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## BUSINESS

# Picking your ideal retirement spot

Published: 11 July 2014 09:16 PM



Mike and Terry Hovey considered retiring to Europe, Alabama, North Carolina, South Carolina and Washington state. They ultimately decided to remain in North Texas, partly because of the area's cultural amenities.

By: Pamela Yip

When you think about retiring — really retiring, no longer working — where do you ultimately want to settle down?

The answer to one question may hold the key.

“Before thinking about where to retire, think about what you will be doing in retirement,” said Tom Murphy, certified financial planner at Murphy & Sylvest in Dallas. “Then determine where you can most easily do those things. Once this analysis is complete, you can start looking at the cost of living, tax rate and other factors.”

Terry and Mike Hovey of Keller knew that they wanted to maintain an active social life and stay fit when they retired.

“It was important to me to be in somewhat close proximity, easy access, to people who have become family, close friends,” said Terry, 62, who retired eight years ago from her job as an account executive at a consulting firm.

“It was important to me to be able to still do the kinds of cultural things that I like to do, the kinds of volunteer things I like to do,” she added.

Husband Mike, 58, retired in 2010 from his job as an IT director at a major retailer.

One place the Hoveys considered for retirement was a farm in Alabama that belonged to Terry’s father.

“Mike said, ‘When we retire, I’d like to have elbow room, wide-open spaces, maybe can’t see a neighbor, that kind of thing,’” Terry said. So they gave the farm a test drive.

“I test things,” Terry said. “So on one of our visits to my dad’s farm, we sat down on the front porch on a swing with our coffee and I said, ‘You said you wanted wide-open spaces, ... elbow room and you can’t necessarily see your neighbor.

“‘We’re sitting on 40 acres here, and I’m pretty sure that I can make a deal with my siblings when Dad doesn’t want to live here anymore. Is this someplace you would like to live?’”

After a couple of visits, Mike decided against it. The Hoveys are avid golfers and enjoy the theater and eating out.

“There are no really nice restaurants around there, there’s no night life around there,” Terry said. “Golf is limited around there, there’s limited social life. I don’t want to live in this kind of wide-open space where there aren’t people and things we like to do.”

The Hoveys also considered retiring to Europe, North Carolina, South Carolina and Washington state.

They ultimately decided to remain in North Texas because of the area’s cultural amenities, closeness to friends and the ease of travel afforded by Dallas/Fort Worth International Airport.

“This is really a great fit for us,” Terry said.

Before picking a place to retire, ask yourself these other questions:

### **Are services nearby?**

If you’re contemplating moving to an area, make sure the neighborhood has the services you need, such as doctors, pharmacies, banks and grocery stores.

“I think we have great health care,” Terry said of North Texas. “We have better choices on health care.”

### **What’s the climate like?**

Do you desire a change of seasons? Can you tolerate months of snow and cold? Or are you burned out from the heat?

“He loves all the seasons,” Terry said of her husband. “We don’t have all the seasons in Texas, but he also didn’t want many, many months of cold and snow and stuff like that. We like golf. We like to be outside.”

### **Can you afford it?**

This obviously is a biggie. When looking at a retirement location, consider the average price of a home, the area’s cost of living and the tax burden on retirees.

“When determining whether you have enough money to maintain your desired standard of living in retirement, the first question is ‘What does that cost?’” Murphy said. “The second question is ‘Do you have enough sources of income to meet that cost without running out of money?’”

Then, he said, if you’re looking at making a move, “the third question becomes ‘Will my expenses in this new place be greater or less than my existing expenses?’”

He advises those approaching retirement to record every dollar spent for a minimum of three months spread throughout the year. Then look to see which expenses will change or end in retirement.

“The bottom line is, moving in retirement can significantly reduce retirement expenses, making your retirement dollars last longer, but only if moving also results in decreased expenses,” Murphy said.

“Of course, moving for nonfinancial reasons such as to be near grandchildren or because you like golf or beaches or mountains can give you great pleasure in retirement. Just make certain you understand the financial impact of doing so prior to selling your existing home.”

### **What about taxes?**

Keep in mind that things may not always be what they seem. For example, Texas doesn’t have a state income tax, but it has one of the highest property taxes in the nation. What’s more, the state sales tax is 6.25 percent, but local rates can add another 2 percentage points.

“If you decide to move, things can get complicated very quickly,” Murphy said. “Generally, in North Texas, you will pay about 7 percent of the fair market value of your home per year for property taxes, insurance, utilities, repairs, maintenance and upkeep — less if your home is new and more if it is old.”

Moving to a different state may result in lower property taxes but higher state income taxes, he said.

“Utility costs might be higher or lower,” Murphy said. “Calculating all of the costs associated with a new home can be difficult without talking with one or

two people who live in the same area and asking them some fairly detailed questions.”

That goes along with Terry Hovey’s advice to sample a location before actually moving there for retirement.

“Before they actually commit, lock up your house and go live somewhere for two months and see if that’s really going to be for you before you sell your house, and now you’re really in trouble,” she said.

“When people are deciding that they’re going to retire, they need to get honest with themselves about what’s important to them and how much money they’re going to have.”

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