

Effects of Retirement Communities on Local Job and Wage Growth

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Abstract

Some communities actively seek to attract retirees by developing planned retirement communities, with the expectation of creating job growth and increasing income levels. This paper examines whether economic growth expected by such communities and suggested by previous research has resulted in counties experiencing significant retiree population growth. The results suggest that general retirement population growth does create job growth but results in lower average wage growth. However, when large planned retirement communities are developed, localities have experienced above-average job growth and above-average wage growth. These results are encouraging for those communities seeking to generate economic development opportunities by attracting retirees.

Keywords: retirement communities, economic development, wage and job growth

Introduction

Baby boomers, categorized as individuals born between 1948 and 1964, are a significant segment of the population. They number at approximately 77 million and control approximately half of the United States' discretionary income. They hold about 70 percent of the nation's wealth. They spend around \$2 trillion on goods and services each year. (Isley and Kimbrough, 2006a and b) They will have a significant impact on the national, state and local economies as they retire. Therefore, those involved in economic development seek to better understand the economic impact of retirees at the local, state and national levels. Such an understanding can determine how to benefit from the positive economic impacts and better control the negative ones.

Previous research has suggested that when a large number of retirees locate in a community, the local area experiences economic impacts, which can be positive or negative. In general, the benefit local communities receive is that the level of services (including medical and financial services) provided in the community increase, thereby creating jobs and often raising income levels for other local residents. However, costs of living, housing and services tend to increase as well. (Park, et. al, 2007; Angell and Rowell, 2006; Duke, et. al, 2006; FDIC, 2006; Isley and Kimbrough, 2006a and b; Mason and Pettit, 2001; Otero, 1997)

Some states, such as Georgia, are actively seeking to attract retirees by developing planned retirement communities, especially in rural areas, and marketing specifically to retirement populations in other states. (Isley and Kimbrough, 2006a and b) The communities that successfully attract retirees expect to create job growth and increase local wage levels.

This paper examines whether the economic growth expected by those communities and suggested by previous research has resulted in counties that have experienced significant growth in retirement populations, whether in general or through developed communities focusing on attracting retirees (such as Sun City/Hilton Head, SC). Retiree population growth, as measured by growth in populations ages 55 plus and ages 65 plus, is correlated to job growth and average wage growth on a state-county basis. Also, retirement communities that are located in areas not previously having large retirement populations are identified, and their effects on local job and average wage levels are analyzed.

The results suggest that growth in general retirement populations does create job growth but reduces average wage level growth. However, when large planned retirement communities are considered, localities experience both above-average job growth and, to some extent, above-average wage growth. These results are encouraging for those localities, such as rural communities, seeking to attract retirement populations as a means of economic growth. However, additional study is needed to better measure the economic effects and determine the means by which to manage the benefits yet control for the costs of those increases in retirement populations.

Previous Literature

Research into the amenities desired by retirees has received much attention in recent years as those involved in economic development search for ways to attract

retiring baby boomers, and their financial resources, to local communities. By attracting these retiree populations, local communities hope to generate local economic growth. Therefore, researchers and those involved in economic development have also begun to explore the economic impact of retirees at the local, state and national levels.

Previous studies focusing primarily on single localities have found that, when a large number of retirees locate in a community, the local area experiences both positive and negative economic impacts. (Park, et. al, 2007; Angell and Rowell, 2006; Duke, et. al, 2006; FDIC, 2006; Isley and Kimbrough, 2006a and b; Mason and Pettit, 2001; Otero, 1997) These economic impacts are listed in Table 1 and discussed below.

Table 1: The Economic Effects of Retirees on the Local Community

Economic Benefits	Economic Costs
Higher levels of income	Higher housing and land costs
Increased number of jobs	Increased food and services costs
Greater level of services:	Higher cost of living
Financial	Increased demand/need for infrastructure
Medical	
Transportation	Increased demand/need for government services
Mail	
Government-delivered	Lower average wage rates
Faster shift to service economy	
More options for dining and entertainment	
Increased housing and land values	

In general, the benefit local communities received was that the level of services provided in the community increased, thereby creating jobs and often raising income levels for other local residents. (Park, et. al, 2007; Duke, et. al, 2006; FDIC, 2006; Isley and Kimbrough, 2006a and b; Mason and Pettit, 2001; Otero, 1997) For example, in Mexican communities targeted by American retirees, Otero (1997) found expanded employment opportunities for locals, new business growth, increased levels of services and higher minimum wage growth than localities not experiencing retiree in-migration. More restaurants opened, and mail, transportation and medical services expanded. The number and amount of financial services, such as banks and investment brokerages, also grew. The FDIC (2006) noted that the number of federally-insured institutions grew at rates above national averages in areas where baby boomers represented significant percentages of the population. The financial services provided in those areas also increased as the financial institutions developed new or marketed existing products—such as investment management, reverse mortgages and trust services—found desirable by the baby boomers and older retirees. Park, et.al. (2007) also found that

because housing and land prices increased, property tax revenues contributed to a fiscal surplus and increased government services.

