

Louisiana Retirement Development Commission

Prepared for:
Louisiana Department of Culture,
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Executive Summary

The purpose of this study is to provide an assessment of the potential returns to the activities of the Louisiana Retirement Development Commission. One of the major aspects of this report is to assess whether the development and implementation of the Commission's programs designed to attract and retain retirement-age residents are appropriate for its mission.

The Economics of Retirement-Age Population

- The aging of our population has been most pronounced among those 65 years of age and older. Since the turn of the century, there has been a more than 10-fold increase in the number of Americans over the age of 64.
- Overall, Louisiana's retirement-age population (age 55 and older) has grown as well. Between 1990 and 2000 this segment of the state's population grew by about 11 percent.
- As a group, the retirement-age population has accumulated more wealth and has greater spending power than any other age cohort.
- Households in this group own about 65 percent of total net worth among U.S. households and control about 50 percent of all discretionary income.
- However, the state-wide percentage increase in its senior citizen population was not evenly distributed across parishes.
- There is a very pronounced regional bias in the distribution of relative gains and losses across parishes in the state. Mapping the shift in the share of this segment of the population by parish reveals a clear division between the growth rates in the northern and southern parts of the state.
- Generally, parishes in north Louisiana experienced *relative losses* in the number of retirees, while the vast majority of parishes in south Louisiana experienced *relative gains*.
- The average annual per capita income for Louisiana's retirement-age residents in 2000 was estimated to be \$28,477, or about 27 percent higher than the \$22,481 for all individuals below the age of 55.
- Although retirement-age residents in 2000 account for only 20 percent of Louisiana's population, they account for over 32 percent of the income of all residents and over 36 percent of the total consumer expenditures by residents of the state.
- Military retirees represent another important economic segment of the state's population. Historically, military personnel tend to retire close to military facilities.
- There are four large military facilities in Louisiana that can act as magnets for military retirees.
- According to one study, annual military retirement pay in Louisiana for over 26,000 retirees is approximately \$406.7 million.
- Expenditures by military retirees in the state generates nearly one-half of a billion dollars in sales each year, which in turn creates about \$552 million in additional household earnings and over 6,000 additional jobs in the state.

Return on Objectives

Objective 1. The Louisiana Retirement Development Commission will provide assistance to a minimum of 20 communities in becoming retirement-ready by 2010.

- While the Commission has not yet designated any retirement-ready communities (it is still early in the process), it has provided financial assistance through mini-grants. These grants are intended to aid eligible communities in their efforts to develop and market themselves as retirement-ready. This program is consistent with the achievement of its objective. It is recommended that the Commission develop a systematic written process and procedure for determining how retirement-ready communities will be selected.
- During the summer of 2005, eight grants were awarded to communities totaling \$82,920. This financial assistance supports communities in the areas of development (feasibility studies, market analysis) and marketing (brochure design, website design, print and broadcast advertising).
- The performance indicators for this objective are: number of communities requesting financial assistance and the number of communities provided financial assistance.
- It is recommended that the Commission develop another performance indicator, which would track the success of communities once they have been designated as retirement-ready. This performance measure would be based on the deviation in the growth of a retirement-ready community's retirement-age population from its historical trend (prior to its designation).
- It is recommended that the return on investment for objective 1 be measured by the net economic impact of the number of retirees "attracted to" or "retained in" the community. Return on investment can be measured by comparing the costs of implementing Objective 1 to the benefits. The benefits can be measured by the economic impact (direct and indirect) of retirees' expenditures on new sales, new household earnings and new jobs. The direct and indirect impacts can be estimated using U.S. Department of Commerce, Bureau of Economic Analysis (BEA) Input/Output tables for the state.

Objective 2. The Louisiana Retirement Development Commission will increase the economic impact of the seniors industry in Louisiana by reducing the number of retirees leaving the state and by attracting an increased number of retirees from other states to Louisiana.

- The importance of retirees to the state's economy is clearly recognized in Objective 2. Retirees as a group represent a significant source of economic activity. Unlike other age groups, a substantial portion of their income can come from outside the state (e.g. Social Security) and as such represents an injection of "outside" money into the state's economy.
- Further, retirees can move between states, taking their income with them. This represents a net drain on the economy. In contrast, when a typical worker leaves the state, the worker's income remains behind in the sense that an employer will fill the vacant position with another worker. Thus, the return on objective 2 can be potentially large.
- A major task for the Commission is to develop better systems to track retirees in the state, including in- and out-migration patterns.

- It is recommended that the Commission track movements of retirees and retirement-age populations using Census data (CPS and decennial census data). Tracking should be conducted using parish level data. This report provides a first-pass tracking of retirement-age populations within the state between 1990 and 2000 (See Section IV).
- The Commission has also set up a website that can be accessed by anyone (<http://www.retirelouisiana.org>). Among other things, the website provides useful information about Louisiana's culture, climate, health care, food, and shopping—all information geared to retirement aged individuals.
- It is recommended that the Commission modify their webpage to include a short survey instrument that visitors could complete. The questionnaire would include the standard demographic questions and questions about what they find attractive or unattractive about Louisiana as a possible retirement destination.
- In the recent CRT phone survey only 6 percent of the respondents said they were aware of the website, while about 94 percent said they were not. This low awareness may result from the survey's sample frame, which was not targeted at retirement-age individuals. It is possible that a significantly larger portion of retirement-age individuals are actually aware of the website than is reflected in the recent CRT survey.
- The Commission publishes a magazine entitled *The Good Life: A Guide to Retirement in Louisiana?* According to the Commission, 35,000 copies are distributed to individuals who may be interested in Louisiana as a retirement destination. An additional 40,000 copies are distributed to various Louisiana locations such as visitor centers, chambers of commerce and tourist commissions.
- The magazine is intended to help retain retiring Louisiana residents as well as to attract pre-retired and retiring individuals living in other states.
- Eighty-three percent of respondents in the CRT Survey indicated they were not aware of the publication, while only 16% said they were aware of the magazine. Again, the CRT survey was not targeted at the retirement-age population, which may have contributed to the low awareness rate.
- It is recommended that a targeted mail-out survey be conducted later this year. The survey questionnaire would be inserted into the Commission's annual publication entitled *The Good Life*. Since more than 70 thousand copies of the magazine are distributed and assuming a reasonable response rate, the survey would generate a data set from a potentially very large sample.

Introduction

Because the state legislature recognized the existence of a growing retirement population and the increasing importance of businesses that cater to this segment of the population, it created the Louisiana Retirement Development Commission. The Commission was charged with developing, promoting and marketing Louisiana as a retirement destination. Since it was also recognized that major aspects of the emerging retirement industry are related directly to both tourism and economic development, the Commission was created as an agency of the state in the office of the Lieutenant Governor.

The legislation charged the Commission with the following responsibilities and duties:

- Formulate, jointly with the Office of the Lieutenant Governor, a strategic plan, or any modifications thereto, for retirement development.
- Monitor and evaluate program guidelines to award Louisiana communities with a “Livable Louisiana Retirement Ready” seal of approval.
- Approve a marketing or communication strategy to promote Louisiana as a retirement location or destination.
- Research, study, and develop plans and programs designed to assist state government, units of local government, private sector entities, and nonprofit entities in developing Louisiana as a retirement destination.
- Hold at least four regular meetings in a calendar year. Special meetings shall be held on the call of the chairman or upon request of a majority of the members.
- Report annually to the legislature not later than the sixtieth calendar day prior to each regular session.

