

Interstate Relocation

MOVING WITH PURPOSE AND A PLAN



Since the COVID-19 pandemic, the standard of work has significantly changed. In today's workforce, it is common for companies to have a hybrid structure or remote employees. This shift has given many workers the flexibility to live wherever they want, with some opting to move to different countries while others "super commute" across states on the days they need to be in office.

However, before making such a move, workers should consider several factors that will impact their finances and quality of life. Below, we detail six considerations to keep in mind when preparing to relocate as a hybrid or remote worker.

Review Your Company's Relocation Assistance Program

Many companies offer relocation assistance packages to ease the financial strain of moving. These packages are designed to assist employees in quickly getting settled into their new location. Some perks that may be included in a relocation package are packing and unpacking services, help with selling their current home, temporary lodging, coverage for moving trucks, and mileage reimbursement. The form in which this aid is provided, whether as a lump sum, reimbursement, or direct billing, varies depending on the company.

Cost of Living

When considering a move to another state or country, it's important to take into account the cost of basic living expenses such as food, clothing, transportation, gas, housing, clothing, and other goods and services compared to your annual salary. Using figures from CNN's cost of living calculator, if you currently earn \$100,000 in Houston, Texas, and want to move to Chicago, Illinois, you will need to make \$131,324 to maintain the same standard of living. This is because groceries cost 13% more, housing costs 84% more, transportation costs 30% more, and healthcare costs 10% more in Chicago compared to Houston.

If the cost of living in the new location is significantly higher and your employer is unable to adjust your salary accordingly, it's worth carefully considering whether the move will be financially sustainable.

CURRENT REMOTE WORK TRENDS

In the U.S., Nearly **5,000** households have relocated through remote worker relocation incentive programs¹

A little over **one-third** of workers in the U.S. who can work remotely do so all the time — while **41%** are part-time remote on a hybrid setup

36% of fully remote workers and **44%** of hybrid workers planned a move in 2023, compared to just **27%** of on-site workers²

Hybrid work is most prevalent for those earning between **\$75,000-\$100,000** a year³

Taxes

State, local, and federal taxes are something that can vary depending on where you decide to live. States like California, Hawaii, and New York are known to have some of the highest income taxes in the U.S. while Texas, Wyoming, and Tennessee have some of the lowest.⁴ Within those states, each city, town, village, and county has its own property taxes, sales taxes, and business taxes that may be higher than what you are used to paying. Your federal taxes will remain the same if you move within the U.S., but what you owe to the IRS may change if your job gives you a pay increase that moves you into another bracket.

Natural Disasters

Given the escalating threat of climate change, it is crucial to comprehend the risk of natural disasters and the cost of insurance in your prospective new location. If you choose to relocate to an area prone to severe weather events such as floods and earthquakes, a standard policy may not be sufficient.

Prospective movers should also evaluate the insurance situation in the state they are moving to. For instance, since 2022 several insurance companies have voluntarily left Florida due to the continuous property damage the state has incurred due to hurricanes and excessive flooding from the waters of the Gulf of Mexico and the Atlantic Ocean. Louisiana and California have also faced similar challenges with insurers departing these areas.

Lifestyle

Outside of finances, those looking to relocate should understand the culture and climate of the new place they are moving to. If you enjoy a wide range of activities such as restaurants, museums, and entertainment venues, moving to a small town in a rural area might not be to your liking. Or maybe you want to be in an area that's close to your family to take care of aging relatives. These are a few qualities to consider when choosing where to settle.

Quality of Education and Healthcare

When considering a move, it's crucial to have access to good quality healthcare, especially if you are older or have children. This includes easy access to medical facilities like hospitals, urgent care clinics, pharmacies, and dentists. In some areas, people live far from any medical providers, making it hard to get necessary care. This can lead to missed preventative care and delayed emergency responses, an issue we saw exacerbated in the COVID-19 pandemic.

If you have school-age children, evaluate the ratings of the schools in your destination. If you decide private school is the best option, factor in the costs associated with private education such as tuition, uniforms books, tutoring, and extracurriculars. While the annual price tag might not seem significant if you are a high earner, the long-term costs, especially for multiple children, can be substantial.