However, costs of living, housing and services tended to increase as well. (Park, et.al., 2007; Angell and Rowell, 2006; Duke, et. al, 2006; FDIC, 2006; Isley and Kimbrough, 2006; Mason and Pettit, 2001; Otero, 1997) For example, Otero (1997) determined that the costs of housing, food and services increased in the Mexican communities to which retirees migrated in significant numbers. The FDIC (2006) noted that many retirees could no longer afford housing in Florida communities. Park, et. al., (2007) determined that the increase in housing and land costs was detrimental to young and low income residents. They also found that while job and income growth occurred, average wages were lowered by the faster shift from manufacturing jobs to services positions.

Many of the findings from previous research were based on a particular county or locality and a short time frame. This study adds to the body of literature by examining, on a larger state-county basis over a 25-year horizon, whether significant growth in retiree populations resulted in two of the economic effects noted in previous research: job growth and lower average wage growth. Specifically, the following hypotheses are tested:

- Hypothesis 1: Counties experiencing a significant growth in retiree populations have higher job growth than counties not experiencing significant growth in retiree populations.
- Hypothesis 2: Counties experiencing a significant growth in retiree populations have lower wage growth than counties not experiencing significant growth in retiree populations.

Data and Methodology

The Southeastern region of the United States served as the basis for this study. Four states were included in the study: Alabama, Arkansas, South Carolina and Tennessee. These states have been actively seeking to attract retirees for several years. Stand-alone retirement/active adult communities (hereafter referred to solely as retirement communities) have been established in various counties within these states based on the comprehensive listing of retirement communities in the on-line Active Adult Living database at www.activeadultliving.com. The counties in which these communities have been located tend to be rural, with little opportunity to otherwise generate economic growth. This selection process was followed as a means to control for non-retiree growth and to isolate economic affects generated by retirement population growth. Georgia was not included in the study because it has only recently begun to establish large retirement communities. Therefore, the economic effects are not likely to be reflected in available data. Florida was not included because retirement communities have been established in a majority of its counties; in many counties, multiple retirement communities have been established. Therefore, the economic effects of retirement communities and retirement population growth would be difficult to isolate.

Publicly available county and state-level data on population counts, job numbers and average wage levels were collected from the following sources:

- The Census Bureau—population counts by age
- The Bureau of Economic Analysis—number of jobs by industry and average wages for all industries

Two classifications of retirement age were considered—age 55 and over (55 plus) and age 65 and over (65 plus). These are common groupings for retirement populations.

Growth rates for the 1980-1990, 1990-2000, 2000-2005, and 1980-2005 periods by county were calculated for each of the classifications. These time periods encompass the founding years of a majority of the retirement communities listed in these states in the Active Adult Living database. In addition, the actual census year data (1980, 1990 and 2000) provides the best basis for measuring actual population growth rates.

Growth rates in total number of jobs and average wage levels were calculated for the 1980-1990, 1990-2000 and 1980-2005 periods. The 2000-2005 growth rate for average wage levels was also calculated. However, the 2001-2005 period was used in place of the 2000-2005 period for job growth, to ensure there were no data consistency issues in the short time period due to the change from the SIC to NAICS categories for industry data in 2000. The consistency issues were not considered as significant over the long 1980-2005 period.

Using the population count data, counties were classified as high retiree growth or low retiree growth for both retirement age classifications. High retiree growth counties had significantly higher increases in the retiree segment, as measured by a growth rate more than one standard deviation above the state average. Low retiree growth counties did not.

Means tests were conducted to determine whether the job growth and growth in average wage levels in the high retiree growth counties were significantly different, in the hypothesized direction, than the job growth and growth in average wage levels in the low retiree growth counties. In addition, the following high retiree growth counties, which have stand-alone large retirement communities, were more closely examined: Baldwin, Alabama; Garland, Arkansas; Beaufort, South Carolina, McCormick, South Carolina; and, Anderson, Tennessee. For these counties, the retiree population, job and average wage level growth rates were compared to state growth rates and neighboring in-state county growth rates. The neighboring counties used for comparison are listed in Table 2.

