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JIM: Where is the best place to retire? What matters most to you; climate, low taxes, employment opportunities, the community? Joining us is seasoned financial columnist, Richard Eisenberg, here to help you clarify and prioritize your wants and needs so you can enjoy your retirement years. Welcome Richard.

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RICHARD: Thank you Jim.

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JIM: It’s great to have you on and I know we’ve had you on in the past. Recently, I saw an article and I’m from Wisconsin so it struck me. It said, Retiring Rich, Wisconsin is For You, and I’ve seen all these different lists. I’ve seen lists which say Wisconsin is the worst place, Wisconsin is the best place, and that always catches my eye being from here, but I’ve seen all these different things. What do you make of those lists and where are the best places to retire? How do you determine that?

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RICHARD: Well some of these lists can be very helpful but I think people really need to be careful when using them because I’ve looked at a lot of lists. In fact, when I was at Money Magazine I created the Best Places to Live in America Franchise, which they do every year. The thing that’s really important for people to know is the value of the lists depends on the criteria that go into it and what kinds of places they’re looking at, and so that’s the reason why one list will have Wisconsin at the top and another at the bottom. It’s not because one of them is wrong, it’s that they look at different types of criteria and so I think it’s really important to know what are they looking at, how do they define a best place and what types of places are they even looking at to decide which ones should even be ranked at all.

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JIM: Well you know I have a lot of family that lives in Florida and Florida is always tout as a great place to live because there are no income taxes, or state income taxes anyway, and I hear about how reasonable the property taxes are and what’s interesting about that is I look at the cost of buying a house there and I just think back I had a family member who bought a house and it was about 1800 square feet, no basement, I’m used to a basement at home, and a very small lot, and it was a nice Florida house in a gated community and they paid $500,000 for it and it was $5000 a year in property taxes. I had a house that was bigger on a two acre lot and I was paying $3000 in property taxes, but I only paid $150,000 for my house, so on a per $1000 basis the property taxes that I was paying was ridiculous, but on a square footage basis I was getting a bargain, so I think that’s kind of what you’re eluding to. You can’t just look at the per cost per $1000 property tax, you’ve really got to look at the cost of living and then how are you going to live because certain services might be more in one place or the cost of going out to eat or groceries. I think that there are a lot of things that go into it. Is that true?

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RICHARD: That’s absolutely true and also it’s important to just think to yourself what matters to me in choosing a place to live because your own criteria might be very different from the place that’s ranking these places. You mentioned Florida. Some people love the climate in Florida. Other people feel that it’s much too hot in certain places during the summertime and they wouldn’t want to live there, at least not all year-round, so that’s a factor that you may need to think about because in some rankings Florida places do well for weather because it’s sunny, and it certainly is sunny, but it can be brutally hot certain times of the year. Another thing you want to think about is am I going to want to work in retirement and if I am is that going to be a place where I can find jobs, will people be interested in hiring me, and I was surprised recently there was a survey that came out from Bankrate, and they usually do very good work in rankings, but when they did their best states to retire to they didn’t even include work or the economy as a factor and to me it seems that that was a big omission because not everybody is going to work in retirement but many people will and many people want to think about it and to me that ought to be a criteria.

3:41

JIM: I think that would be a big one because this whole retirement phenomena, we’ve talked about on the program in the past, the whole idea of retirement in the last 100 years is a new phenomenon because if you look back over the history of mankind, mankind literally worked until they dropped and it’s only in the last 100 years or so that we could have a retirement and heck when they created the social security system it was based on an average life expectancy where people were dying before they would collect their first check. Now we have life expectancies exceeding your first check by 20 maybe even 30 years, so to go 30 years of your life without having any income and hoping to have enough savings to provide for not only your income needs but an inflationary hedge, increasing healthcare costs as we get older, I mean all those things, it may be important that people do continue to work and have some sort of income so they’re not completely reliant on their life savings. Do you see that as being a factor as well?

4:43

RICHARD: Absolutely I do and I also think there are a lot of people who want to work part-time in retirement for other reasons, not just financial but emotional, psychological. They want to keep their brain active; they want to socialize with other people. They want to get out of the house. They want to challenge themselves, so there’s a lot more to work than just money. There are some people who are going to say I’ve worked my whole career, I’m tired, I’m ready to just relax and that’s great and that’s fine for some people, but for others they’re going to want to do some sort of work for somebody else or maybe on their own and I think for those people they ought to take a look to see what are the prospects if I’m going to move to a place, could I actually find a job or could I start a business.

