"Rational Decision About Where To Retire"

By Tommy Williams, CFP®

And the survey said...

In late 2016, *Natixis Global* surveyed 500 institutional decision makers representing corporate pension plans, public pension plans, sovereign wealth funds, insurance companies, foundations, and endowments. Survey participants said market volatility, geopolitics, and interest rates were their top risk concerns for 2017.


Tommy Williams

So far, U.S. stock markets haven't proven to be very volatile, but geopolitics caused some disruption this month. *Barron's* reported:

"Stocks fell 1 percent…[early this month]…in quiet trading, with many market participants out for religious observances. Worries about the war in Syria, North Korean saber-rattling, and the coming French elections had investors reining in riskier positions and heading for safe havens.

Real estate, utilities, and consumer-staples stocks were the only sectors that rose…[mid-month]. Financials – and banks in particular – fell, despite strong earnings reports from the industry's big kahunas."

While stocks struggled a bit mid-month, investors' flight to safety ultimately caused Treasury bonds to rally. *Reuters* reported the interest rate on 10-year Treasury notes fell 14 basis points. That's the biggest weekly decline since January 2016. (There is an inverse relationship between bond interest rates and bond prices. When interest rates fall, bond prices rise, and vice-versa.)

Are you relieved Tax Day is in the rearview mirror? Some of you may be anxious to find new ways to make next years' Tax Day a little less gut-wrenching, and one way may even appeal to the adventurer in you. If you're retired, or (hopefully, with any luck) soon-to-be, perhaps you might consider the advantages of moving to a tax-friendly state. *USA Today* recently reported:

"…the most tax-friendly state for you and your household will depend on your sources of income and how states tax that income, be it Social Security, earned income, a traditional defined benefit pension plan, income from assets in IRAs, Roth IRAs and taxable investment accounts, or some other type of income. What's more, you'll have to determine how state and local sales tax (especially if plan on being a big spender in retirement), state and local property taxes (some state and local governments offer exemptions), and state

estate taxes affect your family finances as well. [First,] Start with your sources of income. Determine what percent will come from Social Security, earnings, assets, and a pension. Once you know that, you can screen in or out certain states based on your personal facts and circumstances. At present, earned income represents 32.2% of total income for the average Social Security beneficiary; pensions, 20.9%; Social Security, 33.2%; and income from assets, 9.7%. At the extremes, however, shares of income from each source differ greatly by income level."

So, if you're the adventurous type, which state should you consider moving to? *USA Today* reports:

"If you plan to work in retirement consider moving to a state that doesn't tax individual income – retirement or otherwise. At present, there are seven states that fit the bill: Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming. Of course, before you load up the truck and move to one of these seven states, calculate your overall tax burden as well as your sales tax or property tax rates, as well. For some, the amount paid in property taxes might offset the savings from not having to pay taxes on individual income."

Of course, it is incumbent on me to report this "valuable" information to you so that you might explore meaningful facts to make rational decisions. Once you've done that, I'd suggest checking out the closest place to your grandkids. That's probably where you want to be – and you can go ahead and inform your children how you plan to spend their inheritance.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly. The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful. This material was prepared in part by Peak Advisor Alliance.

Visit us at www.williamsfa.com. Tommy Williams is a CERTIFIED FINANCIAL PLANNER™ Professional with Williams Financial Advisors, LLC. Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through RFG Advisory Group, a registered investment advisor. RFG Advisory Group, Williams Financial Advisors, LLC, and Peak Advisor Alliance are separate entities from LPL Financial. Branch office is located at 6425 Youree Drive, Suite 180, Shreveport, LA 71105.