In August 2005, the Governor appointed the eleven members of the Commission—five representatives from each of the state’s tourism marketing regions and six representatives from government entities. They are: Governor, Lieutenant Governor, Secretary of the Department of Culture Recreation and Tourism, Secretary of Louisiana Economic Development, Speaker of the House, and the Senate President. The Commissioners include: Wes Burdine; Secretary Angèle Davis; Reverend Lois DeJean; Ed Dranguet; Senator Lydia Jackson; Carol LeBlanc; Mayor Jamie Mayo; Sherri McConnell; Secretary Michael Olivier; Betty Stewart; Representative Diane Winston.

The Commission has held four meetings since the appointments: November 18, 2005, January 25, 2006, April 29, 2006, and May 22, 2006. The Commissioners handled business related to previous accomplishments, economic impact of retirees, budgeting process and strategic plan development.

The statutes governing the Retirement Development Commission state that a responsibility of the Commission is to formulate, jointly with the Office of Lieutenant Governor, a strategic plan for retirement development. The plan was developed through interviews, regional focus groups and a Commissioner retreat. Three issues emerged: education, development support and marketing. The development of the action plan (with goals, actions, timeframe, performance measures and

budget allocation) was presented to the Commissioners and the strategic plan was finalized on May 22, 2006.

This study examines the objectives of the Louisiana Retirement Development Commission. One of the major aspects of this report is to assess whether the development and implementation of the Commission's programs designed to attract and retain retirement-age residents are appropriate for its mission. This study also presents some preliminary evidence on the demographics of impact of the state's retirement age population. We also provide a brief summary of retiree-attraction strategies in other states. Finally, we provide an analysis of the changing geographical distribution of Louisiana's retirement aged population. The motivation for this analysis is to determine what areas of the state are considered "premier" retirement locations based upon actual location decisions of past retirees and retirement-ready households.

Return on Objectives

The Commission's program goal is to implement a retirement program that will assist Louisiana communities in retaining and attracting retirees, and thereby increase the economic impact businesses in the state that cater to senior citizens. The Commission has two clearly stated objectives to accomplish this goal. First, the Commission will provide assistance to a minimum of twenty communities in becoming retirement-ready by the year 2010. The Commission defines Retirement Ready Communities as those that are premier locations for retirees (persons aged 55 and older). Second, the Commission will increase the impact of the seniors industry in Louisiana by reducing the number of retirees leaving the state and by attracting retirees from other states to Louisiana.¹

Objective 1. The Office of the Lieutenant Governor, through the Retirement Development Commission, will provide assistance to a minimum of 20 communities in becoming retirement-ready by 2010.

Strategies have been outlined to achieve this objective. These strategies include providing "mini-grants" to aid eligible communities in their efforts to develop and market themselves as retirement-ready. The Commission will also provide technical assistance to these communities and developers. Finally, the Commission will develop and support policies that promote and cultivate the seniors industry in Louisiana.

Although it has yet to formally designate any retirement-ready communities, the Commission has provided financial assistance to communities interested in becoming retirement-ready.

Retirement Ready Financial Assistance Program. During the summer of 2005, eight grants were awarded to communities totaling \$82,920. This financial assistance supports communities in the areas of development (feasibility studies, market analysis) and marketing (brochure design, website design, print and broadcast advertising).

¹ The Commission defines seniors industry as trade, business, commerce or the spending and on-demand services and housing, of the mature or senior-aged population (55 years of age and older).

Providing a set of incentives for communities to become retirement-ready is entirely consistent with the achievement of objective 1. According to information provided by the Commission, its performance indicator for this objective is: number of communities requesting financial assistance and the number of communities provided financial assistance. The return on investment for this objective should not be measured this way, however. It is recommended that the Commission develop a performance indicator, which would track the success of communities once they have been designated as retirement-ready. One indicator of success can be measured by the deviation in the growth of a retirement-ready community's retirement-age population from its historical trend (prior to its designation).

The return on investment can be measured by comparing the costs of implementing objective 1 to the benefits. The benefits can be measured by the economic impact (direct and indirect) of expenditures made by the retirees that were successfully attracted to or retained by the retirement-ready program. I/O tables can be used to estimate the impacts of their expenditures on new sales, new household earnings and new jobs within the state. The direct and indirect impacts can be estimated using Bureau of Economic Analysis (BEA) Input/Output tables for the state.

Objective 2. By 2010, the Office of the Lieutenant Governor, through the Retirement Development Commission, will increase the economic impact of the seniors industry in Louisiana by reducing the number of retirees leaving the state and by attracting an increased number of retirees from other states to Louisiana.

A major task for the Commission is to develop better systems to track retirees in the state, including in- and out-migration patterns. Also the Commission will establish a methodology to measure the economic impact of retirees' spending and jobs created. Methodologies already exist to measure the economic impact of this particular demographic group (or any other group). The technique for measuring the economic impact involves the use of *input/output (I/O)* tables. An *I/O* table is a matrix of numbers that describes the interactions between all industries in a geographical area (in this case, the state). The *I/O* table provides a complete picture of the flows of products and services in the economy for a given year, illustrating the relationship between producers and consumers and the interdependencies of industries in the state. *I/O* tables for the state and all parishes have been constructed by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. The BEA is the government agency responsible for measuring the nation's gross domestic product each quarter. This *I/O* table can be used to estimate three separate impacts: (1) *new sales* for firms in the state, (2) *new household earnings* for residents in the state, and (3) *new jobs* in the state. Thus, once it is known what "external" monies (e.g. Social Security and Medicare payments) are brought into the state due to retirees, the total economic impact of retirees' spending can be calculated. Below, we review the results of one such study—the economic impact of military retirement pay on the Louisiana economy.

The Commission has implemented several programs that are consistent with achieving objective 2. Three important activities seem particularly important: (1) the publication of the Commission's magazine; (2) the creation of its website; and (3) commissioning a study by Thomas, Warren + Associates.

The Good Life: A Guide to Retirement in Louisiana. *The Good Life* has been published annually by the Commission. According to the Commission, 35,000 copies are distributed to individuals who may be interested in Louisiana as a retirement destination. An additional 40,000 copies are distributed to various Louisiana locations such as visitor centers, chambers of commerce and tourist commissions. The magazine is intended to help retain retiring Louisiana residents as well as to attract pre-retired and retiring individuals living in other states.

In order to assess the potential success of this magazine, the following question was asked of respondents in the CRT phone survey: “Are you aware of the Louisiana Retirement Development Commission’s annual publication entitled *The Good Life: A Guide to Retirement in Louisiana?*” There were 916 valid responses to the question. Most respondents indicated that they were not aware of the publication (83%), while only 146 (16%) said they were aware of the magazine (Table 1). Unfortunately, this survey was not targeted at the retirement aged population, so there is no reason to believe that a significant number of respondents would have been interested or aware of a magazine intended for retirees.

Table 1
CRT Phone Survey Results
Question: Are you aware of the Louisiana Retirement Development Commissions’
Annual publication entitled *The Good Life: A Guide to Retirement in Louisiana?*

	Frequency	Valid Percent
No	763	83.3
Yes	146	15.9
Don’t Know	7	.8
Total	916	100.0

Retirement Commission’s Website. The Commission has also set up a website that can be accessed by anyone (<http://retirelouisiana.org>). Among other things, the Commission’s website is used by individuals to acquire information about Louisiana as a retirement destination. The website provides useful information about Louisiana’s culture, climate, health care, food, and shopping—all information geared to retirement aged individuals. One can also hear testimonials from Louisiana retirees about all aspects of Louisiana. The website is a potentially excellent tool for individuals to obtain valuable information about the state as a retirement destination. The webpage permits individuals to contact the Commission, providing them with a “message text” box for detailed questions and comments. The Commission might consider adding an “information” box to its webpage. Individuals who visit the site would be asked to complete a short questionnaire providing the Commission with general demographic information about the respondents. In addition, respondents could be asked about what they find interesting about the

state. These profiles could be used to design policies aimed at attracting and retaining retirees in the state. The demographic information might also be useful in adjusting the kinds of information included on the webpage.