Results

The mean growth rates for total number of jobs and average wage levels and the p-values resulting from the t-tests on the differences between the mean growth rates for high retiree growth and low retiree growth counties are presented in Tables 3 (total job number growth rates) and Table 4 (average wage level growth rates). Results are shown for both the 55 plus classification and the 65 plus classification.

The total number of counties included in the study was 283. The number of high retiree growth counties versus low retiree growth counties varied by the classification period under considerations. Therefore, the number of counties in each growth classification is noted in the table for each classification period.

Table 2: Neighboring Counties for More Closely Examined Counties

State	More Closely Examined County	Neighboring In-State Counties
Alabama	Baldwin	Escambia Mobile Washington
Arkansas	Garland	Hot Springs Montgomery Perry Saline Yell
South Carolina	Beaufort McCormick	Colleton Jasper Abbeville Edgefield Greenwood
Tennessee	Anderson	Campbell Knox Morgan Roane Scott

Based on Hypothesis 1, the total job growth rates were expected to be greater in the high retiree growth counties than in the low retiree growth counties. The hypothesis received some support from the results. For both retiree classifications, 55 plus and 65 plus, counties with high retiree growth in the 1980-1990, 1990-2000 and 1980-2005 periods experienced significantly greater positive growth in the number of jobs in the 2001-2005 period than counties with low retiree growth. For the 65 plus classification, counties with high retiree growth in the 1990-2000 period also had significantly greater positive growth in the number of jobs in the overall 1980-2005 period than counties with low retiree growth. These results suggest that the benefit of job growth has a time lag from the growth in the retiree population, but that job growth will occur and continue at a faster pace in these high retiree growth counties. However, the results also indicate that the growth in jobs might have been starting before the retiree population growth. In both retiree classifications, counties with high retiree growth in 1990-2000 had significantly greater positive growth in the number of jobs in the 1980-1990 period than counties with low retiree growth. For the 65 plus classification, counties with high retiree growth in the 2000-2005 period also had significantly greater positive growth in the number of jobs in the 1980-1990 period than low retiree growth counties. This may suggest that the areas attracted retirees because of their level of services was higher than other counties. Additional study in this area is needed to determine whether this supposition is supported.

Table 3: Growth Rate Means and P-Values for Total Job Growth

1980-1990 Classification (number of counties)	55 Plus Classification			65 Plus Classification		
	Mean High Retiree Growth (40)	Mean Low Retiree Growth (243)	P-Value	Mean High Retiree Growth (42)	Mean Low Retiree Growth (241)	P-Value
1980-1990	13.23%	17.61%	0.1097	14.69%	17.40%	0.2212
1990-2000	18.78%	19.02%	0.4687	20.77%	18.67%	0.2633
2001-2005	3.68%	2.41%	0.0936*	4.45%	2.27%	0.0083***
1980-2005	41.87%	45.87%	0.3237	47.67%	44.89%	0.3804
1990-2000 Classification (number of counties)	Mean High Retiree Growth (37)	Mean Low Retiree Growth (246)	P-Value	Mean High Retiree Growth (38)	Mean Low Retiree Growth (245)	P-Value
	1980-1990	24.43%	15.88%	0.0152**	26.10%	15.58%
1990-2000	18.69%	19.03%	0.4584	18.26%	19.10%	0.3924
2001-2005	4.74%	2.27%	0.0230**	4.68%	2.27%	0.0121**
1980-2005	59.51%	43.17%	0.0567**	61.60%	42.77%	0.0309**
2000-2005 Classification (number of counties)	Mean High Retiree Growth (38)	Mean Low Retiree Growth (245)	P-Value	Mean High Retiree Growth (39)	Mean Low Retiree Growth (244)	P-Value
	1980-1990	19.54%	16.60%	0.2052	23.02%	16.03%
1990-2000	18.50%	19.06%	0.4517	20.52%	18.74%	0.3044
2001-2005	1.96%	2.69%	0.2651	2.32%	2.64%	0.3868
1980-2005	50.43%	44.51%	0.3186	53.84%	43.94%	0.1303
1980-2005 Classification (number of counties)	Mean High Retiree Growth (40)	Mean Low Retiree Growth (243)	P-Value	Mean High Retiree Growth (34)	Mean Low Retiree Growth (249)	P-Value
	1980-1990	19.45%	16.59%	0.1594	21.81%	16.34%
1990-2000	17.28%	19.27%	0.2686	17.81%	19.15%	0.3460
2001-2005	3.65%	2.42%	0.0949*	4.67%	2.31%	0.0070***
1980-2005	47.71%	44.91%	0.3716	53.03%	44.25%	0.1710

