

A subject that I have been hearing a lot on is about moving to a different state after retirement. Some people are interested in moving to their dream locale, but most of us are considering this to stretch out our retirement dollars and live more comfortably.

While moving to a state that offers a lower cost of living and lower income tax burden is appealing, there are other considerations you should investigate before selling your house and packing up your bags.

First there are the obvious things we do think about like climate, access to good health care and proximity to friends and family. A climate that is too extreme can eat into a budget every year. We need hospitals that are within our health coverage or have the needs for any specific health problems one may have. Studies show that social connections are very important to our health so being near people we can interact with is important. Flying back and forth to engage with our grandkids can get expensive, especially for those who chose to live in other countries.

Now let's focus on the total state and local tax burden. It can be thousands of dollars more per year from one location to another so investigate all the taxes. There are a few taxes that you must consider, and each type can affect others differently depending on how much retirement income they will have, and what type of income this will come from.

Some states give tax breaks for low income, older people. Some give military breaks and others like Alaska, give money in the form of an annual dividend check. There are a few states that don't have a state income tax, but they do tax interest and dividends, or money from 401k's and pensions. I have seen a few that don't have taxes on only up to \$15k, but tax anything above that. Have you kept your home and rented it out? Some "no Income Tax states" will tax rental income.

There is sales tax to consider too. Purchasing is something we do weekly so this can make a difference in our budget. Arizona, a popular retirement destination, has the 11th highest sales tax in the nation. Mississippi taxes all groceries.

Will there be great public transportation, or will you need a car. Check out the DMV costs and gas prices.

Then there is the house. Will you rent? What is the average cost of buying? Are property taxes high, will they change and what about insuring the home. Areas of high fire risk have had their premiums double recently.

Then when all is said and done, we've moved, lived our lives and time is coming to an end for a spouse or both, what about inheritance tax? Nebraska might tax up to 18% of your estate so for those leaving a huge legacy, this can be a deal breaker on your move.

The cost of living can vary state to state. You can get by on a small nest egg in some, an in others 2million won't be enough.

So, before you move, look into each of the above aspects. Then try a town on for size by renting an AirBnB for a month or so. This way you can see how far your money goes, what easily overlooked quirks exist for that particular place, and if its somewhere you can, or can't, see yourself living for the next 20 – 30 years.