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They Find Charm In The South

By MARILYN ALVA

While waiting in a California emergency room a few years ago as his wife was being treated for an angina attack, Alan Barber, 62, read a magazine article about retiring to Mississippi.

The article featured several cities in the Magnolia State certified as retirement havens, including charming Oxford, home to the University of Mississippi.

Within two months, the couple had sold their condo in Anaheim and moved into a four-bedroom home on an acre lot a couple of miles from Oxford's town square. They hired someone to care for the lawn, leaving Nancy, 68, free to tend to her peonies and camellias.

"We are happy, happy, happy," she said. "We probably added years to our life."

She certainly doesn't miss the stress of her job as a human resources director or the hour-and-a-half drive in traffic to her L.A. office.

"We went back to California for a visit and marveled how we put up with it," she said. "You get on Highway 6 here and you hardly see any cars except when the university lets out or the hospital changes shifts."

For aging Americans looking for a place to live out their golden years, this isn't their grandparents' retirement, or even their parents'.

Baby boomers — the first wave starting to pass the 60 mark — are looking at a mix of options, from college towns to big cities.

Where they go is anyone's guess, but it's a good bet that Florida and Arizona don't dominate the map.

Property taxes and insurance costs have soared in Florida; the hurricanes have gotten fiercer.

Traffic congestion and air pollution plague Phoenix.

Florida Sunset

Last year, 37% fewer people moved to Florida than in 2006, the slowest pace of growth in 10 years. A Miami Herald editorial in January said the word has gotten out that Florida is not the paradise of yore.

Mississippi's state-run Retiree Attraction Program gets many inquiries from Floridians looking to get out, says Christy Knapp, RAP's director. They're fed up with the congestion and hurricane evacuations.

The options — where to go, how to live — are as full as boomer luggage.

"There are so many (baby boomers) — 78 million — that there's going to be a lot of everything," said Elinor Ginzler, senior vice president of livable communities at AARP, the lobbying and research giant for the over-50 set.

"Some will move to active adult communities. Some will move to an urban environment to enjoy the culture. Some people will downsize. Some people will buy bigger."

Almost 90% of 50-and-older people polled by AARP say they want to stay in their current home as long as possible.

Even if that many stay put, 10% of 78 million baby boomers who would move is still "a significant number," Ginzler said.

The Barbers are luckier than a lot of older Americans looking at options.

They sold their condo for \$550,000 a year before the Southern California real estate market tanked. The couple paid less than \$200,000 for their spacious home in Oxford.

The housing slump is putting a crimp in the plans of today's would-be mobile seniors.

To sell or not to sell is the big question, and there's no easy answer. Homes prices have seen the sharpest drops in 20 years. Fourth-quarter prices were down a record 8.9% vs. the same time in 2006, according to the S&P/Case-Shiller U.S. National Home Price Index.

Should you wait to sell until prices go back up?

Then again, home-price crashes in Florida, Arizona and Nevada might be good buys.

But who wants to buy condos for a song in half-empty buildings in the "foreclosure district" of hard-hit Miami Beach?

So asks Barbara Kleger, president of 55-Plus Consulting in Philadelphia. "They're scary," she said.

Demographer William Frey, senior fellow at the Brookings Institution, believes many older Americans will "hold onto their cards."

"They want to get top dollar for their existing house, and this isn't the time to do it. So my guess is that there will be a little more 'aging in place' until the market picks up," he wrote in an e-mail to IBD.

He added: "It's a matter of the seller's psychology, I guess. Some will see it as an opportunity."

There's a downside to staying put. For those who don't sell their homes, "downward reappraisal will erode the equity that would otherwise have supported reverse mortgages or home equity loans," professors Dowell Myers and SungHo Ryu of the University of Southern California wrote in a study.

Experts say boomers approaching their retirement years have higher housing debt than did their parents, who often owned their home outright by the time they retired.

Unlike their parents, who typically lived for decades in the same house, boomers moved more frequently and didn't hesitate to refinance.

"I would argue that we (boomers) might not have as much housing wealth, and not necessarily because of the housing slump," Ginzler said.

Indeed, the Federal Reserve recently said the percentage of equity in Americans' homes fell below 50% last year for the first time on record since 1945.

Bargain Hunting

Boomers can get around the dilemma by moving to a cheaper place to stretch their dollars, says Fred Brock, author of "Retire on Less Than You Think."

"It's already happening," he said. "They are calling it a lifestyle change, but it also suits their financial situation."

That certainly is the case with the Barbers. Their less-stressful life in Oxford comes with financial perks, too. Transportation costs, mortgage payments and property taxes are much lower than they were in Southern California.

"When one partner reaches 65 (in Mississippi), they cut your property tax in half," Nancy Barber said.

Because Nancy turned 65 the year after she and her husband moved to Oxford, the couple pay just \$1,400 a year in property taxes on their four-bedroom home on an acre of land.

"That's a nice benefit," she said.



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