*Significant at the 10% level; **Significant at the 5% level; ***Significant at the 1% level

Based on Hypothesis 2, the average wage growth rates were expected to be lower in the high retiree growth counties than in the low retiree growth counties. The results provided some support for the hypothesis. For both retiree classifications, growth in average wage levels in the 1980-1990, 1990-2000 and 1980-2005 periods was

Table 4: Growth Rate Means and P-Values for Average Wage Levels

1980-1990 Classification (number of counties)	55 Plus Classification			65 Plus Classification		
	Mean High Retiree Growth (40)	Mean Low Retiree Growth (243)	P-Value	Mean High Retiree Growth (42)	Mean Low Retiree Growth (241)	P-Value
1980-1990	53.44%	65.32%	0.0002***	54.93%	65.16%	0.0007***
1990-2000	41.12%	45.24%	0.0118**	40.54%	45.38%	0.0028***
2000-2005	18.43%	17.77%	0.2269	18.83%	17.70%	0.1092
1980-2005	155.99%	182.57%	0.0000***	158.01%	182.44%	0.0000***
1990-2000 Classification (number of counties)	Mean High Retiree Growth (37)	Mean Low Retiree Growth (246)	P-Value	Mean High Retiree Growth (38)	Mean Low Retiree Growth (245)	P-Value
	1980-1990	62.40%	63.83%	0.3299	64.24%	63.54%
1990-2000	44.51%	44.68%	0.4590	42.21%	45.04%	0.0518*
2000-2005	19.22%	17.66%	0.0537*	18.95%	17.70%	0.0669*
1980-2005	179.80%	178.67%	0.4342	178.21%	178.91%	0.4532
2000-2005 Classification (number of counties)	Mean High Retiree Growth (38)	Mean Low Retiree Growth (245)	P-Value	Mean High Retiree Growth (39)	Mean Low Retiree Growth (244)	P-Value
	1980-1990	63.87%	63.60%	0.4648	60.60%	64.12%
1990-2000	43.18%	44.89%	0.1455	43.80%	44.80%	0.2457
2000-2005	18.05%	17.84%	0.4077	18.23%	17.81%	0.3334
1980-2005	176.52%	179.17%	0.3267	172.46%	179.83%	0.0840*
1980-2005 Classification (number of counties)	Mean High Retiree Growth (40)	Mean Low Retiree Growth (243)	P-Value	Mean High Retiree Growth (34)	Mean Low Retiree Growth (249)	P-Value
	1980-1990	58.55%	64.48%	0.0356**	58.63%	64.32%
1990-2000	42.54%	45.01%	0.0871*	41.38%	45.11%	0.0079***
2000-2005	18.48%	17.77%	0.2071	18.74%	17.75%	0.1277
1980-2005	167.82%	180.62%	0.0321**	166.62%	180.48%	0.0174**

*Significant at the 10% level; **Significant at the 5% level; ***Significant at the 1% level

significantly lower for counties with high retiree growth in the 1980-1990 and 1980-2005 periods than for counties with low retiree growth. In addition, for the 65 plus classification, counties with high retiree growth in the 1990-2000 period had significantly lower growth in average wage levels in the 1990-2000 period than low retiree growth

counties and counties with high retiree growth in the 2000-2005 period had significantly lower growth in average wages in the 1980-2005 period than low retiree growth counties. As with job levels, the results may suggest that the difference in average wage level growth began prior to the retirees arriving in a county. This must also be further investigated.

