

RETIREMENT IN SOUTH CAROLINA

AN ANALYSIS OF THE GROWTH OF SOUTH CAROLINA'S RETIREE POPULATION

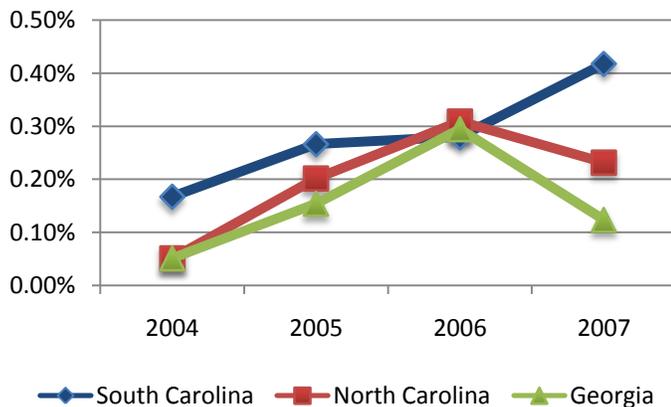
South Carolina Department of Commerce

Introduction

Thanks to its high quality of life and low cost of living, South Carolina has enjoyed extraordinary growth in retiree population over the last several years. The charts below show that between 2004 and 2007, the population of the state has increased nearly 50,000 people due to in-migration of citizens over 50 years old. Compared to its neighboring states, South Carolina has attracted a larger number of older migrants as a percent of total state population.

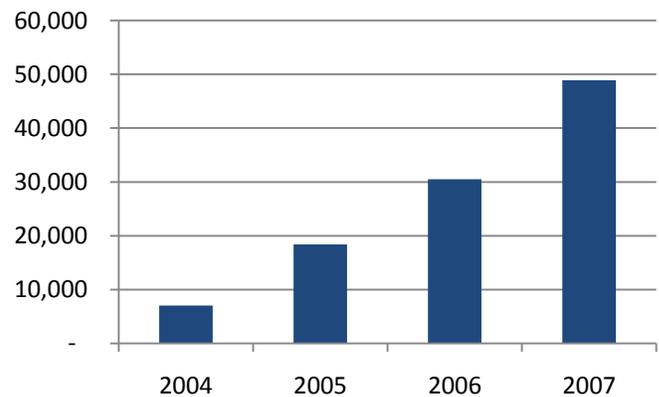
Net Migration of those 50+ Years Old as a Percent of Total State Population

Source: Population Estimates and Migration Data from US Census Bureau



Cumulative Net Migration of those 50+ Years Old to South Carolina

Source: US Census Bureau, American Community Survey



South Carolina and many cities within the state have been highlighted as popular destinations for retirees. In fact, the state has been recently recognized in the following rankings:

- *Money Magazine* recently ranked Columbia as one of the 25 Best Places to Retire. Source: *Money Magazine*, 2009.
- *Kiplinger Magazine* recognized South Carolina as the 4th best state in giving retirees the best deal in taxes. Source: www.kiplinger.com