In order to assess the potential success of this website, the following question was asked of respondents in the CRT phone survey: “Are you familiar with the Louisiana Retirement Development Commission’s Retirement Website”? Of the 916 valid responses, only 6 percent of the respondents said they were aware of the website, while about 94 percent said they were not (Table 2). Again, the sample frame for this survey did not focus on the retirement aged population, so we would not expect a significant number of respondents to have known about the site.

Table 2
CRT Phone Survey Results
Question: Are you familiar with the Louisiana Retirement Development Commission’s “Retirement Website”?

	Frequency	Valid Percent
No	858	93.7
Yes	57	6.2
Don’t Know	1	.1
Total	916	100.0

It is difficult, however, to assess the success or the impact of the Commission’s annual magazine or its website based on the results of the CRT survey. A more focused sample frame is required for such an assessment—one that targets only retirement aged individuals. A suggested survey questionnaire is presented in section VI.

Commissioned Study. In 2002 Thomas, Warren + Associates prepared a report for the Commission entitled *The Impacts of Retirement-Age Residents of Louisiana*. This study investigated the economic and social impact of retirement-aged residents on the State of Louisiana. The major findings and conclusions of this study are discussed below. Another study that has provided the Commission with valuable information was conducted by Loren C. Scott and Associates. The study focused on one segment of the retirement-aged population in Louisiana—military retirees. The study was entitled *The Impact of Military Spending on the Louisiana Economy*. The major findings and conclusions of this study are also discussed below.

The Economics of Retirement-Age Population

The importance of retirees to the state's economy is clearly recognized in Objective 2. Retirees as a group represent a significant source of economic activity. Unlike other age groups, a substantial portion of their income can come from outside the state (e.g. Social Security) and as such represents an injection of "outside" money into the state's economy. Further, retirees can move between states, taking their income with them. This represents a net drain on the economy. In contrast, when a typical worker leaves the state, the worker's income remains behind in the sense that an employer will fill the vacant position with another worker. Thus, the return on objective 2 can be potentially large. To the extent that the Retirement Commission can succeed in providing incentives for individuals to retire in Louisiana, there will be a clear and measurable positive impact on the state's economy.

It may be useful to examine some of the important demographic characteristics of the retirement-age population in the U.S. and the state of Louisiana. This discussion addresses a few important questions. What has happened to the relative size of the retirement-age population in the state? How is the retirement-age population distributed across parishes in the state? What costs do they impose and what benefits do they provide to the state? That is, what are the potential economic impacts of retirement-age residents on the state's economy? The Commission's goal of attracting and retaining retirees makes sense if the benefits that retirement-age residents provide exceed the costs they impose on the state. Also, one of the Commission's objectives is provide assistance to a minimum of twenty communities in becoming retirement-ready by the year 2010. Thus, it may be useful to know what parts of the state have experienced the greatest relative gains in retirement-age populations. Obviously, individual retirement decisions about where to locate can help the Commission formulate appropriate policies.

Demographics of the Retirement-Age Population. Ever since the first Decennial Census was taken in 1790, the U.S. population has been getting older. The aging of our population has been most pronounced among those 65 years of age and older. At the turn of the century, only 3.1 million Americans were above the age of 64. By 2000 the number had increased to 35 million, more than 10-fold increase.² The aging of the population is the result primarily of three factors: the secular decline in birth rates, increased longevity, and the aging of the Baby Boom generation.

Traditionally, age 65 was considered the official retirement age. Most retirement benefits kicked in at 65 and retirement was mandatory in many employment contracts. Increasingly, however, today's workers say they plan to work well beyond the age of 65.³ Since the mid-1990s the percentage of both men and women still working until their later years has been increasing. Between 1992 and 2004 the percentage of men age 65 to 74 working full-time increased from 14.9 percent to 18.7 percent and from 6.2 percent to 10.5 percent among women.⁴

² U.S. Census Bureau, decennial census of population, 1900 to 2000.

³ AARP research report, "Staying Ahead of the Curve," September 23, 2002. Cited in Mature Market Group, "Mature Market Basics," 2004.

⁴ Ibid, page 27.

Overall, Louisiana's retirement-age population has grown as well. In 1990 there were approximately 807 thousand individuals age 55 and older. By the year 2000 this segment of the state's population had increased to 895 thousand—an increase of about 11 percent. The population of individuals 65 and older increased from 467 thousand to 518 thousand over this same period, or about 11 percent.⁵

The state-wide percentage increase in its senior citizen population was not, however, evenly distributed across parishes. Chart 2 illustrates the rather significant variation among parishes in the growth rates of individuals 65 years of age and older.⁶ Dividing growth rates for this segment of the population into groups reveals an interesting pattern within the state. There appears to be a clear division between the growth rates of retirees in north and south Louisiana. Growth rates of individuals age 65 and older are generally positive in south Louisiana and negative in north Louisiana. The notable exception in north Louisiana is Bossier Parish, with a growth rate that places the parish in the top group for the state.

The stars in Chart 2 denote the location of each of the communities that received financial assistance from the Commission in the summer of 2005. Two of those communities, Lake Charles (Calcasieu Parish) and Eunice (St. Landry Parish), are located in parishes in the top group.

Economic Impact of the Retirement-Age Population. As a group, the retirement-age population has accumulated more wealth and has greater spending power than any other age cohort. Households in this group own about 65 percent of total net worth among U.S. households and control about 50 percent of all discretionary income.⁷ While current household income tends to decline for individuals 55 years of age and older, the value of their accumulated assets continues to rise.

Retirement-age residents in Louisiana also tend to be wealthier than younger age cohorts. The average annual per capita income for Louisiana's retirement-age residents in 2000 was estimated to be \$28,477, or about 27 percent higher than the \$22,481 all individuals below the age of 55.⁸ Even though they account for only 20 percent of Louisiana's population, they account for over 32 percent of the income of all residents, and 37.6 percent of the total consumer expenditures by residents of the state.

Further, a significant portion of the income of retirees represents *net injections* into the state's economy. For example, Social Security payments to retirees come from "outside" the state. Unlike the case of workers below retirement age, out-migration of retirees causes a reduction in income (and associated spending levels). These reductions in "outside" income have both direct and indirect impacts on the economy. For example, when a retired household makes a decision to leave the state, a chain-reaction is started which works its way throughout the economy. The reduction in direct spending leads to spillover effects which magnifies the direct impacts. This chain-reaction (multiplier effect) causes even more spending reductions leading to job losses. In

⁵ Census Bureau, 1990 and 2000 SF3 files.