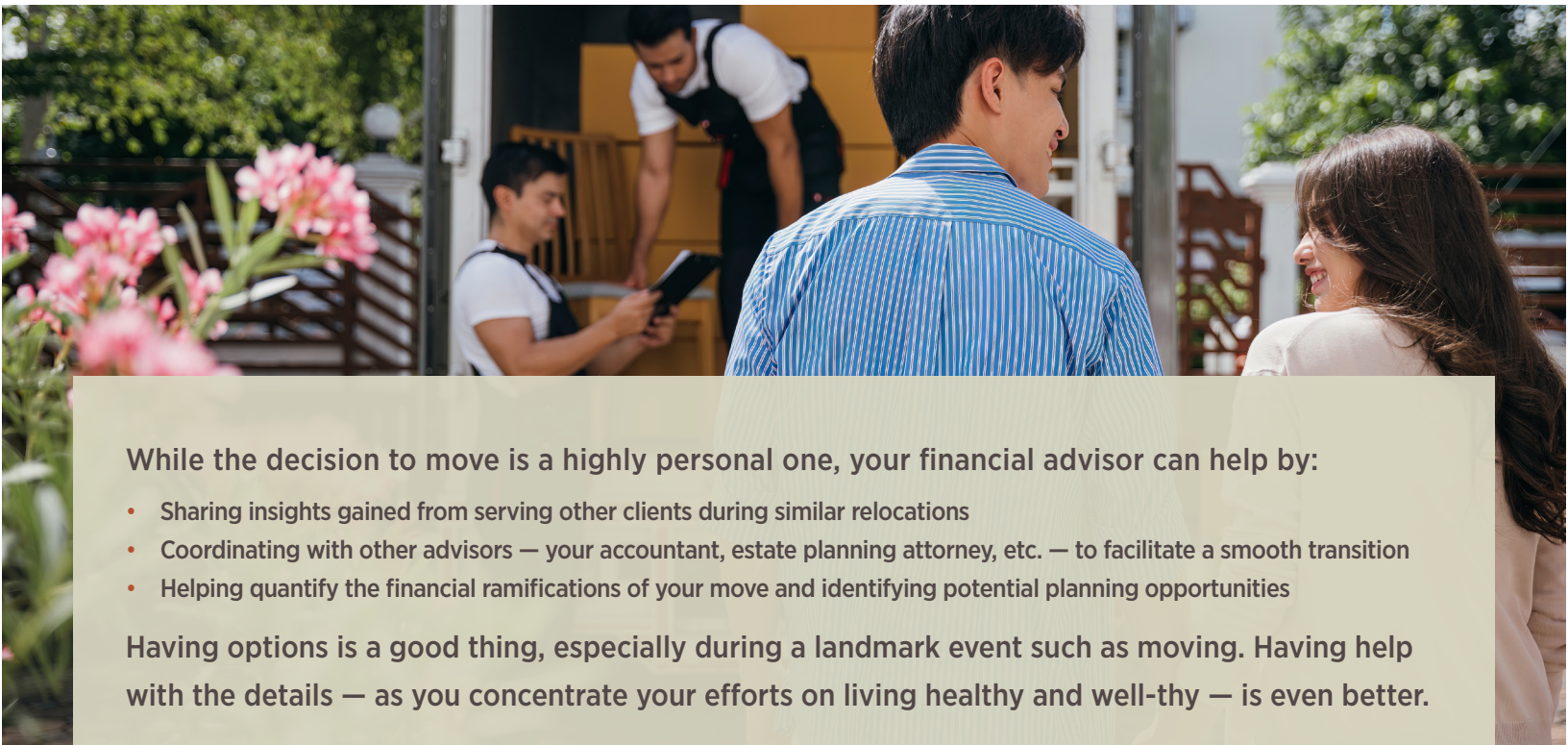


Making the Move

If you decide that relocating is the right decision for you, work with your advisor to map out important action items in the weeks and months ahead, including taking the necessary steps to establish residency in your new state. This should include considering the residency requirements in both your current and new state.

Relocation action items can vary from state to state. Examples include (but are not limited to):

- Obtaining a driver's license in your new state
- Filing a Declaration of Domicile (e.g., as it is called in Florida) or similar statement with the local court if applicable in your new state
- Reviewing and updating your estate plan and insurance coverage
- Referring to your new domicile in legal documents
- Registering a vehicle in your new state
- Registering to vote in your new state
- Updating your mailing address on your credit cards and other account statements
- Changing your address on your passport
- Making phone calls from your new primary residence
- Hosting social gatherings at your new primary residence



While the decision to move is a highly personal one, your financial advisor can help by:

- Sharing insights gained from serving other clients during similar relocations
- Coordinating with other advisors — your accountant, estate planning attorney, etc. — to facilitate a smooth transition
- Helping quantify the financial ramifications of your move and identifying potential planning opportunities

Having options is a good thing, especially during a landmark event such as moving. Having help with the details — as you concentrate your efforts on living healthy and well-thy — is even better.



FOOTNOTES

- ¹Remote Work Trends and relocation Data 2024 - MakeMyMove. (n.d.). <https://www.makemymove.com/community-articles/remote-work-trends-and-relocation-data-2024>
- ²50 Eye-Opening Remote Work Statistics for 2024 - USCI. (n.d.). U.S. Career Institute. <https://www.uscareerinstitute.edu/blog/50-eye-opening-remote-work-statistics-for-2024>
- ³Punjwani, M., & Campbell, S. (2024, April 3). Remote work statistics and trends in 2024. USA TODAY Blueprint. <https://www.usatoday.com/money/blueprint/business/hr-payroll/remote-work-statistics/>
- ⁴York, E. (2024, June 11). State and local tax burdens by state | Tax Foundation. Tax Foundation. <https://taxfoundation.org/data/all/state/tax-burden-by-state-2022/>



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