Retiree-Attraction Policies for Rural Development

Richard J. Reeder

Introduction

Rural retirement counties, nonmetropolitan counties with substantial net inmigration of the elderly, have enjoyed significantly more rapid population and employment growth than other types of metro and nonmetro counties since the 1970's. The influx of retirees is also associated with increased family incomes, reduced unemployment rates, and greater economic diversification in rural areas.

Much research has examined the nature and extent of elderly migration, the extent to which social and health needs of the retirees are being met in rural retirement destinations, and the economic, community, and fiscal impacts of retiree inmigration on the State and locality. How a State or community might go about attracting retirees, however, has received relatively little attention until the last few years.

Retiree-attraction policies began to gain favor during the late 1980's and early 1990's in hopes of rekindling rural economic growth. Even so, this strategy still attracts relatively little interest from economic development officials, who tend to focus on strategies that revitalize or modernize ailing manufacturing and resource-extraction industries. Although economic diversification through increased tourism has gained popularity in recent years, retiree attraction tends to be taken for granted. Thus, policies that might expand one of rural America's most successful long-term growth industries are ignored in much of rural America.

One reason for this apparent oversight is the lack of published information on retiree-attraction policies and their effectiveness. This report tries to fill this gap. It includes a review of the literature on rural retiree attraction, including a discussion of potential impacts, good and bad. It examines migration and population growth data to indicate which counties appear most likely to benefit from this strategy. In addition, it covers recent State initiatives that might encourage retiree attraction in rural areas. Although these strategies are still largely experimental, an attempt is made to identify those best suited to different types of communities.

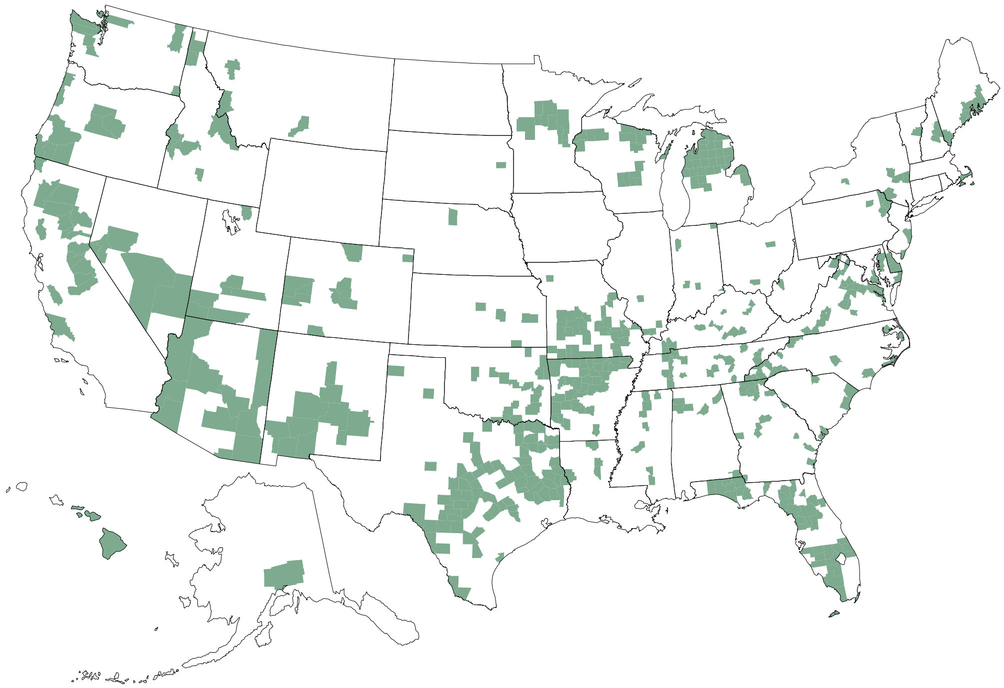
Retirement Counties Buck 1980's Trends

Only after economic difficulties began to slow the growth of the rural economy in the 1980's did the benefits of attracting retirees receive serious attention from both researchers and policymakers. Retirement counties (using the 1970 definition, see box) experienced 32-percent growth in elderly populations during the 1980's (table 1). Although this was down from the previous decade's 48 percent, it still represented substantial growth. Overall population growth for retirement counties was 16 percent in the 1980's, half that of the previous decade but still greater than that of the 1960's for these counties.[1]