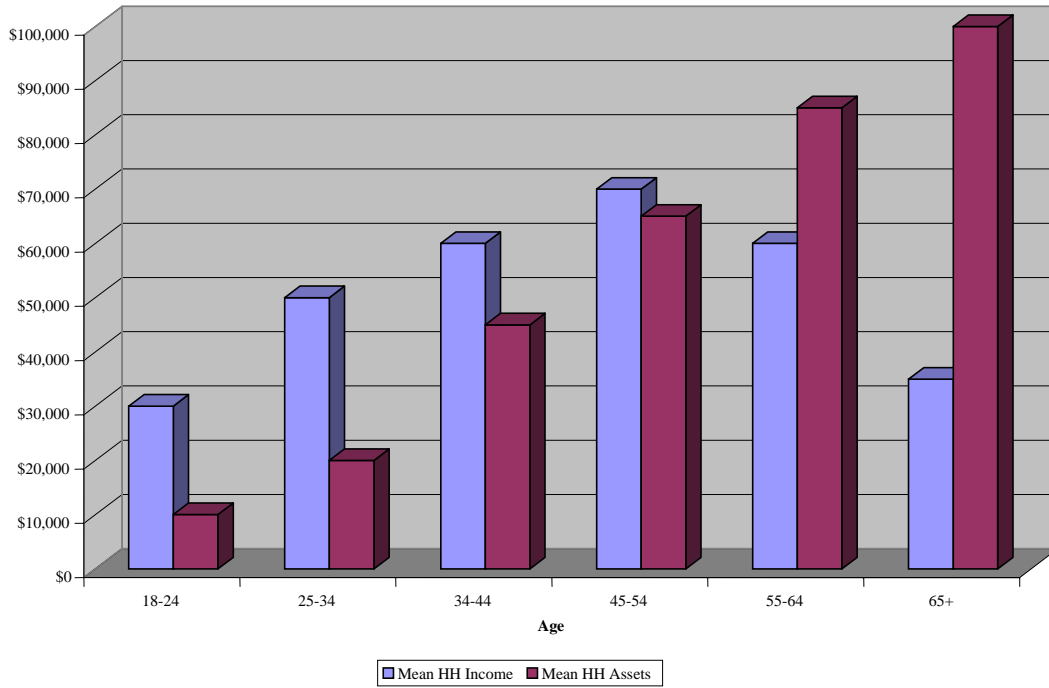
⁶ Below we refer to these individuals as *retirees*.

⁷ Source: U.S. Consumer Expenditure Survey, 2002. Cited in "Mature Market Basics," 2004.

⁸ Reported in Thomas, Warren + Associates, "The Impact of Retirement-Age Residents of Louisiana," June 2002.

contrast, when a worker decides to leave the state, say to take another job, there is no necessary reduction in household earnings within the state. The worker’s job will be filled by someone else.

Chart 1
Mean Household Income and Assets by Age Group



Military Retirees. An important source of retirees is provided by military bases in the state. Historically, military personnel tend to retire close to military facilities. There are four large military facilities in Louisiana, Fort Polk, Barksdale Air Force Base, the Naval Reserve Force Operations, and the Marine Corps Reserves. The two largest military bases, Barksdale and Fort Polk, are strong magnets for military retirees in the state. The Commission’s programs to attract retirees to the state should pay close attention to retirement-age military personnel at these military facilities. The distribution of military retirees across metropolitan areas within the state is presented in Table 3. Column two reports the percent of the state’s population residing in each metropolitan area. Note, there is a disproportionate share of military retirees living in the Alexandria and Shreveport areas. The Commission may find significant returns to promoting these cities as retirement-ready communities, primarily because there appears to be a pre-existing demand for these locations by retirement-age individuals. In addition, retirement pay for military retirees has a potentially large economic impact on the state’s economy.

According to one study, the impact of military retirement pay on the state’s economy is substantial. The annual military retirement pay in Louisiana for its 26,704 retirees is approximately \$406.7 million. As a result, Louisiana firms experience nearly one-half of a

billion dollars in sales each year due to military retiree spending in the State.⁹ This in turn, creates about \$552 million in additional household earnings and 6,497 jobs in the State. The direct and indirect impacts on the state's economy are presented in Table 4.

Table 3
Distribution of Military Retirees and General Population

Area	Percent Military Retirees	Percent General Population
New Orleans	26.5%	27.6%
Houma	2.8%	7.4%
Lafayette	7.6%	13.4%
Lake Charles	3.3%	6.3%
Baton Rouge	8.8%	18.4%
Alexandria	19.1%	7.0%
Monroe	6.2%	7.1%
Shreveport	26.2%	12.7%

Source: Loren C. Scott & Associates, 2002

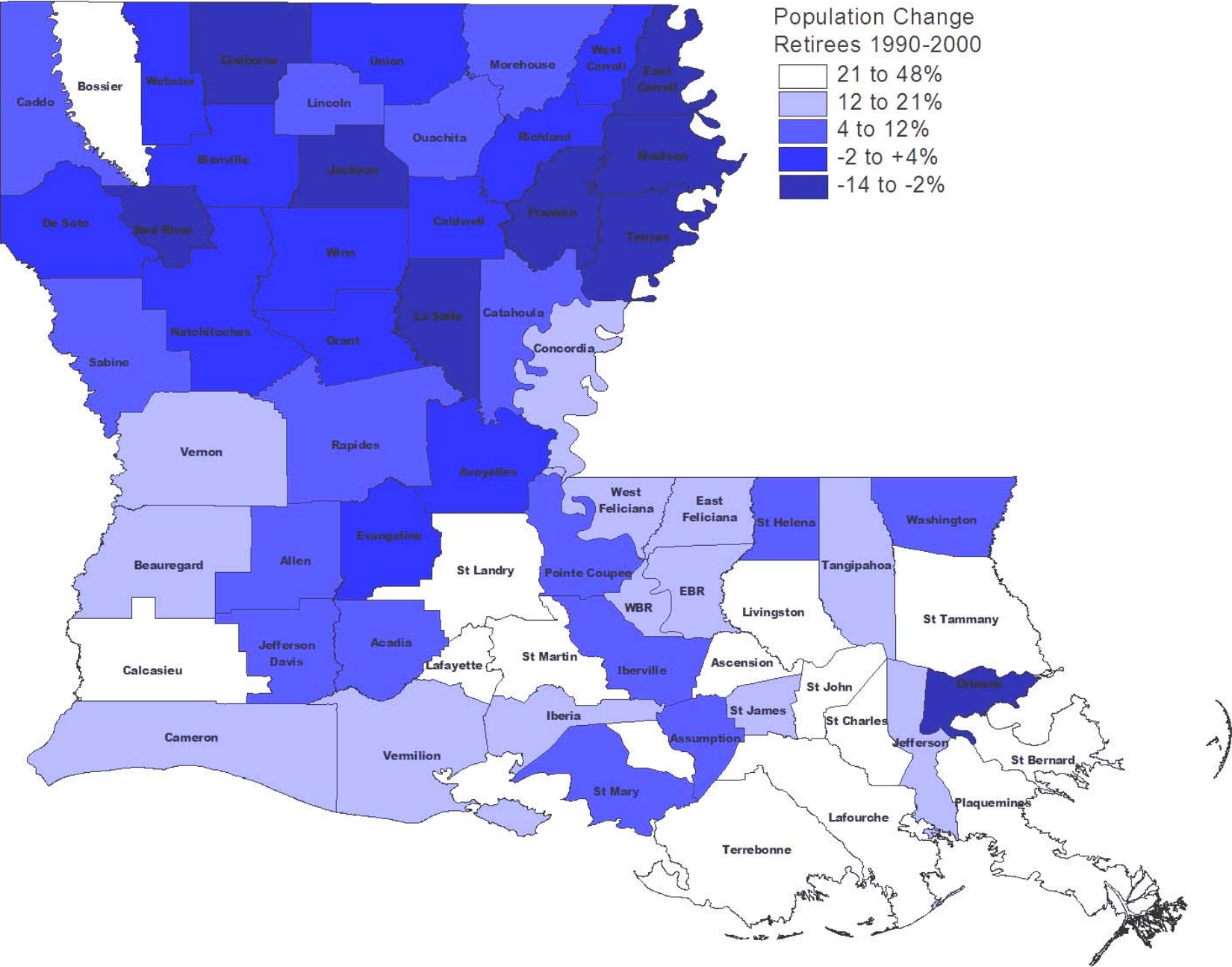
⁹ The discussion in this section is based on Loren C. Scott & Associates, Inc. "The Economic Impact of Military Spending on the Louisiana Economy," prepared for the Louisiana Department of Economic Development, March 2002.

