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How to Tell If You Should Move in Retirement

Relocating could reduce your retirement costs, but it creates the burden of forming a new social network.

By **Emily Brandon**, Senior Editor Sept. 12, 2016



Moving may work in your favor financially, but consider the social implications. (GETTY IMAGES)

MOVING INTO A less expensive home in retirement can be an opportunity to improve your retirement finances. You may also be able to move closer to good health care facilities you desire most. But moving to a new

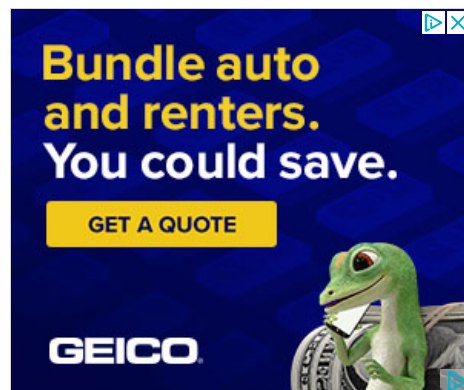
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town can also create problems because you need to re-establish a support system of friends, neighbors and services. Here's a look at some of the reasons you might want to consider moving to a new place in retirement.

[See: [50 Affordable Places to Buy a Retirement Home in 2016.](#)]

You live in an expensive city. If you live in a [high-cost city](#) near your job, relocating to a town with significantly lower housing costs could allow you to [improve your retirement savings](#) and perhaps even retire sooner. For example, if you sell your current home for \$300,000, purchase a new house for \$150,000, and pay \$25,000 for moving and transaction costs, you could add \$125,000 to your nest egg. If your new state has a lower overall cost of living or tax rate, you may also be able to reduce your ongoing living expenses. But be careful when moving to [save on taxes](#). "If you live in a state that has a high tax rate and you are thinking of moving to a state with no income tax, they have to make up that money somewhere," says Tyler Gray, a certified financial planner and founder of SageOak Financial in Tulsa, Oklahoma. "Something like sales tax or property tax might be higher, so you may not save that much net."

You have more space than you need. Most retirees no longer need a large home once their children have become independent adults. "You can downsize and stay right where you are," says Daniel Leonard, a certified financial planner and founder of Marathon Retirement Planning in Danville, California. "You could have a five-bedroom house and downsize into a two-bedroom condo."



You want to reduce your insurance and maintenance costs. A smaller home often lowers your ongoing bills for property taxes and insurance. You will also have fewer rooms to heat, cool and maintain. "Your utilities and general living expenses are highly dependent on where you live," Gray says. "Compare the costs of living between where you are thinking about living and where you live now."

[See: [10 Ways to Reduce Your Housing Costs in Retirement.](#)]

You don't live near friends or family. Moving near your children or grandchildren can enrich your retirement years, and they can be an important source of support when you need it. "That doesn't necessarily mean you have to live in the backyard in a granny flat," says Mildred Warner, a professor of city and regional planning at Cornell University. "Look for a place where you're living near them, so when you need them they are there for you, but on an everyday basis you can be as independent as possible."

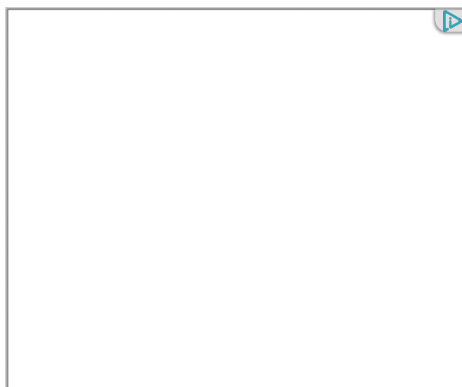
If you already live among a network of family and friends, moving to a place where you don't know anyone can create [challenges in retirement](#). "You need to figure out where you are going to do your grocery shopping and where you are going to go to the doctor," Leonard says. "You don't have work to give you structure and a place to be and a social life."

Your house won't easily accommodate aging. Some homes can be modified to make them safer and more comfortable for aging residents, but in other cases a move to a home that is easier to maintain becomes necessary. "You are also likely to want to become a renter rather than an owner so that someone else has the responsibility of home maintenance," Warner says. "At some point you may give up your car, so you want to be in a community that has transportation options."

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[See: [10 Retirement Hot Spots in the U.S.](#)]

You're interested in a new retirement lifestyle. Whether your retirement plans include daily golf games, strolls by the water or simply never shoveling snow again, a move might be necessary to [pursue your desired hobbies.](#) "Most people, when they retire, are going to try to be closer to family and better medical care and some kind of lifestyle choice," Leonard says. "If you are not 100 percent sure, go rent a place for a summer or a season, and make sure you really want to be there."

Emily Brandon is the author of "Pensionless: The 10-Step Solution for a Stress-Free Retirement."

Emily Brandon, Senior Editor

Emily Brandon is the senior editor for retirement at U.S. News & World Report. She has been ... [READ MORE »](#)

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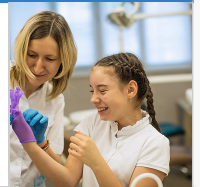
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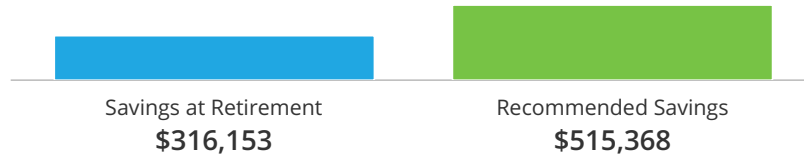
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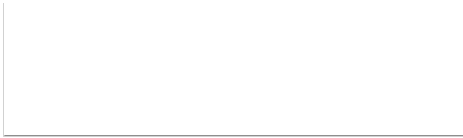
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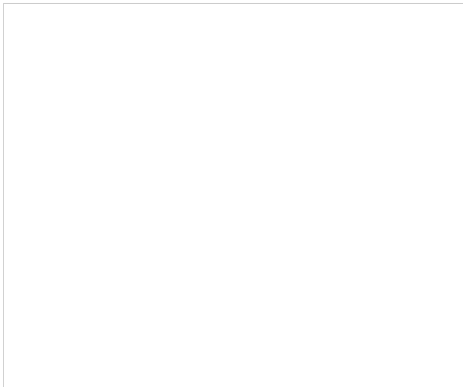
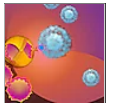
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