



WHERE WILL CLIENTS LIVE IN RETIREMENT? QUESTIONS FOR FINANCIAL PROFESSIONALS

Housing expenses in retirement pose some significant challenges for many retirees. But the idea of retiring to some far-off tax haven may not be realistic or practical.

Typical thinking has most retirees downsizing their homes in retirement to a more manageable abode or to a warmer climate. It may even be tempting after a lifetime of hard work for retirees to want to ditch the rat race and retire to some relaxing, exotic locale. Sounds appealing, but does it make sense? More importantly, is this the right plan for your clients?

1. Considerations

How familiar are they with this new location? It may sound great to pack your bags and move. However, if they have no familiarity or network in the new location, they might feel lost and become lonely. It might be prudent to suggest that they try living in the area they are considering for a few months before making the big jump. If it is a tourist area, they may want to try it out in both high and low seasons.

2. How adventurous are they?

A big part of health and well-being are social connections. This can be friends, family, and neighbors. Leaving an area where you spent most of your life and have most of your connections and moving to a location where you don't

know anyone can be quite daunting. Do they like to try new things? Are they quite social and likely to join social clubs and organizations? What about professional services? Doctors, dentists, mechanics, and tax preparers all will be left behind and new ones will need to be found. Also, their family and friends may not visit nearly as often as they expect, and they may be the ones who must go back home to visit them.

3. How often will the clients want to see their grandchildren?

This may be the most important part of a retiree's support network. Moving away from family, especially as young grandchildren come into the picture, can be very difficult for new retirees. Wanting to spend time with young grandchildren may be a way for retirees to reconnect with their own children, because they may have missed out on some of their childhoods due to work obligations. It also may be helpful for the middle generation to receive assistance with childcare. Additionally, as retirees age and may need more help, having nearby family members can be quite a relief.

4. Cost

This may come as a big surprise, but setting up shop in a new location may not be downsizing. The higher-appointed “maintenance-free” home communities many retirees flock to can be just as costly as their prior residences.

Also, they may incur costs they didn’t have before such as high property taxes, higher utility bills, storm insurance, and travel to visit family. They should really do a comparison to see if they will be saving as much as they think they will.

While there are several significant challenges to making a big move in retirement, the rewards can be wonderful, too. Moving closer to family, beaches, mountains, or wherever it may be that fulfills your clients’ desires can help make their retirement years their best years. A test-run is always great.

Help your clients think through all the obstacles and possibilities that may arise from choosing where to retire. Use the questions above to prepare them for a potential move and to help them understand the emotional and financial needs that may come from their decisions.

Additional Resources and Links

[Where Clients Live Makes a Difference](#)

[Tax Management](#)

[Income-Tax Rates by State Tax-Rates.org](#)

For more information about retirement planning,
please contact our Retirement Strategies Group at
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