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JIM: Well I think we’ve created a lot of questions for people. Let’s take a short break and when we come back let’s talk about what people can do for themselves and what resources are available to help create the right fit of where they’re going to live in retirement, so please stay tuned.

5:34

BREAK

6:03

JIM: Welcome back as we continue to visit with Richard Eisenberg. He actually is the founder of the Best Places to Live in America that was originated in Money Magazine and you’ve had a lot of work on the subject as far as figuring out the best places to live. I know we’ve seen the list, best places to raise a family, best places to lives, best places to retire, best places to work at, and it all can be very confusing and I know when people get to retirement my experience has been it’s one heck of an adjustment because you go from having something to do every day to being on vacation every day and you go from having a paycheck to now I’ve got to live off of what’s left and a lot of people that is a heck of a transition and some people it takes a long time before they’re able to finally sleep at night and adjust to that new structure in their lives, so we talked about some of the challenges with a lot of the lists that we have out there, so let’s say we have someone that’s starting to think about when they’re going to retire, how they’re going to retire, where they’re going to retire. What would your advice be to help people find the right fit? What are some of the resources that might be available out there?

7:14

RICHARD: Let’s talk for a minute I guess just about where are you going to retire. I wrote an article for Next Avenue. It was called Best Places Lists: Who Can You Trust? I said there are really four questions that you should answer when you’re looking at other rankings because there are a lot of rankings out there. It’s pretty easy to do a search online and find lots of lists of best places to retire. I’m going to look at one of those lists, or some of them, I want to find out which places are they including in their rankings. In other words, what is the set of places that they’re looking at to begin with? Sometimes they only look at small communities, sometimes only large, sometimes metropolitan areas. What places do they leave out is another question. Some lists I found will not include more than a certain number of places in the same state or the same county and that’s fine if you understand it but it actually disqualifies some presently good places just because they happen to be in the same state. I also want people to look at what is the criteria and how is it weighted, so you want to see whether they are thinking of things that matter the same that you think of things that matter for choosing a place to live, and then finally what is not included because a lot of these rankings leave things out. I mentioned one ranking I saw left out the employment possibilities. Sometimes these rankings don’t do a great job of evaluating the quality of healthcare in an area because that’s a hard thing to quantify but yet it’s a very important factor and of course there are things that the rankings just can’t include, which are the prospects of living near relatives, near my children or my grandchildren, or a place that I grew up, so there are lots of things that are important to all of us that just can’t be done in a ranking.

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JIM: So really the starting point is you want to write a list of all the things that might be important to you, so it’s access to maybe healthcare, access to what the cost of living might be, what the climate is, all those different things, so if you have that list how do you quantify that and rank the different places? What research do you use?

8:59

RICHARD: What I would do is I would look at some of the lists and rankings online, but the first thing I would do before looking at which places are number one and which are on the bottom, is I would go to the methodology part and if they do this ranking well they should have a section that says here’s how we did it. This is the criteria that we use; this is the weighting we use, so that you know what’s going into it. I’ve also seen some of these rankings that don’t do that at all. They don’t tell you how they did it and then they just say here are some great places. If I found a ranking like that I would ignore it because if I can’t understand how they came up with the places I don’t know whether those places would be good places for me to live. Once I see the methodology I’ll say okay now I understand and if that methodology makes sense for me that’s great, then that’s a list that probably would be very useful for me. If it’s not, if they put too much weight on say weather or culture or whatever it might be, then I might say okay I’ll keep that in mind because that’s not what matters to me. Some of these rankings now also online allow people to do their own version and so at Money Magazine site and a few other sites you can put in the criteria that matter to you. I really recommend people do that because that way you can come up with your own ranking using the data that these other places have already collected, but you put it in the format that matters to you.

