



Economic Development Efforts: Recruiting Retirees

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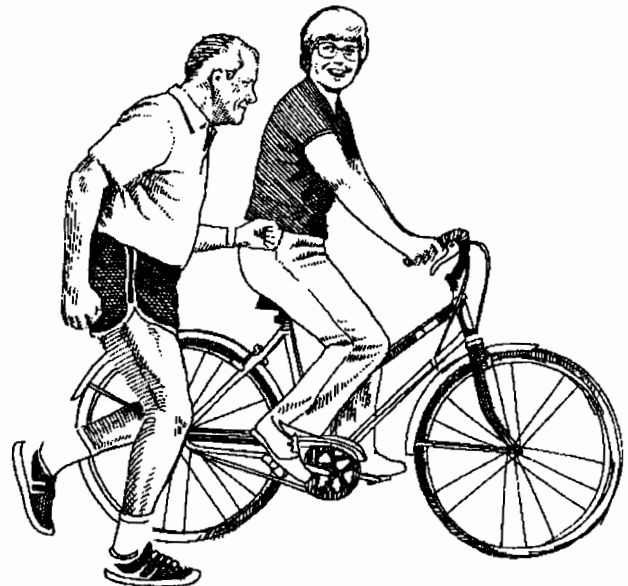
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In recent years more than 35,000 Americans celebrated their birthday by putting 100 candles on their birthday cake. The elderly, those aged 85 and above, are one of the fastest growing segments of the population in this country. Persons aged 50 and over hold about 70% of the personal financial assets in this country. This group does not represent a short-term phenomenon. The baby boomers are rapidly approaching this era as well. And they are, to a large extent, also financially secure.

These observations indicate a number of reasons to look at retirees that migrate as a local economic development option:

- Retirees who can afford to migrate and are interested in migrating are generally more affluent. They have the money to move and the assets to sustain their life style.
- Older Americans tend to consume within the community where they reside, and
- In many cases these older Americans bear a larger portion of the taxes, while not always consuming as many of the services.

Research indicates that retirees have an interest in relocating to Oklahoma.¹ In 1990, 551,446 people migrated to Oklahoma to retire. They came from as far away as California and as nearby as Texas (Figure 1). Retirees are not only coming from other states but are also migrating from county to county within Oklahoma. Figure 2 shows the percentage of total county population that is represented by in-migration of retirees. The 10 counties with the highest percentages are highlighted (these are all rural counties). These figures show that retirees are interested in and are moving to Oklahoma.



This provides an opportunity for communities to recruit retirees and contribute to the economic well being of their community.

A recent study funded through the Southern Rural Development Center at Mississippi State University analyzed the contribution of retirees to local economic development.² A brief overview of this study is provided along with the study's findings. A discussion of how a retiree attraction program can be linked to a tourism program is provided.

The Retiree Study

The regional study, involving three states (Arkansas, Oklahoma, and Texas), gathered information about retirees who had migrated to selected communities. A technique using focus groups was utilized. Data collected included the expenditure pattern of the retiree households (how much was spent and the economic impact), as well as qualitative information (where they came from, what they like, and what they dislike about

¹ Thanks to Dr. Don Voth, University of Arkansas, for providing census migration data for Oklahoma.

² Miller, Wayne, Don Voth, Mike Woods, Lonnie Jones, Rodney Clark, Booyong Song, and Claude Allen. Retirement In-Migration Study, Attractive Features, Economic & Social Impacts. Southern Rural Development Center, 184A, August 1994.

respondents was: 44% from Arkansas, 18% from Texas, and 38% from Oklahoma. Results by state and by individual counties were examined. There was some variability. For example, within Payne County, Oklahoma, three communities were surveyed. The age of these participants fell into three ranges: less than age 60 (6%); age 60-69 (45% of the respondents); age 70-79 (38%); and age 80 or older (11%). The age of the respondents tended to be somewhat older in Oklahoma than in Arkansas or Texas. So there was some variability across the states.

One of the questions was, "Since moving to this community, are your friends that you socialize with in this community also in-migrants' or are they part of the indigenous population, the people that you met when you moved here?" About 25% of the respondents said that 100% of their friends were fellow in-migrants. Yet these people also said they felt very much at home in the new community and that they had been made to feel welcome there.