The growth and economic improvement in retirement counties contrasted sharply with stagnation or decline in most other rural areas during the 1980's. While retirement counties' populations grew by 16 percent and received 12 percent net inmigration during the 1980's, nonmetro areas in general had population

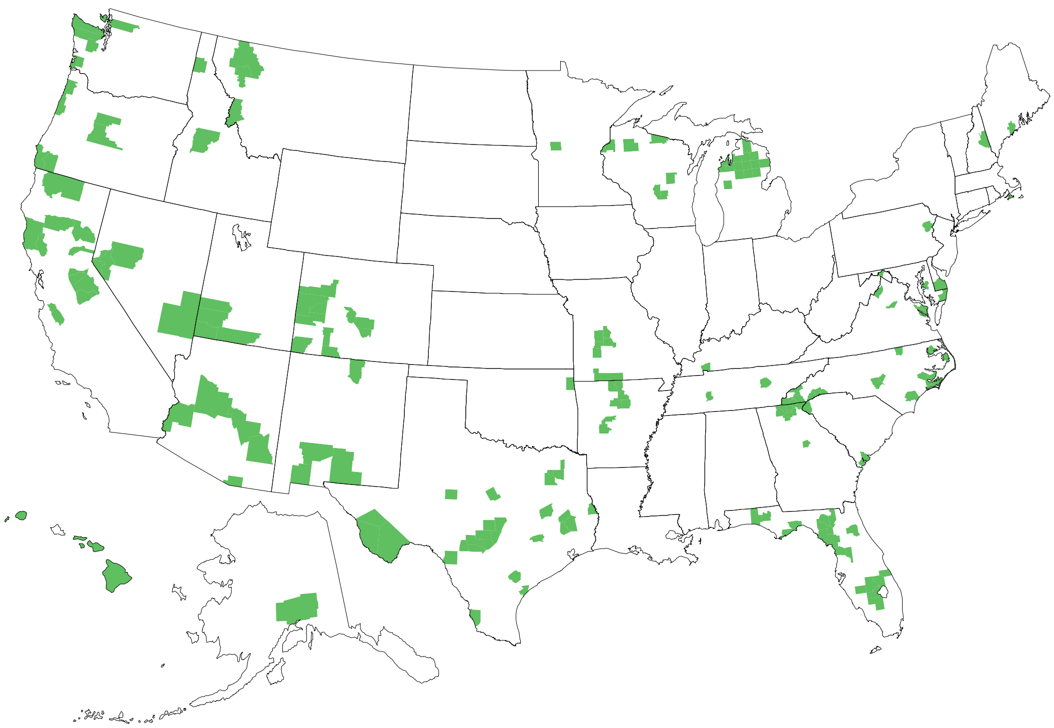
[1] During the 1960's, these retirement counties' population grew 10.4 percent, compared with 13.3 percent for the Nation as a whole, 17.1 percent for metro areas, and 2.5 percent for nonmetro areas (Ghelfi et al., 1993, p. 65).

Figure 1
There were 484 nonmetro retirement destination counties in the 1970's*



*Counties with 15 percent or more net inmigration of persons age 60 and over, 1970-80.
Source: Food and Rural Economics Division, ERS, using data from the Bureau of the Census.

Figure 2
The number of nonmetro retirement destination counties declined to 190 in the 1980's*



*Counties with 15 percent or more net inmigration of persons age 60 and over, 1980-90.
Source: Food and Rural Economics Division, ERS, using data from the Bureau of the Census.

