

THE JKA REPORT

AN INVESTMENT NEWSLETTER FOR CLIENTS & PROSPECTS



Where should you retire?

Hint: It's about more than the weather and scenery.

Dreaming of a sunny retirement? Or one with a mountain view? Where you retire depends on more than the weather and the scenery. Different states have different tax considerations - and taxes can have a major effect on the quality of your retirement. Among other financial factors, local taxes should be considered as you decide where you'll spend the next chapter of your life.

Tax Considerations

One way to cut your tax bill is by moving to a state that doesn't have an income tax. There are **eight U.S. states that do not have a retirement income tax: Alaska, Florida, Iowa, Nevada, South Dakota, Tennessee, Texas, and Wyoming.** Washington state taxes investment income and capital gains, but only for certain high earners, and New Hampshire taxes investment and interest income but is phasing out those taxes.

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“People will forget what you said,
people will forget what you did,
but people will never forget
how you made them feel.”

- Maya Angelou

“In the end, it's not the
years in your life that count.
It's the life in your years.”

- Abraham Lincoln

“Kindness is the language which the deaf can hear
and the blind can see.”

-Mark Twain

Sources: investopedia.com; pods.com; finance.yahoo.com; wallethub.com; visionretirement.com. Chart is for illustrative purposes only. The interest rates represented may not be indicative of current available rates. Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional. The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee that it is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation. Any opinions are those of Jerry K. Ask and not necessarily those of Raymond James.

Keep in mind that wherever state taxes are lower or absent, state-funded programs may be similarly lacking. If you expect you may one day depend on certain government-supported services, you may find a state with higher taxes a smarter move in the long term.

Avoiding destinations with a state income tax isn't a surefire way to minimize your tax burden. WalletHub conducts an annual analysis of the total tax burden by state, measuring the proportion of total personal income that residents' pay toward state and local taxes - including state income taxes, property taxes and sales and excise taxes. There are a few additional states on WalletHub's list that keep their tax burden low, even while taxing residents income. According to WalletHub, the 10 states with the lowest overall tax burden, lowest to highest, are Alaska, Delaware, New Hampshire, Tennessee, Florida, Wyoming, South Dakota, Montana, Missouri and Oklahoma.

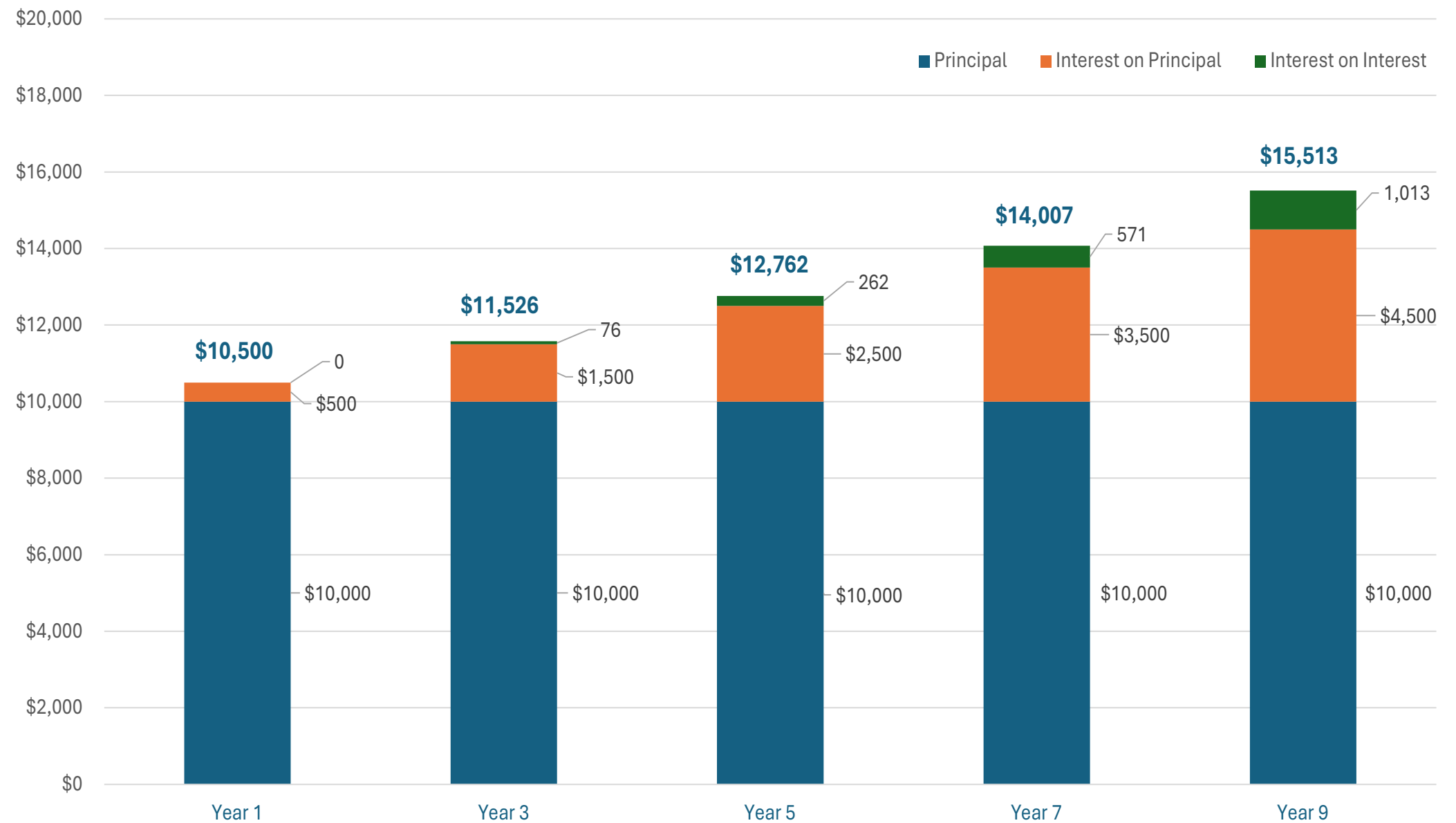
Other Financial Factors

A lower tax bill shouldn't be the only consideration when it comes to location-specific expenses in retirement. The biggest expense in retirement is housing cost, which fluctuates drastically by location. Even if you've paid off your mortgage, other homeowners' expenses like property taxes, insurance, maintenance and repair costs are higher in some regions and cities than others. Moving where housing costs are low - even if taxes are high - can help your overall budget significantly.

If you plan on working in retirement, you'll want to take note of the second-act career opportunities in some areas. (Of course, with remote working becoming widely available, job location is not as important as it used to be.)

As you earn interest, that interest can earn interest

Earn interest on interest



Proof points:

- Consider \$10,000 put into a savings account paying 5%. After one year, it would grow to \$10,500.
- After three years, it would be \$11,526.25 because of the earned interest on the initial \$10,000, but also on the \$1,000 in interest from the last two years.

Also important is the accessibility of quality affordable healthcare where you plan to retire - healthcare ranks third on the list of biggest expenses in retirement and may be the most important consideration as you age.

While warm weather and a gorgeous view are the makings of an ideal retirement, don't overlook taxes and other location-specific financial factors. Considering these may ultimately lead to a higher-quality retirement.