Another question asked about pre-retirement occupations. A large number retired from professional and technical jobs, management and administrative positions, or clerical and service jobs. Many had held professional-type jobs, with higher levels of income than the community average where they migrated.

Where Did They Come From?

The study found that 43% in Texas, 44% in Oklahoma, and 16% in Arkansas came from another commu-

nity in that same state or from one of the nearby states in the survey. The study also found that a number of people from the upper Midwest moved to these states, while some from the east coast and some from the west (with a very heavy emphasis from California) settled in these three states. In Oklahoma there was a migration **back** to Oklahoma. In some cases, people had never given up title to property in Oklahoma or it remained in the family. They came back because it is "home" and because it is economical.

What Made Them Come Back or Come to Our Area?

The survey gave them choices that they could rank as first priorities or very important.

1. The retirees ranked mild climates as a priority. Many of these people were from the upper Midwest, and they keep contact with friends in Minnesota and North and South Dakota. They also indicated extreme weather seasons are not desirable. One person said, "I went to Florida. I didn't like it, it was too much the other extreme. The seasons never changed, leaves never changed colors."
2. Low cost of living is always important. For example, in the community of Perkins in Payne County (Perkins, a rural community with access to a larger town, is a town of about 1,000 people and about a 20-minute drive from Stillwater) in-migrants from California sold a home in California and bought

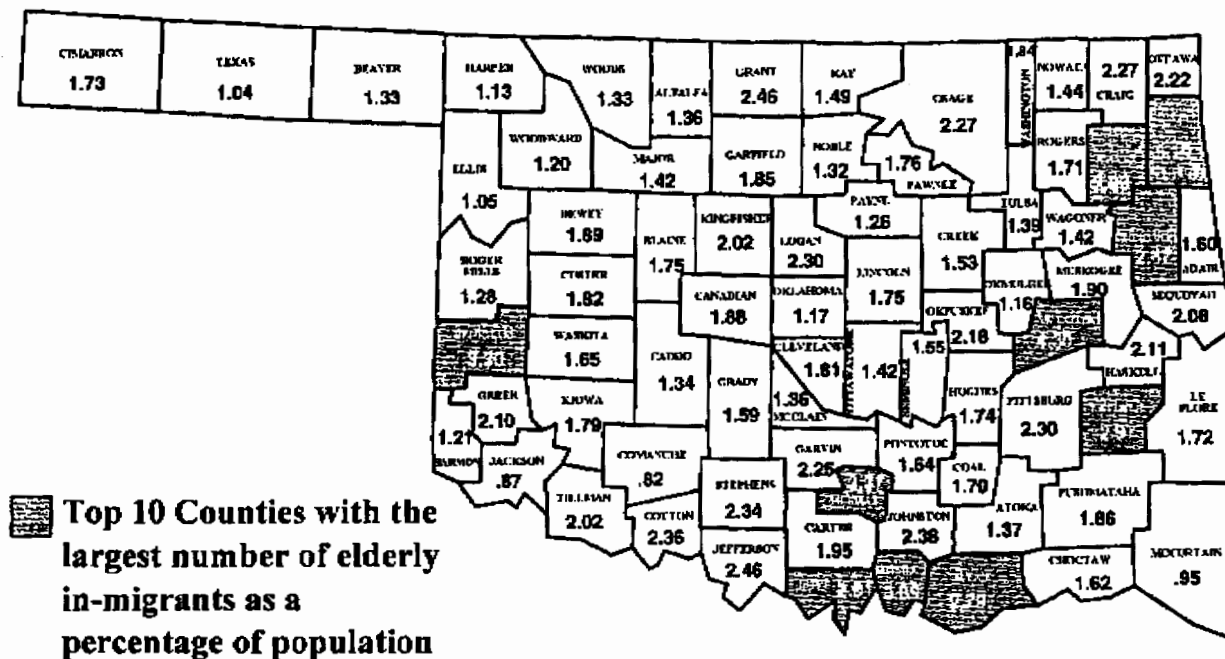


Figure 2. Elderly In-Migrants* as a Total County Population.

*(Includes in-state and out-of-state in-migrants.)

double the size of their former home in Oklahoma, with money left over to put in the bank. These settlers said they were attracted to the small town atmosphere and the lack of crime as well as the lower cost of living. Cost includes taxes—types of taxes, how taxes are used—as well as basic costs such as housing and medical expenses. Medical expenses are balanced by the quality of service for the price.