10:09

JIM: As you’re talking, I’m thinking about a buddy of mine that lives in Southern California and I had reached out to him. We were having a conversation. It was in the middle of winter and obviously it was quite chilly in my part of the country and he was talking about how beautiful it was and he said yeah Jim you should come down to Southern California. He says it’s beautiful, you can spend the time at the beach and he says I only live a block from the beach and I said well what are your property taxes. He has the same size house as I have and his property taxes were close to $40,000 a year. What I save on property taxes; he only lived a block from the beach in Southern California so that’s a premium, I said you know with what I save on property taxes, I’m three hours away from many beaches that have beautiful weather. All’s I got to do is hop on a private jet with the money I’m saving and I can be there. I asked him, I said when’s the last time you were at the beach that’s a block away and he’s too busy trying to pay his property taxes he doesn’t have time to go the beach. What you’re saying is so important you really have to take the time to think about it and I want to kind of switch gears a little bit because I don’t know if it’s me getting older that I’m hearing this more often or if it’s a really buzz that’s been created and that is retiring abroad. I’ve seen ads. I know friends that have built homes in other countries that they plan on retiring at and they talk about how the cost of living is so much cheaper, but for me it kind of scares me what kind of security would I have, what kind of healthcare would I have. What have you found about retiring abroad? Is that a viable alternative for people?

11:42

RICHARD: Well it can be for some people. It could be much less expensive in many parts of the world than it is here, not everywhere, but certainly lots of places in Central and South America are less expensive than in many parts of the United States, but then there are many parts in Europe that are just as expensive or more expensive than here. Two rankings that I’ve seen that I think are worth looking at, one is called the Live and Invest Overseas website and what they have is what they call the retire overseas index and then there’s another one called Internationalliving.com and they also do a ranking. Each of them once a year come out with a list of the best places to retire around the world, but here again you really want to know how they’ve chosen which places to even look at and I just wrote a piece recently about the retire overseas index list called the World’s Best Places to Retire and what interested me was not even so much the places that came out so well, I was surprised for example number one was a place in Portugal called The Algarve, but what surprised me was that they did not include any places like Costa Rica or Australia or New Zealand or Uruguay and I asked them about that and they said well we didn’t include Australia or New Zealand because they’re too expensive and they are too far from the United States for a lot of people. They didn’t include Costa Rica because the cost of living has been going up lately and Uruguay they felt was too expensive, so those may all be fine in criteria but people might be surprised that those places weren’t even looked at so they won’t even include it in their list.

12:58

JIM: I don’t know if you know anything about this but I happened to go on a trip to Nicaragua recently and man it seemed like the whole country was built around trying to track people to retire down there and vacation down there and I know Nicaragua 10 years ago you didn’t want to go there, but they’re making a very conscientious effort to get on those lists. What have you heard about Nicaragua?

13:19

RICHARD: The folks at International Living have been big fans of Nicaragua. It’s been in their top five places to live in the past few years, so it has improved. It’s certainly not the place it was before and it’s an inexpensive place to live. That said, Nicaragua did not show up at all in the top ten or the retire overseas list that just came out, so everybody has a different way of looking at these things. I might mention that the live and invest overseas people have a conference coming up in Orlando, Florida September 13 to 16 and I mentioned that only in case there’s anybody in your audience who is thinking about possibly retiring overseas but would love to learn a little bit more about it and that might be a place to spend a day or a couple days to learn a little bit about what is it like to live overseas and have someplace to compare versus the others.

14:00

JIM: So if someone is interested in attending that or finding out more about that where would they go?

14:04

RICHARD: You go to the website for live and invest overseas. It’s just called liveandinvestoverseas.com.

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JIM: Alright, well Richard I really appreciate you taking the time. You’ve really given some food for thought. I know a lot of times I have clients come to me and they’ve read one of these articles and it’s almost like it’s gospel; it’s reasonable to live, and then we start going through what’s the criteria and I think what you shared today is so important. I think some of these things are a good way of starting to filter down to kind of focus in on where you really want to look, but I think you’ve got to do your homework. You’ve got to make sure that you’ve taken the time to figure out what’s all important to you from what you need to have, what you want to avoid, and then using these lists as a resource guide to kind of narrow in your focus and what you want to do the research on. The grass is always greener on the other side of the fence and sometimes there’s no place like home, so you really want to think this out because getting up and moving overseas or moving 1000 or 2000 miles away; one thing I found, which you talked about earlier in the program, getting away from family is okay if it’s a two week vacation but when you relocate many people end up struggling with that because their mindset is this will be a cool place to go to, but when you’re there 24/7/365 it presents sometimes more challenges. Thank you for your time.

15:24

RICHARD: Thank you so much Jim.

15:26

JIM: Thanks for joining us this week and tune in again next week as we explore another phase of the Real Wealth process, and remember if anything you heard in today’s show you’d like to get more information about, contact your Real Wealth Advisor. Also, if you feel that any of this information would be helpful to a friend or family member, just click the forward to a friend button.