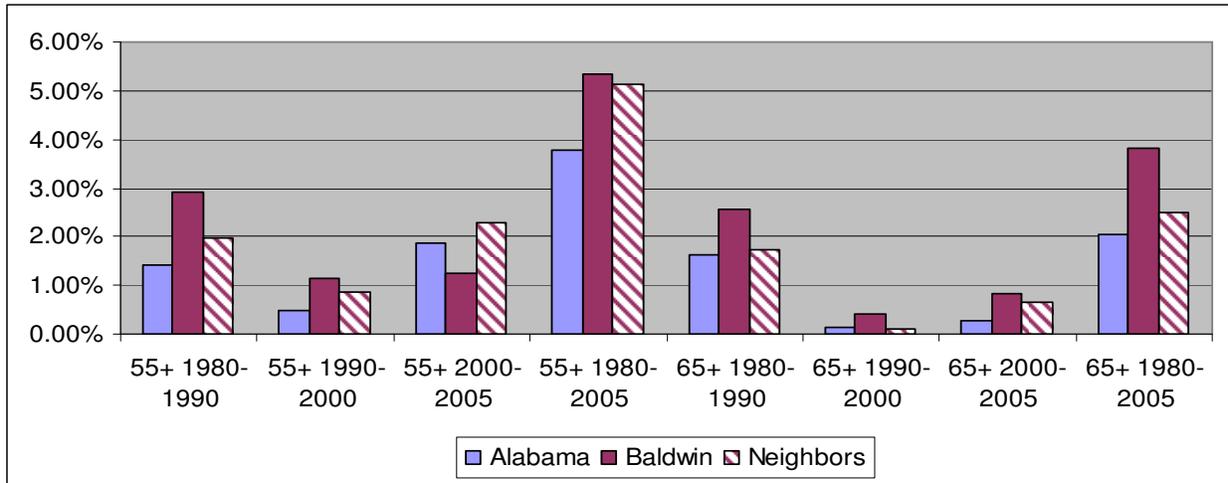
However, not in support of Hypothesis 2 and differing from prior research findings, the gap in average wage level growth tended to decrease or disappear over time. In fact, the average wage levels in high retiree growth counties were higher, sometimes significantly so, in the 2000-2005 period for both classifications in each growth period. For example, consider the 1980-1990 classification in Table 4. Counties with high growth in the 65 plus retiree population in the 1980-1990 period experienced a 54.93% increase in average wage levels during the 1980-1990 period while low retiree counties experienced a 65.16% growth—a difference of just over 10%. For those same counties, the 1990-2000 average wage level growth rates were 40.54% for high retiree growth counties and 45.38% for low retiree growth counties—a difference of just under 5%. By the 2000-2005 period, the average wage growth rate in the high retiree counties was 18.83% versus 17.70% in the low retiree growth counties—a slightly negative difference, with high retiree growth counties experiencing more growth in average wages than low retiree growth counties. For counties determined to have high retiree growth in the 1990-2000 period, the 2000-2005 average wage level growth rates in these counties was significantly higher than average wage level growth in low retiree growth counties for both the 55 plus and 65 plus classifications. This suggests that over time, counties with high growth in retiree populations will experience greater growth in average wage levels than those counties with low retiree growth.

For the more closely examined counties, the comparisons of the state, county and neighboring county growth rates depicted in Figures 1 through 4 generally support Hypothesis 1 and generally do not support Hypothesis 2. In these counties, where the growth in the retiree population was significantly higher than the state average in at least one of the time periods studied and where a stand-alone retirement community is located, job growth and average wage level growth tended to exceed the average state growth rates and the growth rates in neighboring in-state counties.

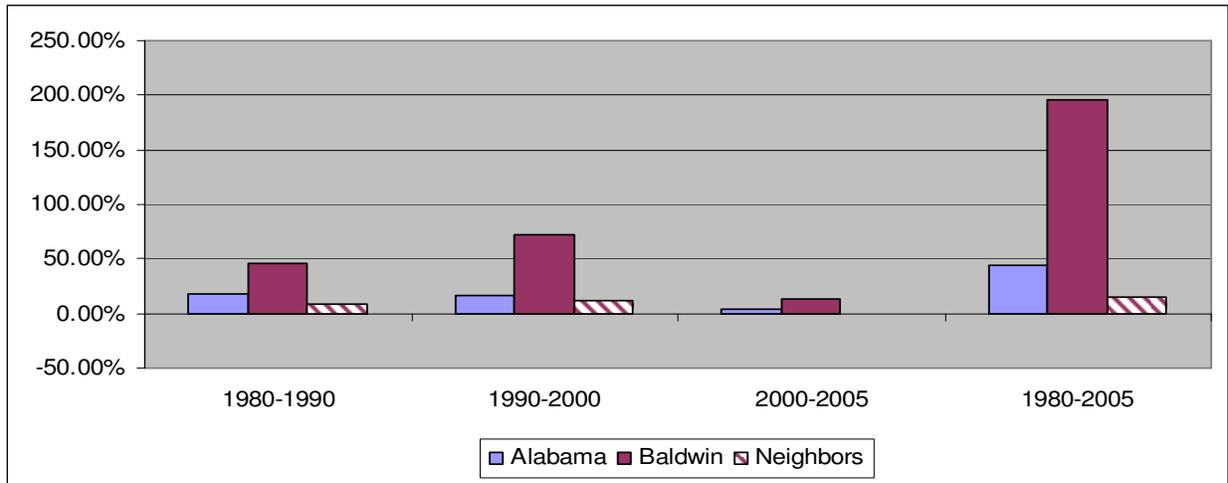
The results for Baldwin County, Alabama are shown in Figure 1. The retirement community in that county was initially developed in the early 1980s. As Panel A indicates, the growth rate in the 55 plus population and the 65 plus population exceeded the same measures for the state and neighboring counties in the 1980-1990, 1990-2000 and 1980-2005 periods. While the 65 plus population also grew at rates above the state and neighboring counties in the 2001-2005 period, the 55 plus population grew at rates below the same measures for the state and neighboring counties. In support of Hypothesis 1, as the retiree population was increasing, the number of jobs (as shown in Panel B) was also growing at rates exceeding both the state and neighboring counties' growth rates. However, average wage levels, shown in Panel C, also grew at rates above the state and neighboring counties in all but the 1980-1990 period. This does not support Hypothesis 2.

