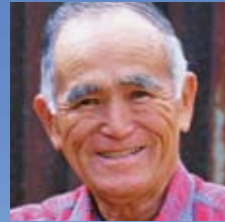


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Attract

Why Attract Retirees to Your Community?



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A new industry, the attraction of affluent retirees to a community, has started to grow in America today. Still in its infancy, this industry already yearly generates billions of dollars in sales of such things as

- Entertainment
- Financial Services
- Health Care
- Real Estate
- Utilities
- Continuing Education

An industry once conered by three states, it has now crossed traditional borders, spreading throughout the Sunbelt and beyond. It is responsible for a massive redistribution of wealth and income. Poised on the brink of an explosion in size, this industry is expected to create new towns, stem and reverse the population declines in many rural counties and communities, and add to the economic woes of major metropolitan areas that are losing their best citizens.

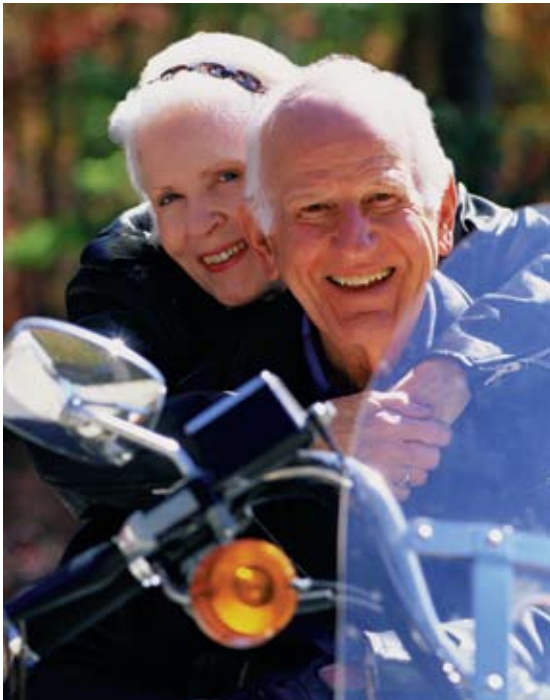
Retirement Market— An Overview

In 1995, the average retirement age of Americans fell to 60.8 years. This drop is projected to continue, falling to age 59 by the year 2005. Today, 69 million Americans are over the age of 50, the 50+ market is the fastest growing market sector in the United States, and the first of the baby boomers began turning age 50 in 1996. In fact, it is estimated that 12,000 baby boomers turn 50 each day. The result is a large number of younger retirees with a high amount of disposable income.

Economic Impact of Attracting Retirees

The 50+ market is not only the fastest growing market sector but is also the wealthiest market sector in the country. Before retirement, members of this market saw their incomes grow at the fastest rate in America's history. This market currently controls half of the country's discretionary income.

According to Dr. Mark Fagan, professor in the Department of Sociology and Social Work at Alabama's Jacksonville State University, members of this 50+ market





- Have 77 percent of the country's personal financial assets
- Have 80 percent of the country's savings account deposits
- Have 68 percent of all money market accounts
- Own 50 percent of all corporate stocks
- Purchase 48 percent of all new domestic automobiles
- Own their own homes (77 percent), which, in most cases, are worth 20 percent more than the national average
- Have median family incomes of more than \$33,000

Retirees relocate to areas with amenities that provide them with the comfortable lifestyle they desire for their retirement. Their steady incomes are not vulnerable to cyclic economic activity and are used primarily for discretionary spending. The impact of this discretionary spending usually occurs at the local level, leading to increased economic development and job creation in the community of relocation.

As communities understand the net benefits of retiree attraction, more are beginning to recruit these affluent retirees, who bring many benefits to their communities:

- Increase in the retail and property tax base
- Increase in the number of positive taxpayers (As a group, retirees pay more in taxes than they cost in government services.)
- Increase in a community's bank deposit base (This wealth can then be used for commercial and industrial financing.)
- Increase in retail sales
- Increase in local expertise in a variety of ways
- Increase in the number of volunteers and contributors in churches and local philanthropic and service organizations

Affluent retirees also do not pollute or destroy the environment and do not place added strain on schools, social services, criminal justice systems, or health care systems.

Retiree attraction has a strong upside as a source of economic development, adding to the existing mature market of a community and increasing the importance of that segment.



Disadvantages of Attracting Retirees

As with all other forms of economic development, retiree attraction has its disadvantages. The primary disadvantage may be the lack of support by retirees for increased taxes to support local schools. Some retirees may outlive their health coverage and place health care demands on the local community. Retirees will also bring their ideas on how things should be done in the local community, and current local residents may be resentful of these new ideas. However, with careful planning, most disadvantages can be minimized, and the advantages often far outdistance the disadvantages.

Retiree Attraction and Tourism

Tourism areas generally evolve into retirement areas, and the 50+ market has both the time and resources to travel. This link is seen in several factors:

- *Tourism and retirement industries* are especially suited for the infrastructures of those rural areas that are located within easy driving distance of a major city.



- *Tourism and retirement industries* can bring money to the rural areas that can positively influence further economic development.
- Job creation and retention have shown fast growth in rural areas because of *tourism and retirement industries*.
- Population and employment growth in rural areas with strong *tourism and retirement industries* has outdistanced the growth in those rural areas that depend on manufacturing, mining, and agriculture.