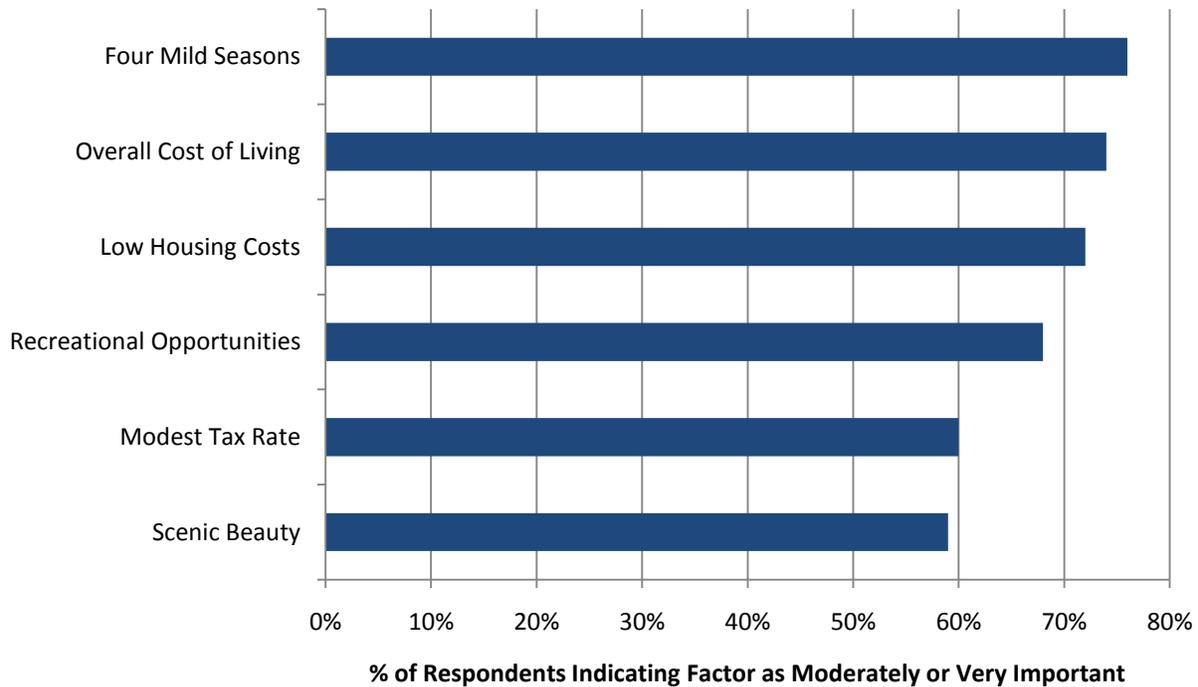
Reasons why the state excels in attracting retirees are examined in this paper.

Relocation Research

The Center for Carolina Living recently sponsored research conducted by a PhD candidate at Clemson University's Department of Parks, Recreation and Tourism Management. As part of this study, a survey was conducted to assess reasons why people tend to relocate to the state. Of the survey respondents, 54% were age 50 or over. Results of the survey provide some statistical evidence for the reasons of in-migration to South Carolina. Highlights of the survey are detailed in the following chart.

Primary Factors of Retiree Relocation Decision for Move to South Carolina

Source: *Clemson University Relocation Study Summary, August 2009*



Source: *Draper, Jason, Carolina Relocation Study Summary, Department of Parks, Recreation and Tourism, Clemson University, August 2009.*

Taxes

In the aforementioned ranking from *Kiplinger Magazine*, some of the reasons South Carolina was ranked as 4th lowest included the following:

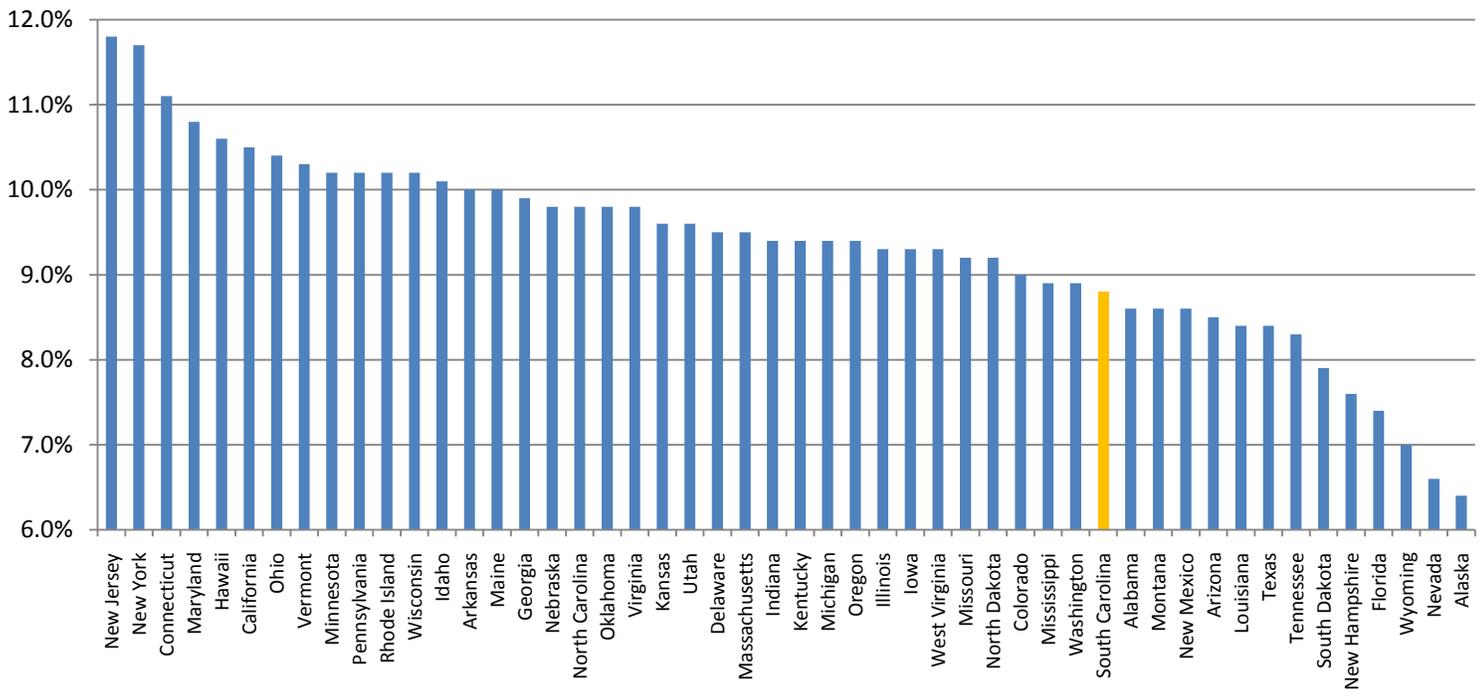
- The state does not tax Social Security benefits, and it allows residents 65 and older to deduct up to \$15,000 per person (\$30,000 per couple) of qualified retirement income when calculating their state income tax
- Retired military personnel 65 and older may deduct up to \$10,000 of military retirement benefits
- Property taxes are very low and are based on 4% of fair market value; homeowners 65 and older qualify for a homestead exemption that excludes the first \$40,000 of the home's value
- There is no inheritance tax, and the estate tax is related to federal estate-tax collection

