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Retiree Immigration as an Economic Development Strategy

by

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**RETIREE IMMIGRATION AS AN ECONOMIC DEVELOPMENT STRATEGY<sup>1</sup>**Richard J. Reeder<sup>2</sup>

During the decade of the 1980's, when most of America's rural areas were struggling economically, those that successfully attracted retirees enjoyed substantial growth in population, employment, and income. Some states and localities are starting to promote their prime rural retiree destinations to take advantage of this development. In considering whether or not to make retiree immigration a development strategy, policymakers should consider the likely consequences of retiree attraction:

- \* **Job growth.** Input-output studies indicate that it only takes 1 to 4 retirees to create a job. Some of the jobs will leak out of the area. Smaller towns and places located near large communities will likely have greater economic leakages to the surrounding region. The extent of local job creation will also depend on the wealth of the retirees.
- \* **Most jobs are in services.** This adds to local economic diversification and keeps the downtown business district alive. Although most service jobs are low-paying, retirees also create some higher-paying jobs in health, real estate, and construction.
- \* **Population growth.** The amenities which characterize retiree destinations attract both the elderly and non-elderly seeking jobs. Population growth helps maintain viable communities with schools, churches, theaters, and other local institutions that might otherwise disappear.
- \* **Social and environmental stress.** Where large numbers of retirees migrate, conflicts between retirees and long-time residents may arise involving land-use and other matters. In extreme cases, rising property values can prevent some residents from buying houses, while congestion and rural sprawl can result in a deteriorating quality of life.

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<sup>1</sup>Based on Richard J. Reeder, Mary Jo Schneider, and Bernal L. Green, "Attracting Retirees as a Development Strategy," pp. 127-144 in Economic Adaptation: Alternatives for Nonmetropolitan Areas, Ed. by David L. Barkley. Boulder, Co.: Westview Press, 1993.

<sup>2</sup>Economist, Agriculture and Rural Economy Division, Economic Research Service, U.S. Department of Agriculture, Washington, DC.

- \* **Local fiscal windfall.** Retirees usually add more to the local tax base than they demand of government services (low-income retirees may be exceptions). Although some retirees may require significant long-term medical assistance, private insurance and Medicare cover most of such costs: local hospitals usually benefit from higher occupancy.
- \* **Political conflict.** Retirees on limited incomes sometimes oppose efforts to spend more on education and economic development, while at the same time demanding more of some other public services than long-term residents.

Various policies can be adopted to attract or retain retirees and to mitigate retiree-related problems:

- \* Retiree attraction policies include: (1) marketing (in newspapers, magazines, visitor centers, and direct mail); (2) local improvements (golf courses, senior centers, public transportation); (3) retirement developments (planned villages or subdivisions); (4) tourism attractions (many retirees are first attracted to a place as a tourist).
- \* Retiree retention policies focus more on improved medical and social services to assure local elderly that most of their needs can be met without leaving the area.
- \* Mitigation policies include: (1) getting local schools, hospitals, utilities, chambers of commerce, and other local institutions and neighborhood groups to assist in promoting retiree attraction--this helps stave off conflicts at a future date; (2) getting retirees involved as community volunteers and providing them with reasonable input to local decisionmaking; (3) considering growth-management or zoning to stave off environmental stress and rural sprawl; and (4) pursuing high-wage, environmentally clean, economic development options that complement, rather than conflict with, retiree immigration.

While many retirees prefer traditional retirement destinations with natural amenities (mountains, hills, lakes, beaches, forests) and warm climates or winter sports, as prime destinations become crowded and expensive, more retirees are locating in low-cost places with only modest amenities, such as golf courses and manmade lakes. Many desire simply to stay near friends and family, and to retire in a small town, suburban, or exurban area with relatively few amenities. In addition, some amenity-poor places are benefiting from return migrants who once lived or visited there and who are comfortable with the community as it is. In sum, some amenity-poor rural communities that have overlooked until now their possible future as retirement destinations might want to reassess that possibility.

Steve Deller  
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