Potential Retirement Market

According to Hearst Communications, as many as 36 percent of mature adults move to a new residence or community following retirement. Of those retirees who move

- Twenty-two percent move to another house in their city, usually farther from the city center.
- Thirty percent move to another town in their state.
- Forty-eight percent move to another state.

These percentages show that more than 400,000 people annually move to another state upon retirement.

What Are Retirees Looking For?

Affluent retirees look for a combination of the following: favorable climate, good medical care, quality housing at reasonable prices, safe and quiet neighborhoods, lower cost of living, quality recreational attractions, interesting cultural attractions, and convenient shopping.

These amenities and features must be analyzed to establish the desirability of a potential retirement destination. David Savageau in his book *Retirement Places Rated* (4th Edition, 1995) establishes seven criteria for rating potential retirement locations: money matters, housing, climate, personal safety, services, work opportunities, and leisure activities.

These rating factors involve the following:

- *Money Matters*—Looks at typical personal income and taxes and also measures the costs for items such as food and health care.
- *Housing*—Looks at costs, including property taxes, utility bills, and average sales prices. Notes whether condominiums, mobile homes, and rental apartments are available.

- *Climate*—Reviews winter discomfort factors, such as wind chill, and rates summer discomfort factors, such as humidity and dampness. Psychological factors, such as cloudiness, darkness, and fog, also receive scrutiny.
- *Personal Safety*—Measures the annual rate of violent and property crimes in each place and considers the latest local five-year trends, whether up, down, or flat.
- *Services*—Evaluates the supply of health care, public transportation, and continuing education amenities in each place.
- *Work Opportunities*—Compares the local prospects for jobs in three basic industries most promising to older adults: finance, insurance, and real estate; retail trade; and services.
- *Leisure Activities*—Counts recreational and cultural assets, such as public golf courses, good restaurants, symphony orchestras, opera companies, lakes, national parks, and state recreation areas.



Savageau's highest ranking places are those that offer the best retirement living in the greatest number of categories, even though they may have been lacking in one area or another. According to Savageau, "It takes the average person five years to decide where to retire."

Retirement areas generally evolve from seasonal tourism areas. These places typically have the following

- A mild, four-season climate
- Good highways
- An image as a nice place to visit and to retire
- Literature about their retirement life
- Publicity as "retirement Edens"—places where one would love to visit and like to retire

These areas also tend to share the following characteristics:

- A low cost of living
- Low urbanization
- Quality housing at reasonable cost
- Good health care services
- Outdoor recreational attractions
- Adequate transportation services
- Quality cultural attractions

Based on these and other factors, the following process often occurs: retirees relocate to an area and begin to receive visitors. These visitors eventually begin their own retirement process and natural migration streams then develop from areas of origin for the retirees to the areas of destination.

Retirees consider all of these factors when contemplating relocation. Water and scenic beauty have been and continue to be strong attractions to potential retirees. Consideration for health care, public transportation, and the performing arts would seem to favor larger communities in the relocation decision, but the size of a particular community is not the most important factor. Consideration given to personal safety and cost of living favors smaller communities. The bottom line is that the proper mix of all seven of these factors will determine if a local community *has what it takes* to be a retirement destination.

The successful attraction of affluent retirees should not be viewed as an economic panacea for economic development. The successful retiree attraction program may benefit tourism and assist in positive economic development, but success is not automatic. It takes sound planning and hard work.

Local Retiree Attraction Program Development

As with other forms of economic development, such as industrial development and tourism, retiree attraction is not likely to happen by itself. To be successful, potential locations must engage in proper assessment, thoughtful planning, and coordination of efforts. A step-by-step process for community retiree attraction can be found in the Extension publication CRD-73, "Establishing a Retiree Attraction Program in Your Community." For this publication and additional information, contact the Alabama Cooperative Extension System, Publications Distribution, Auburn University, AL 36849, (334) 844-1592 or contact your county Extension agent.





Additional Helpful Publications

The following publications offer helpful information for establishing a community retiree attraction program.

- “Alabama’s Retirement Safe Haven.” Alabama Department of Revenue, Office of Taxpayer Advocacy, Room 4116 Gordon Persons Building, 50 North Ripley Street, P.O. Box 327001, Montgomery, AL 36132. (334) 242-1055
- “Marketing Your Community to Attract Retirees” CRD-74. Alabama Cooperative Extension System, Publications Distribution, Auburn University, AL 36849. (334) 844-1592
- “Retirement Development: A How-To Guide Book.” Mark Fagan (author). Center for Economic Development, Jacksonville State University, 700 Pelham Road North, Jacksonville, AL 36265. (256) 782-5324
- “Welcome to Alabama” CRD-70. Alabama Cooperative Extension System, Publications Distribution, Auburn University, AL 36849. (334) 844-1592

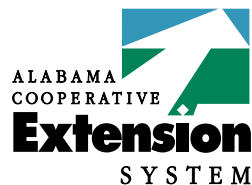
Acknowledgments

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Special acknowledgment is due to the *Welcome Home to West Virginia—Discover West Virginia Retirement! Community Training Manual*, which was the primary source of information for the development of this publication.

PowerPoint Presentation

A PowerPoint presentation is available as a companion to this publication. For more information contact David A. Otto at InfoCenter Alabama, Inc., 1123 Dearing Downs Drive, Helena, AL 35080-4019; (205) 620-5740; daotto@infocenter-alabama.com; or download the presentation from www.aces.edu/pubs/AttractingRetirees.pps.



Your Experts for Life

CRD-72

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For more information, call your county Extension office. Look in your telephone directory under your county’s name to find the number.

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