



The New Best Places to Retire

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All the charm of Asheville, but with cheaper housing. The recreation of Boulder, without the income tax. The sunshine of Sedona, with a lower cost of living. With today's would-be retirees as concerned about whether they'll get to retire as they are about where, the best cities and towns for retirees now have a much higher bar to clear: They can't just be great places -- they have to be affordable.

That leaves most of the old standbys off the list. As boomers have gotten older, they've flocked to places like Sarasota, Fla., Pinehurst, N.C., and Eugene, Ore., driving up prices along the way. Two decades ago, Asheville was a tiny, affordable North Carolina town; in the last two decades, since the North Carolina Center for Creative Retirement was established, the population's grown 24%, and the cost of living is now higher than the national average, according the Council for Community and Economic Research. But the real story is in the meteoric rise of real estate prices in retiree-friendly markets: Despite the national housing collapse, prices in Boulder, Colo., have risen 10% in the last four years, according to Zillow.com, while other cities, like Madison, Wis., have suffered very small declines. As a result, many of those spots are prohibitively expensive, even after prices have fallen.

Meanwhile, nest eggs have shrunk, and retiree incomes are stagnating. Social Security benefits didn't rise in 2010, nor will they in 2011. Benchmark Treasury bond yields are at their lowest since January 2009, and certificates of deposit are earning almost nothing -- at 0.55% interest, a one-year \$10,000 CD would earn just \$55. Forget what the Social Security Administration says: For anyone looking to make their savings last, cost of living does matter.

But that doesn't mean a beautiful mountain town or a great university community is off limits. Looking for all the advantages of the conventional best places with half the costs, SmartMoney.com found doppelgangers -- the more affordable twins to some of America's previous chart-toppers. They've got a similar culture, climate and suite of amenities, as well as comparable medical, educational and travel offerings. But as of today, they're less well-known, less crowded, and less expensive places to live.



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Prescott, Ariz.

With its dramatic red rock cliffs and canyon rivers, Sedona is by all accounts lovely -- one reason more than 400,000 tourists descend on the town every year. But for Cathy Severson, 58, everything that made Sedona a great place to visit also made it a poor choice to settle when she was looking to leave California: It was too expensive and, with 11,600 year-round residents, too small. "And there's always a huge influx of tourists and just one main road," Severson says.

Prescott, on the other hand, just 63 miles southwest, shares Sedona's mild climate, ample opportunities for recreation, and jaw-dropping scenery. But further from Flagstaff, and still quite a ways from Phoenix, Prescott doesn't get the tourists -- or the prices. The cost of living is about 10% lower than it is in Sedona. (Residents in both places pay low state income and local property taxes.) And there's a vast difference in home prices: According to Trulia.com, a two-bedroom in Sedona has an average list price of \$396,064, compared to \$210,286 in Prescott.

While Sedona is known for its galleries and museums, Prescott is no wasteland. The capital of Arizona in the late 19th century, hundreds of the town's buildings are on the National Register of Historic Places, and local museums exhibit permanent collections of Southwestern art, pottery and jewelry, and American Western art. The nearby Yavapai Regional Medical Center, recently added a heart center, headed by highly-rated cardiac surgeon Pierre Tibi, a founding partner of Phoenix Cardiac Surgery.



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Bloomington, Ind.

University town? Check. Award-winning hospital? Check. Galleries, theater, music? Check, check, check. As medium-sized, midwestern college towns, Madison and Bloomington both have many of the amenities of bigger cities, plus discounted university classes for seniors, and big-time college sports.

Here's the big difference: Bloomington is still affordable. Home prices in Madison are about \$20,000 above the national average, according to Zillow.com. In Bloomington, they're about \$80,000 lower. For a retiree-coveted two-bedroom home, you'll save big in Bloomington: The average list price for this type of home is \$125,386 vs. \$207,175 in Madison, according to Trulia.com. The taxes are lower, too. Wisconsin has the 9th highest overall tax burden (10.2%) in the nation, according to the Tax Foundation, a nonpartisan taxpayer education organization. Indiana ranks 28th.

With all that savings, retirees can take advantage of Indiana University, which offers more than 100 non-credit classes through its "Mini University" each year, and its award-winning Jacobs School of Music hosts more than 1,000 performances, including seven fully-staged operas. Bloomington also has an award-winning hospital -- the Commission on Cancer gave Bloomington Hospital the 2007 outstanding achievement award for its cancer programs. Oh, and it's warmer: About 375 miles south, Bloomington is an average of 20 degrees warmer than Madison in the winter.



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Carson City, Nev.

Looking for a sunny, dry climate, all the skiing and hiking you can handle, and a full suite of urban amenities? That's what's driven retirees to Boulder, Colo., where the population over age 65 grew an estimated 7% from 2008 to 2009. But with the average home price at \$433,000 -- double the national average -- it's a hard sell for anyone whose retirement savings has taken a beating in the last few years.

About 1,000 miles due west, on the edge of Lake Tahoe, Carson City, Nev., is an attractive -- and economical -- alternative. Where Boulder has the Rockies, Carson City has the Sierra Nevadas, at a small fraction of the price. Meanwhile, average home prices are more than 50% cheaper in Carson City, and there's no state income tax.

Don't be deterred by the nightlife persona of Reno, just a 30 minute drive away. The city also has plenty to offer in the way of art and cultural museums, including the award-winning Nevada Art Museum and National Automobile Museum. And you'll be able to enjoy more of those activities because Nevada has no state income tax and property taxes inÂ Carson CityÂ are nearly half what they are in Boulder.



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Auburn, Ala.

For golfers of any age, Pinehurst is a destination: Home to one of the best and most prestigious golf courses in the country, hundreds of duffers drive the 75 miles from Raleigh-Durham to play there every year. But with income taxes at 7.5% -- and greens fees over \$300 -- that doesn't mean it's a great place to retire.

Enter Auburn. It also offers great golfing opportunities -- Golf Digest ranked it the best golf city in America in 2005 -- as well as a quaint downtown and nice weather. But situated in the foothills of the Appalachian Mountains, the average two-bedroom home in Auburn boasts a list price that's more than \$40,000 cheaper than a comparable home in Pinehurst (\$170,288 vs. \$211,500, according to Trulia.com), and the taxes you pay on that retirement haven will be 50% lower than those in Pinehurst.

To be sure, the town that bleeds Tiger orange and blue is more raucous than sleepy Pinehurst. But that big university also hosts the Osher Lifelong Learning Institute, which caters to retirees -- no finals, no grades, no spitballs -- just small classes taught by university professors. There's plenty of art and theater associated with the town and the university, but for golfers, the game is the thing: Green fees at the Auburn University Club, where the perennially strong Tigers practice, are just \$75.



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San Luis Obispo, Calif.

From its adobe Spanish architecture to the picturesque mountain backdrop, Santa Barbara is both charming and breathtaking. But with a median home value of \$771,000, it's also breathtakingly expensive.

Not that San Luis Obispo is cheap, by national standards, but for a coastal California town, it's a fair alternative. Here, a two-bedroom home typically costs around \$355,000 -- about \$180,000 less than what you'd pay 100 miles south in Santa Barbara, according to Trulia.com. But like Santa Barbara, it's got gorgeous weather, 18th century Spanish architecture and a university. It also has a distinct civic personality -- it was one of the first towns to ban smoking, and the town prohibits drive-through restaurants within its limits, according to the local Chamber of Commerce. And while that might not sit well with everyone, the town is also located in the one of the fastest-growing wine regions in the country, which can help take the edge off.