

TAKING COST OF LIVING INTO ACCOUNT

A good way for clients to make the most of their retirement savings

Choosing the best place to retire is about more than finding a location with a sunny, warm climate or a short drive to ski country. While it's important for clients to consider their proximity to loved ones and access to the things they love to do, make sure they also consider the financial cost of where they live. An island paradise may sound like the ideal place to retire, but Hawaii boasts one of the country's highest income-tax rates—and the highest overall cost of living.

While some of these expenses may seem minimal, they can add up—especially over a long retirement. Taking time to consider them can help ensure that, wherever your clients end up, they'll be able to enjoy their homes for years to come.

Calculating the Cost of Living

It may be tempting to measure the cost of living with a single metric, such as an area's median home price or the income-tax burden. These expenses certainly play a role in the total cost of living, but there are other considerations as well. For example, some states that don't have an income tax still charge property and sales taxes. Beyond total [tax burden](#), everyday costs for things like groceries, utilities, and transportation vary from place to place. [Healthcare](#) costs can become a burden during retirement as well, so it's also a good idea to consider the availability of quality, affordable healthcare as clients make their decisions about where to retire.

Consider how different areas of the country compare by analyzing the information in the following paragraphs.

The Northeast

The Northeast is generally one of the most expensive regions in the country when it comes to cost of living, though it also ranks very highly in terms of access to high-quality healthcare. For those looking to retire in the region, New Hampshire has no state income tax and has the lowest overall cost of living.

The West Coast and Southwest

On the West Coast, Washington's lack of state income tax makes it more attractive than Oregon or California. For clients who don't mind moving inland a bit, however, New Mexico boasts the lowest overall cost of living in the region on the strength of its generally low housing costs and low income-tax burden. While Arizona's housing costs push its overall cost of living a bit higher than New Mexico's, the quality of its healthcare also ranks among the highest in the region.

The Southeast

Florida's lack of income tax has long made it an attractive target for retirees, but neighboring Georgia ranks significantly better in terms of cost of living. The higher cost of living in North Carolina and South Carolina also comes with better healthcare-quality rankings, so they also may be worth a look for retirees interested in this region.

The Mid-Atlantic and Midwest

It generally costs less to live in the Midwest than it does on the coasts. Oklahoma, Kansas, and Missouri are among the least-expensive states in the country when it comes to cost of living, in part due to their low income-tax burdens and inexpensive housing prices. For retirees interested in the northern Midwest, Michigan, and Indiana offer the lowest cost of living in the region.

Wherever your clients choose to retire, it's wise to help them do some research and factor the cost of living into their decisions. As The Official Sponsor of Retirement, Pacific Life will be there for you to help clients not only find the right place for their desired retirement lifestyles, but to help ensure they can afford to stay there happily for a long time and achieve their retirement goals.

COST OF LIVING CHECKLIST

Ask clients to consider all these expenses as they decide where to retire



Additional Resources and Links

[Center for State Tax Policy](#)

[Center for Federal Tax Policy](#)

[Health Care Expenditures by State of Residence](#)

[Median Home Values by State](#)

For additional information, please contact
the Retirement Strategies Group at (800) 722-2333, ext. 3939,
or email RSG@PacificLife.com.
PacificLife.com

This material is provided for informational purposes only and should not be construed as investment, tax, or legal advice. Information is based on current laws, which are subject to change at any time. Clients should consult with their accounting or tax professionals for guidance regarding their specific financial situations.

Pacific Life refers to Pacific Life Insurance Company (Newport Beach, CA) and its affiliates, including Pacific Life & Annuity Company. Pacific Life Insurance Company is the issuer in all states except New York. Pacific Life & Annuity Company is the issuer in New York.

VLC1975-0321W

3 of 3

This material is educational and intended for an audience with financial services knowledge.



THE OFFICIAL SPONSOR
OF RETIREMENT™