Table 4
Total Economic Impact of Military Retirees’
Spending on the Louisiana Economy

Category	Total Economic Impact
Total Military Pay	\$406.8 million
Total Sales Created	\$498.5 million
Total Earnings Created	\$551.9 million
Total Jobs Created	6,497

Source: Loren C. Scott & Associates, 2002

Chart 2



Where have Retirees Located in the State?

The analysis in this section is intended to help the Commission in its efforts to achieve objective 1. Knowing which parts of the state individuals have historically viewed as attractive retirement locations may help the Commission with achieving objective 1. It is assumed that individuals reveal their preferences by their actual behavior and choices.

What has happened to the population of retirement-age residents in various regions of the state? Which parishes have been able to retain retirees and which parishes seem to have difficulty retaining or attracting retirees? Recall, one of the objectives of the Commission is provide assistance to a minimum of twenty communities in order for them to become retirement-ready by the year 2010. The Commission defines Louisiana “retirement ready communities” as those areas of the state that the Commission substantiates as premier locations for retirees (persons aged 55 and older). One very useful indicator of what constitute “premier locations” is look at the pattern of actual location decisions that have been made by retirees. “Voting with their feet” reveals more about their actual location preferences than other methods (e.g. surveys).

In this section we examine the *comparative changes* in the growth of the retirement-age population across parishes in the state. Our point of reference is the rate of growth in this age group for the entire state. Gain and loss for each parish will be evaluated in terms of the parish growth rate relative to the state average. The objective of this exercise is to flag individual parishes that may have unique attributes favorable for attracting and retaining retirees. It might then be useful to determine what features of those particular parishes caused them to experience relative gains in retirement-age populations.

The particular measure used to gauge the extent of retirement-age population shifts between parishes involves a comparison of actual number of retirement-age residents in the year 2000 with a hypothetical figure showing the amount of retirement-age residents predicted for that parish based on the state-wide growth. The prediction imputes the state-wide growth rate to each parish. The resulting figure represents the predicted number of retirement-age residents, assuming that this segment of the population within a parish had “grown” at the state rate. It is calculated in the following manner:

$$SS_p = RA_p^1 - RA_p^0 (RA_s^1 / RA_s^0)$$

where SS_p measures the shift in the share of retirement-age residents in each parish p . RA_p^1 denotes total retirement-age population in parish p , in the year 2000; RA_p^0 denotes the same in 1990; and RA_s^1 and RA_s^0 represent the associated retirement-age populations for the state in 2000 and 1990, respectively. This measure of relative gains and losses is intended to distinguish between changes that occurred because of state-wide trends in retirement-age population and changes that occurred as a result of possible unique factors associated with a particular parish.

A positive (negative) number represents a relative gain (loss) in the retirement-age population for a parish. The difference between actual and hypothetical retirement-age population in 2000 is

assumed to reflect the importance of parish-specific factors in producing a divergence between *actual* retirement-age population and that *anticipated* on the basis of state-wide trends.

We calculate the relative *gains* and *losses* for three different age categories. In the first category, we focus on individuals age 65 and older. We refer to individuals in this group as *retirees*.¹⁰ The second category consists of individuals between the ages of 55 and 64, which we refer to as *retirement-ready*. We focus on this group because workers in this group are beginning to think about their retirement options (including their retirement locations).¹¹ The third category contains all individuals 55 years of age and older. This group is referred to as *retirement-age*—the definition used by the Commission.

The extent to which the *retiree*, *retirement-ready* and *retirement-age* population growth rates differed between parishes during the decade of the 1990s is revealed in Table 5 below. The first column presents measures of relative gains and losses in the number of *retirees* for each parish. We have ordered parishes by size of relative gains in descending order. The shift in the population of *retirees* between parishes in the 90s was dramatic. For example, St. Tammany Parish experienced the largest *relative gain* (almost 5,000 *retirees* during this period). At the other end of the distribution, Orleans Parish experienced a *relative loss* of about 15,000 *retirees*.

While it is not evident in the table, there was a very pronounced regional bias in the distribution of relative gains and losses across the state. This regional effect is clearly revealed in Chart 3 below. With only one exception (Bossier Parish), parishes in north Louisiana all experienced *relative losses* in the number of *retirees*, while the vast majority of parishes in south Louisiana experienced *relative gains*. Again, the most notable exception in south Louisiana is Orleans Parish. At least in terms of the relative gains and losses, there appears to be two different “states” within Louisiana. For whatever reason, south Louisiana appears to be a relatively attractive place for *retirees*.

The distribution of relative gains and losses in the *retirement-ready* population for each parish is reported in the second column. What stands out here is the number of color changes from the first column. For example, note the experience of Calcasieu Parish. Despite the fact that the Parish had a relatively large gain in the number of *retirees*, it had a relatively large loss in its *retirement-ready* population during the 1990s.

It is apparent that the pattern of relative gains and losses for *retirement-ready* individuals is not clearly correlated with that of *retirees*. Other than parishes at the upper and lower end of the distribution, many of the parishes in the middle groups experienced a marked divergence in the relative gains and losses between *retirees* and *retirement-ready* populations. Thus, there is less regional bias for changes in *retirement-ready* populations across the state (see Chart 4).

The relative gains and losses for both the *retirement-ready* population and the number of *retirees* are captured by the changes that took place among the *retirement-age* population. These gains

¹⁰ While all individuals in this age group are not retired, it may be safe to refer to them as retirees because most individuals above the age of 65 are out of the labor force.

¹¹ This group also contains individuals who have already retired, but we assume that most individuals in this group are still in the labor force.

and losses are reported in the last column of the table. As revealed in Chart 5, there is relatively strong regional effect—we still see a marked difference between north and south Louisiana.

Though these estimates do not provide an answer to the question of why parishes differ so dramatically in their abilities to “retain” or “attract” retirement aged populations, this exercise may help to focus future research efforts to uncover the unique factors that make particular parishes attractive to retirement-age people. This might assist the Commission in designing programs consistent with its goals and objectives. These estimates may provide some evidence on actual decisions made by retirement-age individuals, since these data reflect their *revealed preferences* concerning retirement locations.

With respect to achieving objective 1, it might be useful to characterize parishes in the top group as already containing “retirement ready communities” based on the observed location decisions of retirees. While this analysis has not specifically isolated the contribution of the in-migration of retirees in each parish, the designation “retirement ready” employed here is similar to that employed by the *Economic Research Service (ERS)* in the United States Department of Agriculture. The *ERS* has defined “retirement counties” as non-metropolitan counties with 15 percent or more net in-migration of the elderly (age 60 and above).¹² It is recommended that the Commission consider the *comparative advantage* that parishes in the top group currently possess when it formulates the criteria for designating “retirement-ready” communities. The Commission may also find it useful to formally investigate why these parishes attract retirees. Parishes in the top group may be “high-amenity” places and as such, may not require assistance of Commission policies to attract more retirees. However, much can be learned by determining which particular set of amenities retirees find attractive.

¹² Richard J. Reeder, “Retiree-Attraction Policies for Rural Development,” *Economic Research Service/USDA*, Agriculture Information Bulletin No. (AIB741), July 1998.