The results for Garland County, Arkansas are shown in Figure 2. The retirement community in this county was developed in the early 1970s. Panel A indicates that this county experienced growth in retiree populations, both 55 plus and 65 plus, that

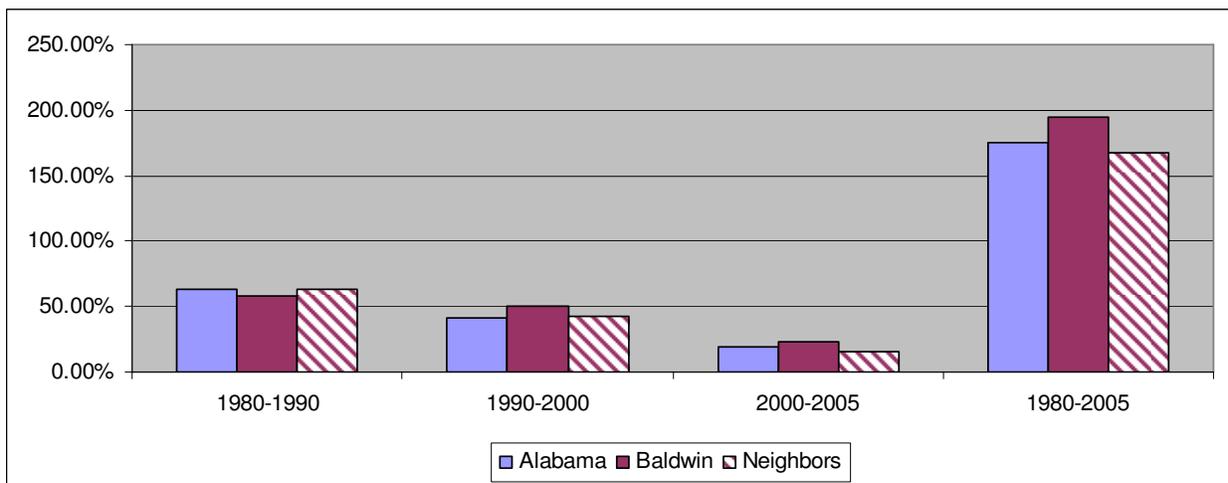
Figure 1: Alabama



Panel A: Retiree Segment Population Growth

