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10 Affordable Places to Retire

Boost your retirement prospects by picking a low-cost locale

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Most baby boomers don't have enough left in their 401(k) to kick back in Napa Valley or exit the mainland for Honolulu. Retirement dreams are being delayed and downsized. Even before the recession began, most Americans were behind on their [retirement savings](#). And, let's face it, baby boomers are unlikely to recoup their losses anytime soon.

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But there's a lot you can do to boost your retirement prospects by picking a low-cost locale. There are plenty of places where you can scale back your cost of living without reducing your quality of life. If you move to a city with a lower cost of housing than where you live now, it's a quick boost to your nest egg. In some cases, retirees can even get a better house for less money and reduce their tax bill, both of which will help your remaining retirement dollars stretch farther. "There's two factors that account for most of the difference in cost of living between two areas: housing and taxes, and housing more than taxes," says David Savageau, author of *Retirement Places Rated*. "You could flip a house in D.C. and go to Albuquerque or Iowa City and be better housed for one third the money and bank the rest and fund your retirement."

To find a few affordable retirement spots, we fired up our *U.S. News* best places to retire [search tool](#). We sought out places with a low cost of living, giving considerable weight to affordable housing. But far from being out in the boonies, these places also offer access to arts and culture, sports, healthcare, and other amenities that retirees want and need in a retirement location. Every spot on our list has a median home price below \$150,000, and many have important tax perks for retirees.

Retired hospital administrator Cynthia Nesson, 62, left behind a pricey suburb of Atlanta for a trendy loft with a private rooftop terrace offering up a view of Lookout Mountain in downtown [Chattanooga](#), Tenn. "This would have cost four times as much in Atlanta as it did here," she says. Since retiring four years ago, Nesson has formed a yarn co-op, and she sells the shawls and bags she creates. It helps that there's no [state income tax](#) in Tennessee. Dividends from [stocks](#) and interest from bonds and notes are taxed, but residents over age 65 bringing in less than \$16,200 annually from their portfolio (\$27,000 for couples) are exempt.

Florida also doesn't levy personal income, inheritance, or gift taxes. And the [sales tax rate](#) hovers at 6 percent. Real estate can be quite expensive in many parts of the state, though. Retirees with an eye on their bottom line might do well to pass over high-cost Orlando and give nearby [Cocoa](#), where the median home price is just \$121,250, a closer look. "If you can live a little further out, you are going to find some great bargains," says Bert Sperling, founder of [BestPlaces.net](#).

Multibillionaire Warren Buffett bought a five-bedroom stucco house in [Omaha](#) for \$31,500 in 1958. He still lives there. The median home price in Omaha has risen a bit since then—to \$113,044—but that's still an affordable price for most Americans. Plus, you won't have to travel far to attend the Berkshire Hathaway shareholders' meeting, known as "Woodstock for capitalists."

[See [6 Ways to Make Your Retirement Accounts Last Longer](#).]

College towns also generally offer a great value for the money. "You will be able to see live plays, hear world-famous performers of music, and get all kinds of things that only big, expensive cities would normally support, and you can get them in a much less expensive place in a college town," says Andrew Schiller, founder and CEO of [NeighborhoodScout.com](#). Seniors get a discount on tickets to Carnegie Mellon School of Music concerts in [Pittsburgh](#), for example, and some shows are even free. State residents age 60 and older can even audit classes free at both the University of Wisconsin-[Eau Claire](#) and Binghamton University in New York. "We have a performing arts center, and they put on operas, and we go to games at the university and to the theater department. They have a good symphony orchestra," says Cornelius Lorden, 77, a retired high school principal, about [Binghamton](#), N.Y. He and his wife, Eleanor, 73, a retired nurse, have considered moving to pricey White Plains, N.Y., to be closer to their son and daughter-in-law, but the low cost of living, coupled with a great quality of life, is keeping them upstate. To boost their pension and Social Security income, the couple recently downsized from a house to a condo.

"We sold our house for double the amount we paid for the condo," says Cornelius.

[See [The Class Goes Gray.](#)]

Sports fans will be drawn to the Division I sports at the University of Notre Dame. Admirers of the Fighting Irish have a block party in downtown [South Bend](#), Ind., every Friday evening before a home football game. Ray McFadden, 88, a retired Dow Chemical Co. manager and his wife, Marion, 85, recently moved from Arizona to Holy Cross Village at Notre Dame, a retirement community affiliated with the university. "We are within walking distance of three colleges: Notre Dame, Holy Cross College, and St. Mary's," he says. "The activity level here is almost more than one person can handle at a time." Affordable housing is just an extra perk. The median South Bend home price, \$81,396, will give you plenty left over to spend on hot dogs.

Yet, many baby boomers will not be able to give up working entirely. "People are living longer in retirement, and you may need to live in a location where you might be able to pick up some employment, should you need it," says Schiller. But work can be difficult to find, unless you live in [San Antonio](#)—one of just three large areas in the United States that saw significant gains in employment in the past year. And with a median home price of just \$142,310 and no state income tax in Texas, your nest egg will stretch even farther.

[See [3 Industries Currently Hiring Older Workers.](#)]

Affordable transportation should also be an important consideration, especially if you can't or don't want to drive. Downsizing from two cars to one or even going automobile free can boost your budget if there are other ways to get around town. Senior citizens age 65 and over in Pittsburgh can ride Port Authority buses and trains for free at all times if they have a Commonwealth of Pennsylvania Senior Citizen Identification card or a Medicare card. And [Montgomery](#), Ala., seniors who need to can take a cab to medical appointments or the nearest pharmacy for just \$3 each way, and the Montgomery Area Council on Aging funds the remaining fare. But while housing, taxes, and transportation costs are important, a variety of other factors should be weighed before you move. Consider the quality of healthcare available, proximity to grandchildren, access to an airport if you plan to travel, and even the weather, before you move.

Many of the most exciting activities, of course, cost barely anything at all. Be on the lookout for low-cost and free things to do, like learning about comets, quasars, black holes at the Goddard

Planetarium or hiking through the Bitter Lake National Wildlife Refuge in [Roswell](#), N.M. And don't forget to ask for a senior discount. One of 67-year-old Jan Clarkowski's favorite things to do in Eau Claire, Wis., is go out for a simple drive with her husband, Richard. He drives his antique Harley, and she rides in the sidecar.

Here are 10 great affordable places to retire.

- [Binghamton, N.Y.](#)
- [Chattanooga, Tenn.](#)
- [Cocoa, Fla.](#)
- [Eau Claire, Wis.](#)
- [Montgomery, Ala.](#)
- [Omaha](#)
- [Pittsburgh](#)
- [Roswell, N.M.](#)
- [San Antonio](#)
- [South Bend, Ind.](#)

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