Table 5

Parish	Relative Gains & Losses Retirees	Relative Gains & Losses Retirement-Ready	Relative Gains & Losses Retirement-Age
St Tammany	4,790	4,781	9,570
Jefferson	3,909	-48	3,858
Lafayette	2,957	481	3,436
E Baton Rouge	2,304	1,811	4,114
Calcasieu	1,807	-1,171	634
Bossier	1,711	573	2,283
Livingston	1,478	1,935	3,413
Lafourche	1,273	331	1,604
Terrebonne	1,189	853	2,040
St Landry	974	-125	848
St Charles	970	-258	710
St Bernard	857	-1,253	-396
Ascension	658	1,412	2,069
St Martin	472	584	1,056
Plaquemines	451	-103	347
Iberia	391	126	517
St John Baptist	356	491	847
Beauregard	300	442	741
Vernon	210	196	406
W Baton Rouge	161	168	329
St James	135	92	227
Concordia	118	-388	-270
Tangipahoa	84	826	910
West Feliciana	82	244	326
East Feliciana	80	233	314
Vermilion	61	-198	-136
Cameron	58	-40	18
St Helena	-26	125	99
Allen	-43	175	132
Acadia	-82	-128	-211
Pointe Coupee	-84	29	-55
Catahoula	-87	-55	-142

Table 5 (continued)

Parish	Relative Gains & Losses <i>Retirees</i>	Relative Gains & Losses <i>Retirement-Ready</i>	Relative Gains & Losses <i>Retirement-Age</i>
Iberville	-94	95	0
Lincoln	-113	-20	-132
St Mary	-161	-108	-269
Assumption	-170	248	78
Jeff'n Davis	-193	-259	-452
Caldwell	-198	104	-94
Red River	-222	24	-198
West Carroll	-233	12	-221
Union	-243	303	60
East Carroll	-251	-231	-481
Grant	-256	229	-27
Sabine	-268	162	-105
La Salle	-286	-148	-434
Tensas	-299	-94	-393
Winn	-309	-108	-417
Morehouse	-337	-727	-1,064
Washington	-343	-421	-764
Madison	-359	-118	-476
Ouachita	-363	-751	-1,114
Bienville	-366	-115	-481
Richland	-384	-233	-617
De Soto	-386	-172	-558
Evangeline	-395	-373	-768
Jackson	-406	63	-343
Franklin	-473	-264	-736
Claiborne	-480	-243	-723
Natchitoches	-534	16	-518
Webster	-668	-256	-923
Avoyelles	-738	-278	-1,016
Rapides	-1,006	-689	-1,695
Caddo	-2,193	-2,052	-4,244
Orleans	-14,786	-5,735	-20,516

