

Why are 800 People a Day Moving to Florida?



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IT'S THE BIG MIGRATION. Eight hundred people a day are moving into Florida. And not just for a beach vacation. They're taking residence in the Sunshine State. Florida is attracting more migrants than any other state in our nation, according to the latest data from the U.S. Census Bureau. And the experts say the flow won't slow; they predict more than 300,000 annually over the next three years.

Of course there are many reasons to move to Florida — many reasons to retire here: the beaches, warm weather year-round, great Cuban food, Disney World and the Everglades. And not the least of reasons: no state income tax. That's become a main driver for many of those 800 folks a day changing their residency to Florida.

Under the provisions of the 2018 Tax Cuts and Jobs Act (TCJA), taxes play a key role in incentivizing a move to Florida, especially for retirees who, as they are living longer, are looking for ways to stretch out their retirement savings. Previous to the TCJA, taxpayers could deduct 100 percent of their state and local income tax payments and 100 percent of their state and local property taxes on their federal tax returns. That so-called SALT (state and local taxes) deduction has been in play since 1913. The new law puts a \$10,000 cap on SALT. For residents of states like New York and Connecticut where property taxes are high, that's enough incentive to get someone already considering a move to Florida to commit. In fact, New York's Governor Cuomo has already pointed the finger at that provision of the TCJA for a damaging decline in state revenues.

There are eight other states that do not levy state income taxes: Alaska, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming. Still, Florida appears the most attractive retirement destination.

The \$10,000 cap is set to expire in 2025, but that doesn't seem to be giving prospective movers much hesitation. As often happens with such provisions, they are extended beyond their expiration date — especially those that generate substantial amounts of income for the federal government.

Whether or not you are having thoughts about moving to an income-tax-free state for retirement, it's important to consider taxes in your retirement planning. It's common

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to focus on retirement savings, but there are many layers to consider and taxes is one of them; when you lose a deduction you've gotten used to it can be a big hit to those savings.

So meet with your financial advisor and plan for that hit — and preferably, before you move to Florida.

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