3. Locally available adequate medical services were ranked high.
4. A few recreational opportunities were noted. Resource-based tourism, and scenic places were valued.
5. Available public transportation for travel (airports, train stations, etc.) are important. Most of these people travel.

What was less important? Living in proximity to rest of family was important, but not at the top of the list as long as a major airport was available to facilitate visits with family members. The survey asked further, “Is it important to be close to kids?” Respondents said, “No, not at all, we raised them, and we are happy for them to be adults. We want to see them when we want to see them.”

The survey also asked about detracting features in the new community. Respondents generally did not criticize the community where they lived. They liked it, they felt welcome there. In general they felt safe there. They did voice complaints about the condition of the roads and potholes, and they did not like poor traffic control. One complaint frequently heard, rush hour traffic and crowds of tourists, was actually an ironic conflict. It can be demonstrated by looking at Grove, Oklahoma. Grove, on Grand Lake, is a tourist area. Many retired to Grove because they had vacationed there during their working years, when they were in the thirty-forty-fifty-year age group with kids. They discovered Grand Lake while they were tourists, creating traffic jams, and annoying the natives! Thus, the link between tourism and retirement. It becomes clear the community has to be able to accommodate both. These older folks want a nice quiet trip to downtown or to the grocery store. It now irritates them to have to fight the crowds and rush hour traffic.

Some detracting features were state-specific. The study found that the retirees settling in Arkansas were more concerned with visiting family. They did not like being far from family. In Texas, settlers were seeking better medical facilities. So there were variances across the communities and across the states. There was no consistent trend; answers depended on the unique characteristics of each community.

Retirees will not necessarily settle where they visit, but they can be influenced. In Tahlequah, Oklahoma (Cherokee County), the study included a group that had originally explored or settled in Arkansas as a result of

efforts of a large retirement village. This nationwide retirement planner has spent literally hundreds of thousands of dollars marketing across the U.S. to bring people to Arkansas to spend a weekend in a condo and take the tour and see about buying a plot of land. They did not choose the planned retirement community, but they liked the general region. They ended up settling in eastern Oklahoma where things were perceived to be less expensive. This is a “spill-over” effect of marketing that should interest others as much as it interests the retirement village mentioned above.

The Economic Impact of Retirees is Significant

This issue was addressed in three ways:

1. The dollar purchases by sector in the economy,
2. How many of those purchases occur locally (within that county), and
3. An estimate of the impact on the local economy.

The retirees responded to a set of questions regarding expenditure patterns. The questions were in detailed expense categories—taxes, housing, groceries, insurance, gifts, etc.

The dollar purchases were assembled by community and state and averaged for the three states. For example, on average across the three states, these retirees spend \$2,645 per year on housing, about 11% of their total annual budget. When all categories are included, the average annual expenditure was \$24,942. Results were checked against the U.S. census household expenditure data broken down by age and found to be very similar.

Level of consumption within the county was analyzed. In Grove, Oklahoma, retirees make 90% of their lawn and garden purchases, 90% of their personal care, and 90% of grocery, household upkeep and utility expenditures locally. On average, across all categories, about 74-75% of total expenditures occurred within that residential county. The dollars not only were brought in by the retirees, but they were spending those dollars locally in the community.

What does this mean in terms of economic impact? The economic impact was summarized separately for the three counties in Oklahoma and the three counties in Arkansas but included the three counties in East Texas together because that is the way data in Texas were collected. The community breakdown for the expenditures per household ranged from \$20,000 up to \$29,000. The East Texas group tended to spend more, about \$29,000. The lowest was in Grove and Delaware County, about \$20,000, in terms of expenditures per household.

These expenditures create jobs in the community. Using an input-output economic model that analyzes this information by sector to estimate the number of jobs that are dependent on that household expenditure, the range of jobs created per retiree household was estimated to be between one-half and one. In

Benton, Arkansas, the estimate was 0.5 jobs per retiree household. Every time two retiree households moved in, one additional job was created. These results were compared to other studies. One study for the entire state of Florida using secondary data, census data, and input-output analysis estimated 0.69 or 0.7 jobs per retiree household. Results of this study indicate economic activity associated with retiree expenditures in the range of 0.5-1 job per retiree household.

