.3%. Take a look at the tax rules where you want to move, some states won't tax retirement income at all.

These differences can incentivize retirees to relocate to one state over another. For example, a Michigan resident moving to Florida would actually save money on state income taxes. Florida has no income tax compared to Michigan's flat rate north of 4%.

The Bottom Line

It's common to consider moving once you stop working. Spending time where you're happiest can make your retirement more fulfilling. First, make sure the move won't negatively impact your retirement funding. Always do your research on the cost of living and tax implications of the new location. These factors can help you decide if moving is the right decision for you.