Table 1—Elderly and pre-elderly populations continued to grow rapidly in retirement counties in the 1980's

Age group	U.S. total	Metro	Nonmetro	Nonmetro retirement
		Percent		
Total population:				
1980-1990	9.8	11.6	4.1	16.4
1970-1980	11.5	10.6	14.4	32.5
Ages 0-17:				
1980-1990	-0.3	1.5	-5.6	4.6
1970-1980	-8.8	-10.4	-3.7	11.0
Ages 18-34:				
1980-1990	4.0	6.4	-4.4	7.0
1970-1980	39.1	37.8	43.9	62.9
Ages 35-64:				
1980-1990	19.7	20.9	15.6	27.8
1970-1980	8.0	7.5	9.6	29.0
Ages 65 and over:				
1980-1990	22.5	24.5	17.5	31.5
1970-1980	26.8	26.8	27.1	47.6

Source: Ghelfi et al.,1993, pp. 65, 69, 70.

growth of only 4 percent, and experienced 1 percent net outmigration (tables 1 and 2). Inflation-adjusted median incomes increased by 4 percent in retirement counties during the 1980's, while they decreased by almost 1 percent for nonmetro areas in general (fig. 3).

Benefits of Attracting Retirees Now

Although retiree attraction has already had a significant impact on rural America, its significance is likely to increase markedly in the future when the baby boom generation retires. As the 1990's progress, more communities will consider how they will be affected by the upcoming surge of baby boom retirees. Some communities will wait until the effects are obvious before taking action. Others will act soon to put into place policies that make the most of the inevitable.

The first baby boomers, born around 1945, have already reached the age of 50. Although most of these early boomers will not retire for another 10 years (average retirement age in the United States is about 60), many are probably already thinking about retirement and are looking for an ideal retirement spot. Some have already taken their first steps toward retirement in a rural location.

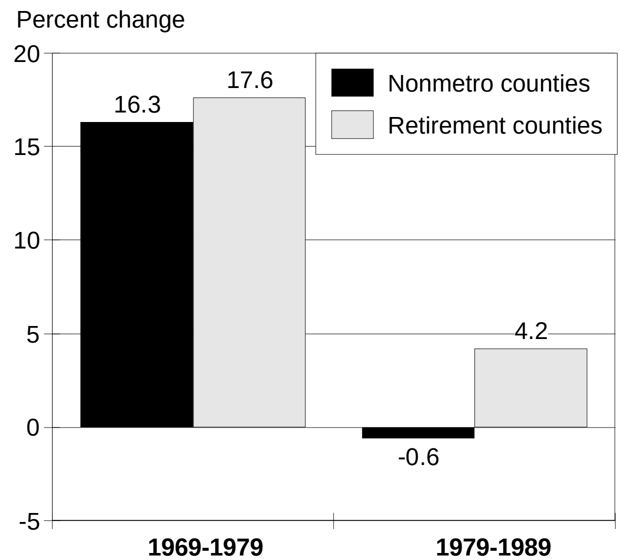
Table 2—Net inmigration and related population growth declined in the 1980's, but they remained substantial in retirement counties

Time period	U.S. total	Metro	Nonmetro	Nonmetro retirement
		Thousands		
Net migration:				
1980-1990	6,738	7,289	-552	1,434
1970-1980	5,819	2,840	2,979	2,148
		Percent		
Effect on population:				
1980-1990	2.7	3.9	-1.0	11.6
1970-1980	2.6	1.7	5.3	19.0

Source: Ghelfi et al.,1993, p.71.

Some middle-aged baby boomers let go by corporate downsizing appear to have seized this opportunity to get out of the urban rat race, having relocated to a small town or rural area to take a new job or start businesses of their own until they have enough saved to retire in their new community. For example, many of those moving into the Rocky Mountains in recent years (fig. 4) seem to be middle-aged boomers fleeing California's stagnant economy and its congested,

Figure 3--Median family income grew in retirement counties in both the 1970's and the 1980's



Adjusted for inflation.
Source: Ghelfi et al.