Chart 3

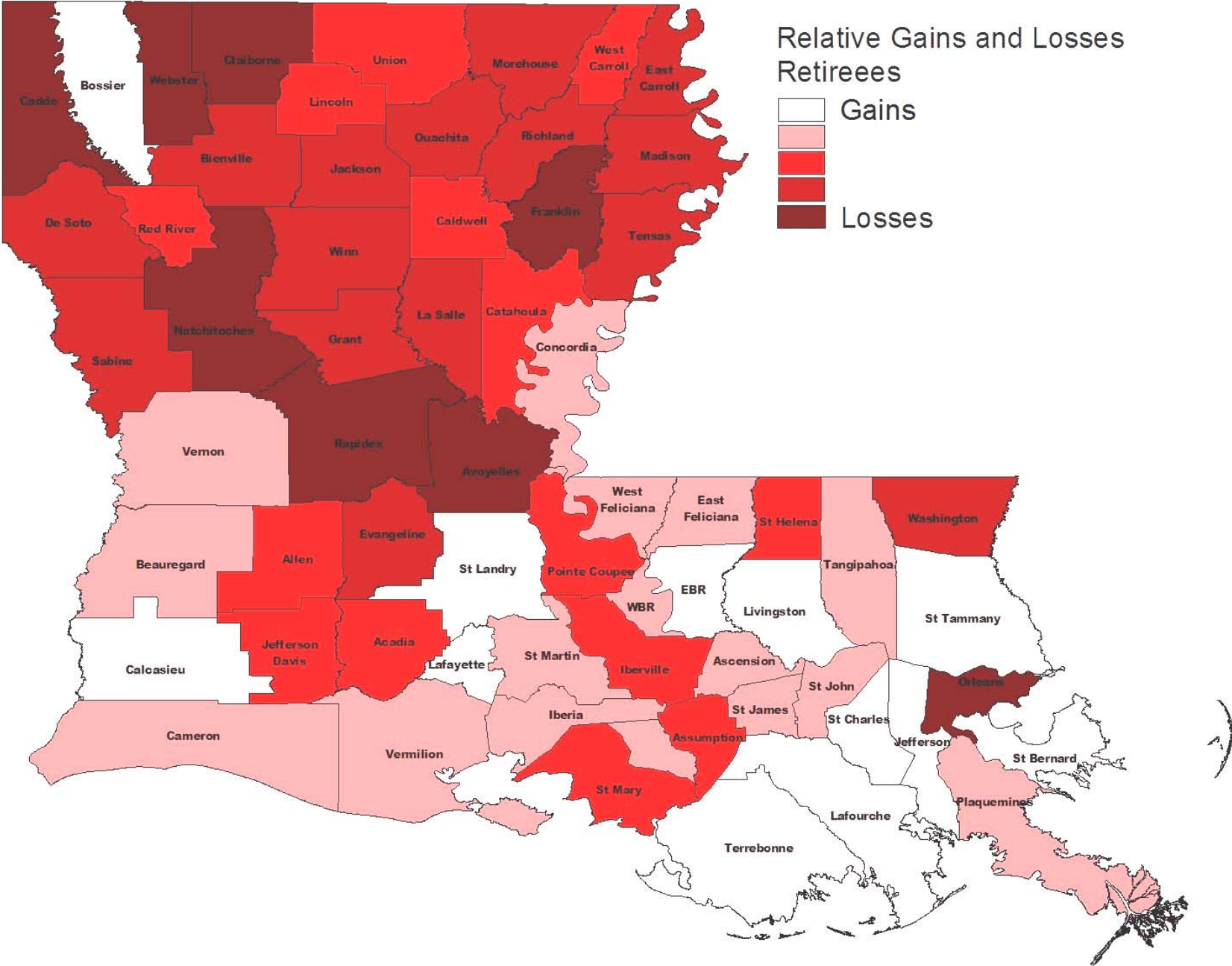


Chart 4

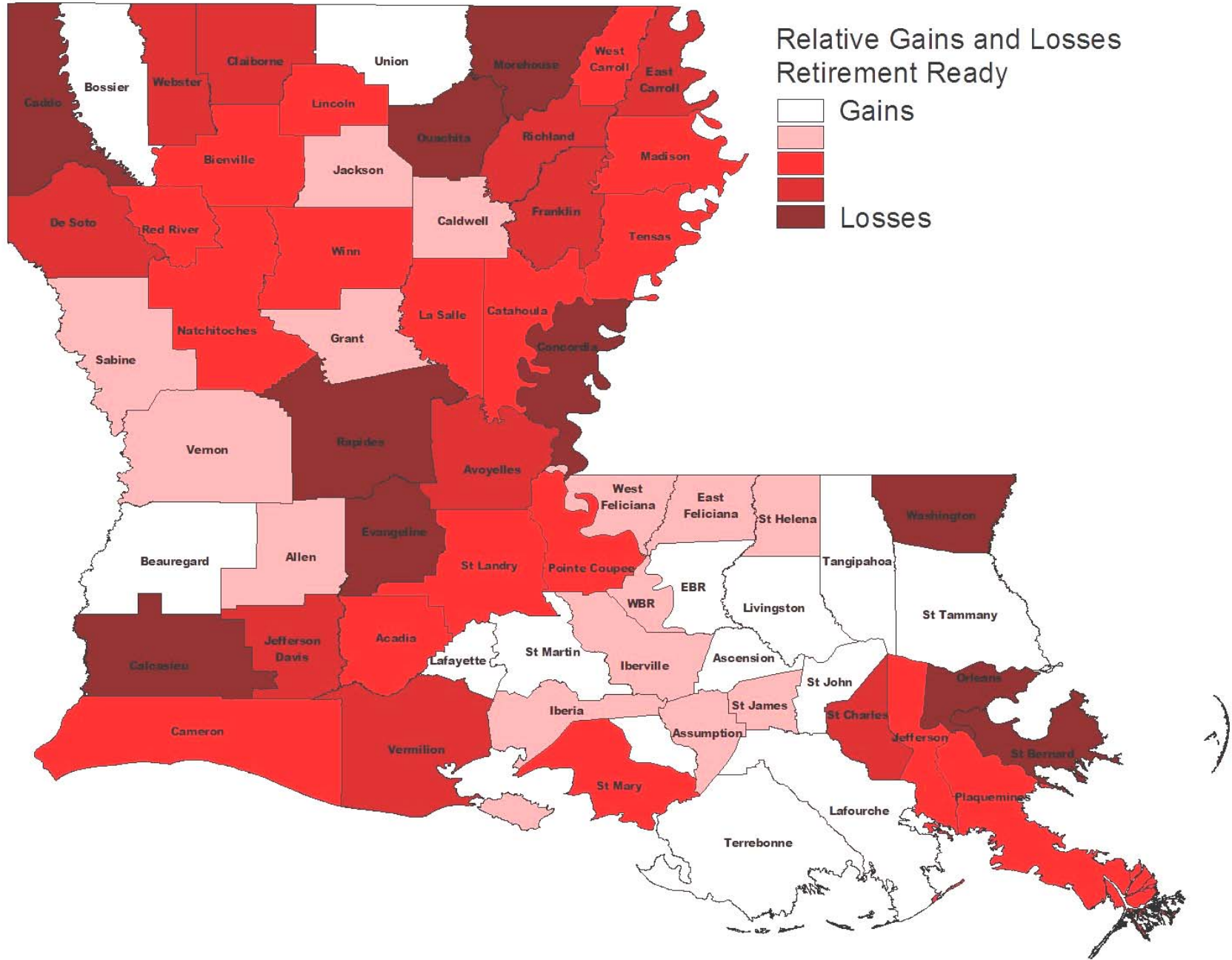
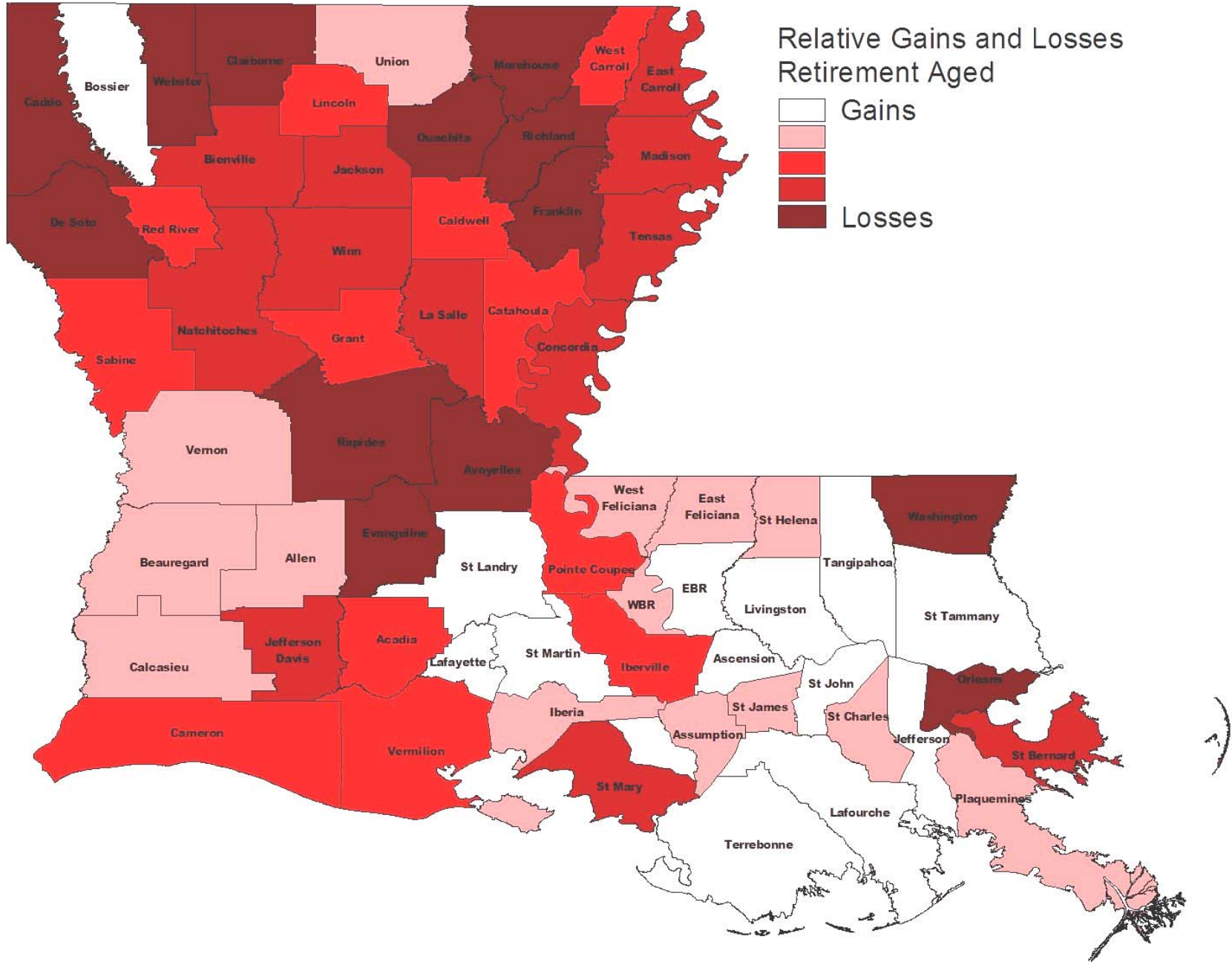


Chart 5



Retiree-Attraction Strategies in Other States

Many states recognize the potential benefits of retaining and attracting retirees and have implemented retiree-attraction policies. While it is difficult to conveniently synthesize the myriad of state initiatives designed to promote their state as an attractive place to retire, we will mention only a few.¹³

Alabama Advantage Model. The Alabama model entails state assistance to rural communities in all phases of retiree attraction. In addition, planning and technical assistance was provided to rural communities in their attempts to attract retirees. Key components of the Alabama Advantage for Retirees Model:

- The State's 1989 "Alabama Reunion." Attracted former residents of the state back to visit and used as a vehicle to promote the state as a retirement destination.
- A state-wide survey to identify communities interested in joining the program to attract retirees. It also collected infrastructure data on these communities.
- Production of color brochures promoting retirement in Alabama. A guidebook to retirement was provided to those who received the brochure and requested more information.
- Development of planning and technical assistance manuals for communities interested in joining the program.
- Initiated a state publicity campaign in national newspapers and magazines.
- Annual state-wide conferences to assist local communities with technical matters.
- Construction of a series of first-rate golf courses, all located within 10 minutes of an interstate highway.

Arkansas Real Estate Organization Model. Although Arkansas has several well-known tourist attractions that have attracted retirees to the state, real estate agents throughout the state organized a task force to develop a model to help other communities attract retirees. The task force recommended the creation of a retirement development center. As a result, Share Arkansas was incorporated in 1993. Important features of this model include:

- Main goal was to create a network of local retirement development efforts throughout the state, consisting of city governments, chambers of commerce, real estate agents and other groups interested in retiree attraction initiatives.
- Center set up formal marketing and response processes similar to Alabama's model.
- Center advertises using tabloid-type information. Those individuals responding via an 880 number listed in the ads were asked their area of interest. Local and regional groups then followed-up and invited retirees to visit.

¹³ A more thorough discussion of state initiatives can be found in Richard J. Reeder, "Retiree-Attraction Policies for Rural Development," *Economic Research Service/USDA, Agriculture Information Bulletin No. (AIB741)*, July 1998.