This number depends upon the characteristics of the retirees—how much money they have and how they spend it—and the characteristics of the community—the population’s characteristics and their demands for available services and retail facilities. These are different communities with different economic structures. For example, the opportunity to spend money in commercial markets is lower in Grove, Oklahoma, compared to Stillwater or Tahlequah. In Grove’s smaller economy, certain things are simply not available. The smaller economic impact is not surprising.

Retirees and Tourism

The research found that retirees are seeking mild climate, lower cost of living, quality housing at comparatively low cost, medical facilities, cultural and recreational opportunities, and services for seniors such as public transportation or home health care. But just as different tourism markets seek different tourism experiences, some retirees demand facilities like those along the Florida coast; others are seeking something different. A community needs to understand the market and understand what retirees are seeking. That is why the

survey was conducted—to understand retirees—where they came from and why they came. The results will be unique for each community, so one of the first steps is to understand the market and its unique attributes.

How would a community go about organizing to understand the market? It is similar to organizing for tourism development. First, a local organization takes the lead, providing stability and accepting responsibility for leadership. This could be a new organization or part of an existing organization. Then, the organization conducts a community inventory to understand the community’s strengths and weaknesses. One other point learned from conversations with these retirees: resettlement was not a decision that was made two months before they moved. This was a decision that was made over a 10-15 year period. The husband and wife often did a tremendous amount of research to decide where they wanted to locate, viewing this as a very important life decision or business decision. They started shopping around 15 years prior to retiring. A 45-year-old tourist coming through with a couple of kids in tow is a dual opportunity: profitable now for tourism dollars and possibly profitable 10-15 years from now as new residents. A community must start planting that seed early because future retirees are shopping around and thinking about retirement now.

Each community must be aware of this opportunity. Local awareness and support is very critical. Finding volunteers to pursue this particular line of endeavor is very important. Safe living conditions must be part of the whole experience.

Grove, Oklahoma, might choose to market their community in Wichita and Kansas City because that

Economic Impact of Retirees in County of Residence

<i>Study Region</i>	<i>Retiree Households</i>	<i>Retiree In-migrants</i>	<i>Average Expenditures per Household (Annual)</i>	<i>Jobs per Retiree</i>	<i>Jobs per Household</i>
Cherokee, OK	14	27	\$26,791	0.48	0.93
Delaware, OK	20	40	20,062	0.28	0.55
Payne, OK	38	73	25,320	0.52	1.00
East Texas	25	45	29,138	0.58	1.00
Benton, AR	38	67	23,027	0.30	0.53
Garland, AR	25	46	24,249	0.35	0.64
Clark, AR	23	45	25,976	0.44	0.87
Florida	231,000	392,700	21,212	0.41	0.69

is where tourists are coming from. The next step is to go to Wichita and Kansas City and learn about these households and their values. Make direct contacts in the appropriate age groups and market to them. Coordinate with the overall tourism program, making this perhaps a part of the tourism effort within a community.

One method of doing this might be to offer free retirement vacation specials. A local Chamber of Commerce through a tourism recruitment activity could offer free pre-retirement vacation specials for potential retirees. Develop an appropriate image for the community. Begin to develop the needed tools: brochures, videos, and ads. This requires an adequate budget. Projects such as these, to find out who the people are and then to directly recruit them, cost money.

One western Oklahoma community developed a brochure to market to Oklahomans who had moved out west, especially to California. "Come home to Oklahoma," suggesting a return to the home state to retire, was the main strategy. Targeting those attending high school class reunions can help with this strategy. The theme is used to advertise in California publications,

and in magazines such as *Modern Maturity* that retirees read. Another community targeted New York City police officers. They went to New York and worked directly with a retirement group—and they were successful.

It should be clearly noted that retirees can bring costs to communities as well. There will be needed infrastructure such as roads and streets and services such as health care or crime prevention. Investments in the appropriate physical/social infrastructure will be necessary.

Research discovered that some tourism programs have a silver lining—people who enjoyed vacationing in certain areas so much that they migrate to those areas after retirement. Some communities have decided to develop this silver lining because retirees are valuable citizens as well as tourists. To be successful, though, communities need a plan, a careful survey, and a lot of effort.

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