Source: www.kiplinger.com

According to the 2008 analysis by the Tax Foundation, South Carolina has the 13th lowest overall tax burden in the United States. The Tax Foundation tax burden calculation includes both state and local taxes, including property tax and local sales tax. The following chart shows the total tax burden for each state according to the Tax Foundation analysis:

State and Local Tax Burdens as a Percent of Per Capita Income

Source: Tax Foundation Study, August 2008



Healthcare

According to the Henry J. Kaiser Family Foundation, South Carolina ranks favorably in many of the measures related to healthcare costs, especially areas pertinent to retirees. Listed below are several of the state's rankings in these areas:

- 2nd lowest in the United States in other professional services
- 13th lowest in the United States in nursing home care
- 10th lowest in the United States in dental services
- 18th lowest in the United States in home health care
- 6th lowest in the United States in medical durable equipment
- 20th lowest in the United States in health spending per capita

Source: The Henry J. Kaiser Family Foundation, www.statehealthfacts.org

In-Migration

In-migrants moving into South Carolina from non-southern states range from 50-65% of the total number of in-migrants over the past four years. The following states have consistently been one of the top ten states for in-migration:

State	Number Moving to SC since 2004
New Jersey	8,410
New York	6,651
Maryland	4,639
Pennsylvania	4,521
Ohio	3,509
Connecticut	3,118
Massachusetts	2,665
Indiana	2,559

Source: Census Bureau, American Community Survey 2004-2007.