Washington Community Self-Help Model. The state of Washington began its self-help model in 1987. The Washington Department of Trade and Economic Development encouraged rural communities to advertise their communities as retirement locations in newspapers outside the state. The Art of Retirement Task Force was formed along with the Team Washington Project. Initiatives include:

- Production of a self-help guidebook entitled *Art of Retirement: An Economic Development program for Rural and Distressed Areas*. Informed interested communities about how to set up local retiree-attraction committees and create promotional materials. Included in a “Community Assessment Kit.”
- A more comprehensive self-help guidebook entitled *Economic Expansion Using Retiree Income: A Workbook for Rural Washington Communities*, published by the State’s Rural Economic Assistance Project.

North Dakota Back-Home Model. North Dakota’s Project Back-Home Cooperative program was initiated in 1994 and involves numerous counties and communities. It is not officially affiliated with the state. This is a direct mail program, with communities developing mailing lists of former high school graduates and others who have left the state. The Management Group, a private company, contacts everyone on the list reminding each person of their home community’s good points and asking them to consider returning. Interested individuals were asked to send back a postcard. Respondents were then sent a survey specific to their expressed interests. After surveys were returned, the responses were entered into a data base and then forwarded to individual communities so they could determine whether they met the requirements of respondents.

South Carolina Planned Retirement Community Model. The South Carolina model emphasized planned retirement communities as the major attraction for bringing retirees into the state. Since private companies developed and engaged in aggressive marketing campaigns, the state was relieved of the financial burden of marketing activities. In return, however, many local government entities provided incentives to developers. Some of the activities of the program included:

- The Department of Parks, Recreation and Tourism sponsored a study conducted by the University of South Carolina (1991). The study, entitled *The Economic Impact of the Senior Living Industry in South Carolina*, examined survey data from 128 retirement community developers in the state and estimated the developments had resulted in a \$4 billion stimulus to the state, with another \$10 billion expected.
- The Community Development Division of the State’s Department of Parks, Recreation and Tourism sponsored conferences in the early 1990s to encourage communities to set up committees to develop local retiree-attraction policies.
- State helped fund a retirement magazine promoting the state’s retirement potential.

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- Work with private developers to build retirement communities, such negotiations with Del Webb to build a major retirement community near Savannah and Hilton Head Island.

Additional information about retiree-attraction initiatives that also include extensive references to existing literature can be found at the following websites:

<http://www.afscme.org/about/retiree.htm>

<http://www.aces.edu/crd/publications/CRD-56.html>

<http://www.ccfj.net/DestFlpg1.html>

<http://www.frs.state.fl.us/frs/Main.htm>

<http://www.ers.usda.gov/Publications/aib741/>

http://www.state.wv.us/seniorservices/wvboss_article.cfm?mnhd=D2D5AA81-F302-11D5-8DA60002A52CB920&atl=ACE1FD12-D1FE-11D5-8DA00002A52CB920

<http://www.pamij.com/9-3/pam9-3-2-skelley.pdf>

<http://www.visitmississippi.org/retire/retirementcities.htm>

Proposed Retirement-Age Survey Instrument

The following is a proposed mail survey questionnaire that would be inserted into the Commission's annual publication entitled *The Good Life: A Guide to Retirement in Louisiana*. This would accomplish at least three important goals. First, since it would be included in the Commission's magazine, the sample frame would be almost exclusively retirement-aged individuals (the CRT survey did not focus on this demographic group). Second, assuming a reasonable response rate, it would generate a data set from a potentially very large sample. Recall, 35,000 copies of the magazine are distributed to individuals who may be interested in Louisiana as a retirement destination. An additional 40,000 copies are distributed to various Louisiana locations such as visitor centers, chambers of commerce and tourist commissions. Third, the magazine is distributed to individuals who currently live in other states, so a potentially significant percent of the sample will be out-of-state residents. This would provide the Commission with valuable information regarding important determinants of location decisions of individuals and families that might consider moving to Louisiana to retire. Individuals could be encouraged to respond to the survey by offering the respondents a Louisiana souvenir.

Retirement in Louisiana

Thank you for your interest in our survey. We would like to talk you about your opinion of Louisiana, and retiring in Louisiana.

1. Are you a Louisiana resident?
 1. Yes (Go to Question 1A)
 2. No (Go to Question 1B)

- 1A. Are you thinking of retiring in the state of Louisiana?
 1. Yes (Go to Question 1A.1)
 2. No (Go to Question 1A.2)

- 1A.1 Why are you thinking of retiring in Louisiana?

- 1A.2 Which state are you considering retiring in? _____

- 1A.3 Why are you considering retiring in that state?

Please go to Question 2.

1B. Have you ever visited Louisiana?

1. Yes (Go to Question 1B.1)
2. No (Go to Question 1C)

1B.1 When did you last visit?

1. Within the last month
2. 3-5 months ago
1. Within the last year
2. 1-5 years ago

1B.2 What parts of the state did you visit?

1B.3 What was the purpose of your visit?

1. Vacation/Pleasure
2. Business/Convention
3. Hurricane Related
4. Special Even
5. Other

1C. Are you thinking of retiring in Louisiana?

1. Yes (Go to Question 1C.1)
2. No (Go to Question 1C.2)

1C.1 Why? _____

Please go to Question 2.

1C.2) Why? _____

Please go to Question 2.

2. Please tell me on a scale of 1-5 how important are the following factors in making a decision on where to retire where 1 means "Very Important" and 5 means "Not Important"

2A. Proximity to Family:

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2B. Proximity to Health Care Facilities:

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2C. Proximity to Shopping:

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2D. Proximity to cultural amenities (theater, museum, music, etc.):

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2E. Proximity to urban areas:

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2F. Proximity to fine restaurants:

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2G. Moderate climate:

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2H. Low taxes:

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2I. Low cost of Living:

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

2J. Availability of outdoor activities

1. Very Important
- 2.
- 3.
- 4.
5. Not Important
8. N/A

3. Please tell me your level of disagreement/agreement for each statement on the five-point scale where 1 means “strongly agree” and 5 means “strongly disagree”

3A. Louisiana is a good place to retire.

1. Strongly Agree
- 2.
- 3.
- 4.
5. Strongly Disagree

3B. There are many communities in Louisiana that are suited for retirees.

1. Strongly Agree
- 2.
- 3.
- 4.
5. Strongly Disagree

3C. I am aware of “The Good Life: A Guide to Retirement in Louisiana”.

1. Strongly Agree
- 2.
- 3.
- 4.
5. Strongly Disagree

3D. The internet is a good place to find information regarding a retirement destination.

1. Strongly Agree
- 2.
- 3.
- 4.
5. Strongly Disagree

4. What is your age?

1. <30 years old
2. 30-40 years old
3. 41-50 years old
4. 51-60 years old
5. 61-70 years old
6. 71+ years old

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5. What do you consider your race/ethnicity to be?
 1. African American/Black
 2. Hispanic/Latina(o)
 3. Asian/Pacific Islander
 4. Native American
 5. White/Caucasian
 6. Other (please specify) _____

6. What is your income?
 1. <25,000
 2. 25,000-49,999
 3. 50,000-74,999
 4. 75,000-99,999
 5. 100,000-199,999
 6. 200,000+

7. Do you:
 1. Own a home
 2. Rent Live with Relatives
 3. Other

8. What is your highest level of education?
 1. High School
 2. Some College, No Degree
 3. College Graduate
 4. Post Graduate

9. What is your occupation? (Choose One)
 1. Professional
 2. Technical
 3. Manager/Administrator
 4. Military
 5. Student
 6. Homemaker
 7. Laborer
 8. Unemployed
 9. Retired
 10. Other (please specify) _____