Climate

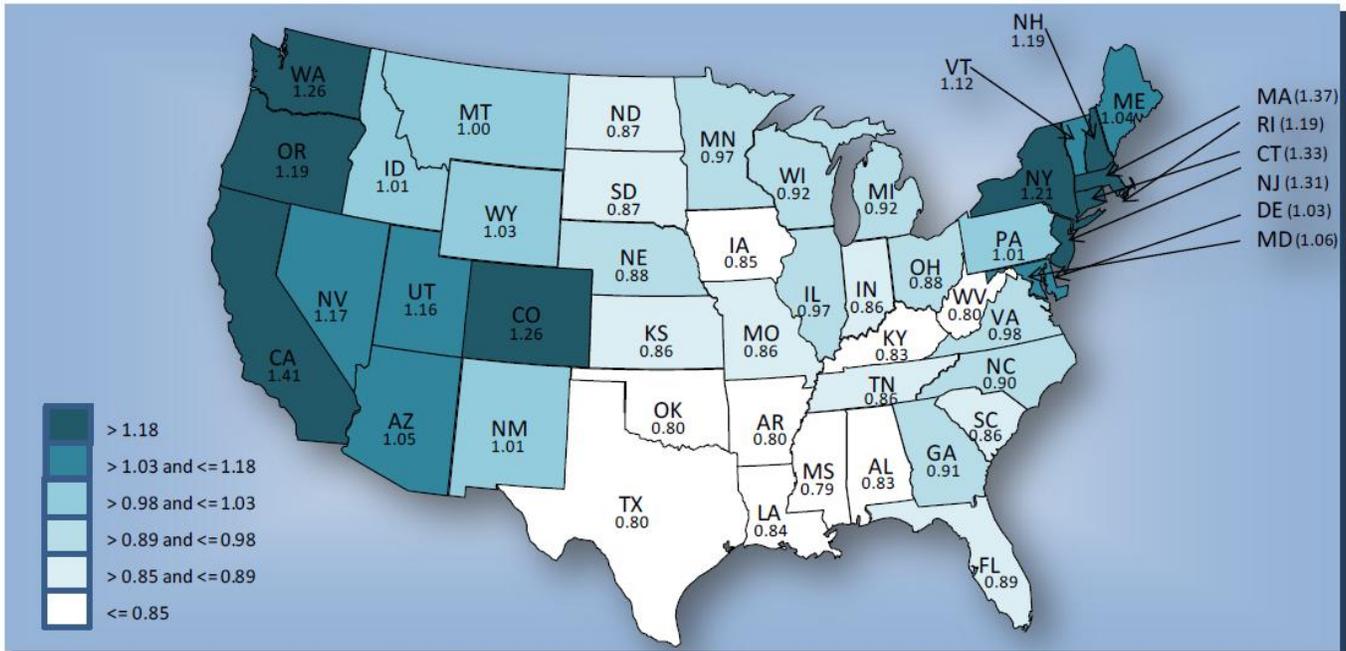
South Carolina's temperate climate has been a major draw for many in-migrants, but especially for the retirement community. The four distinct seasons and mild winters allow outdoor activities throughout the year. Over the past four years, in-migration statistics above are just one of the indicators that the state is a draw because of climate.

Cost of Living

Many of the retirement rankings, including *Money Magazine*, highlight a low cost of living as a factor that tends to draw retirees. One of the measures for *Money Magazine's* ranking is the average price of a 3-bedroom home in the area being ranked. South Carolina provides very affordable housing, with the average price of all owner-occupied housing just over \$94,000, 20% lower than the national average, 12% lower than North Carolina housing and 15% lower than Georgia housing. Source: www.trulia.com

South Carolina's cost of living index also continues to remain 14% lower than the United States, 4% lower than North Carolina and 5% lower than Georgia. Source: *South Carolina Department of Commerce, Division of Research, Annual Cost of Living Index, 2007 Update, May 2009*

United States Annual Cost of Living Index, 2007



Note: The Annual Cost of Living Index can be interpreted as a gauge of the amount of money required to maintain a set standard of living. Thus, in South Carolina, only 86% of the average national cost is required to maintain the same standard of living.

Source: South Carolina Department of Commerce, Division of Research, Annual Cost of Living Index, 2007 Update, May 2009

Amenities

The state is full of these opportunities in our metropolitan areas and in rural settings. Some of the other draws South Carolina offers include:

- Over 400 golf courses throughout the state
- Eight national parks and monuments throughout the state
- 47 state parks and natural areas throughout the state
- 187 miles of coastline in the state, drawing millions of visitors a year
- Historical sites throughout the state to enjoy
- Hundreds of attractions scattered throughout the state

Sources: United States Golf Course database, National Park Service, South Carolina Department of Parks, Recreation, and Tourism

As part of Money Magazine's rankings of the best places to retire, amenities such as parks, restaurants, cultural venues, natural resources, festivals and golf courses are highlighted for each area ranked. Some of the draws they cite for the Columbia area include the following:

- Lake Murray
- Congaree National Park, Riverbanks Zoo
- South Carolina State Museum and Columbia Museum of Art
- University of South Carolina - Tuition for state residents age 60 and older is free, pending space availability.
- Trustus Theater
- Columbia Philharmonic Orchestra

Retiree Geographic Distribution in South Carolina

The following maps provide retiree growth information by county and by zip codes for certain areas of South Carolina. Specifically, the maps examine the following data:

- Growth of Social Security retired workers from 2005 to 2008
- Percent of population receiving Social Security retirement income

Please note: Due to a small population sample area, some zip codes were not plotted on the zip code maps.