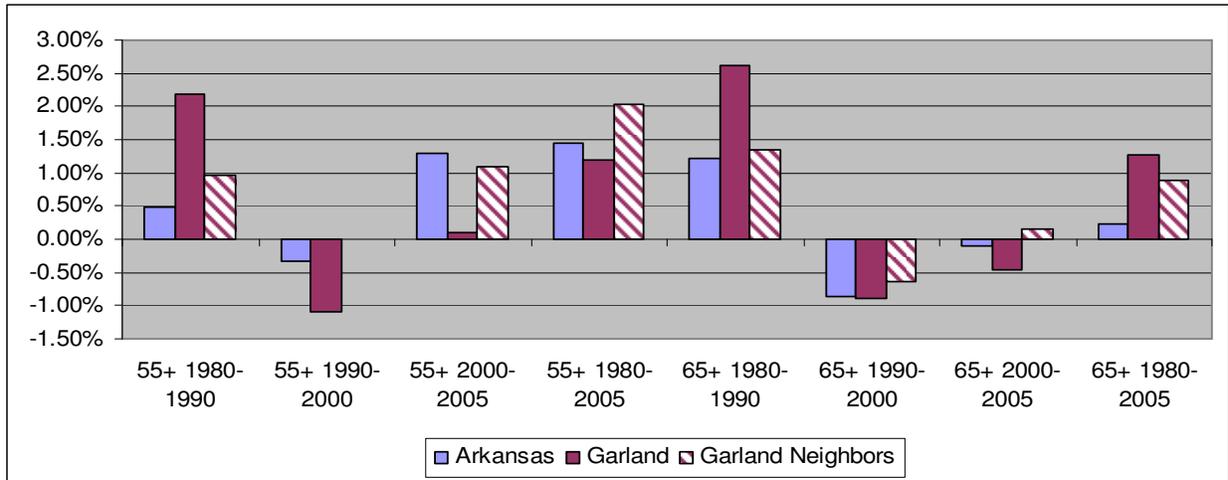


Panel B: Total Job Growth

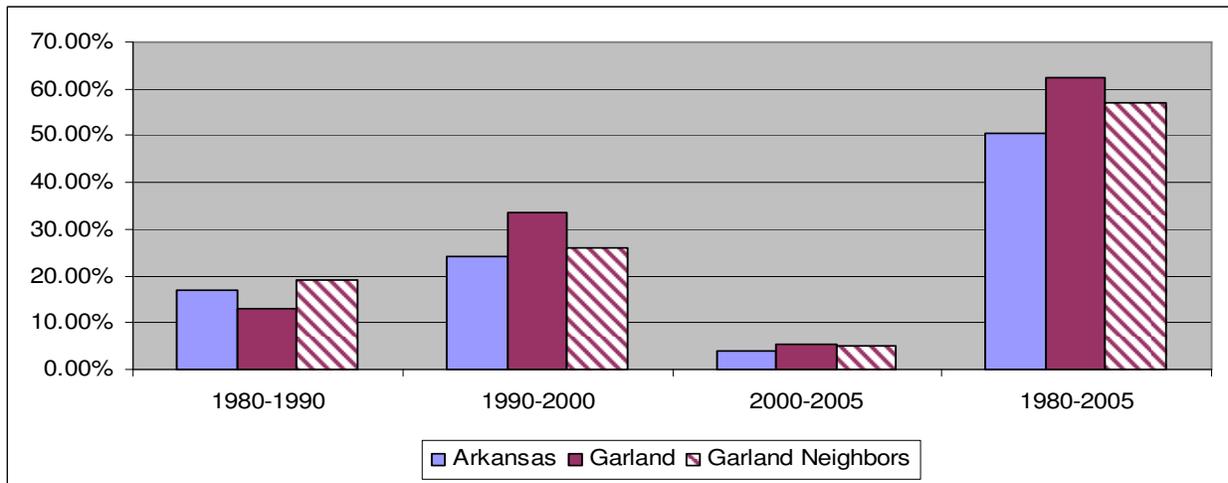


Panel C: Average Wage Growth

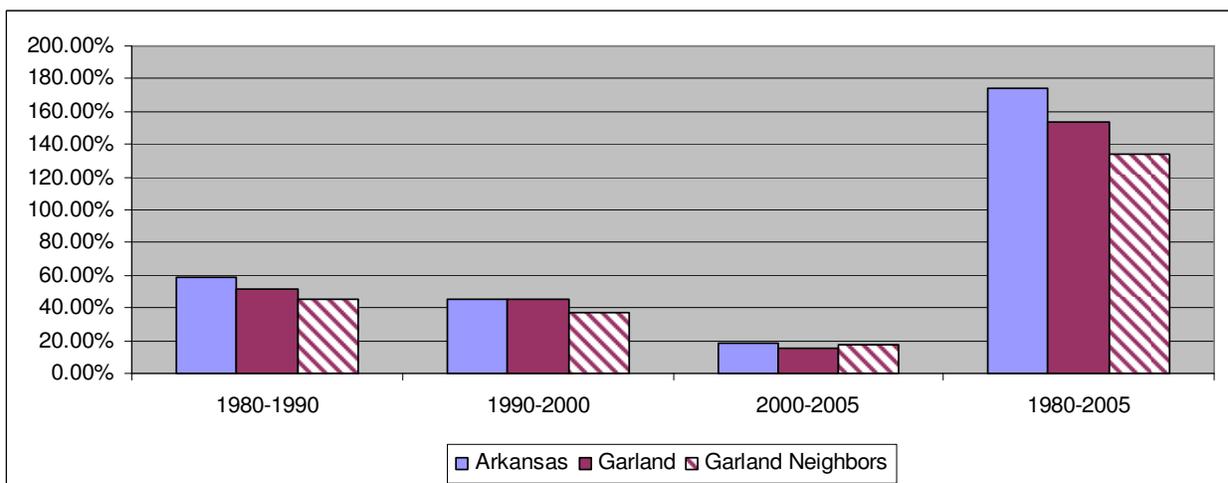
Figure 2: Arkansas



Panel A: Retiree Segment Population Growth



Panel B: Total Job Growth

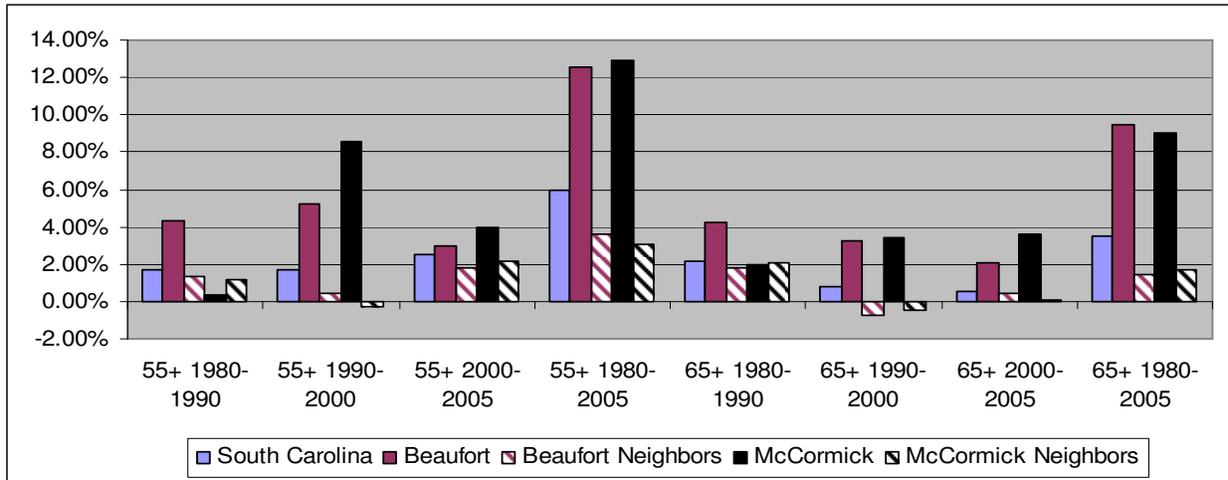


Panel C: Average Wage Growth

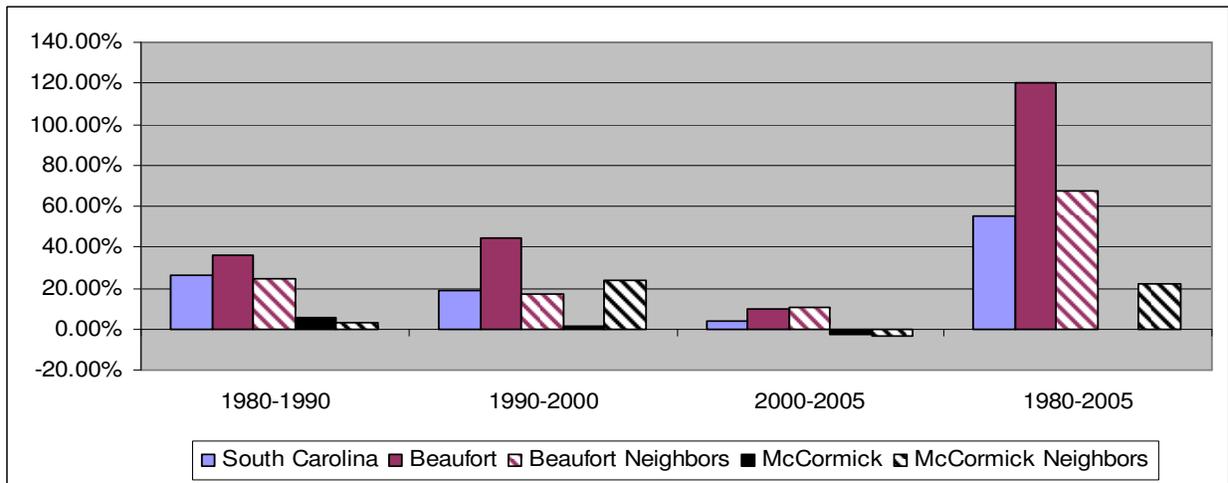
exceeded state and neighboring counties' rates in the 1980-1990 period. The overall 1980-2005 period growth rate for the 65 plus population also exceeded the same measure in the state and neighboring counties. However, in the 1990-2000 period, the population of retirees for both classifications declined at rates exceeding those in the state and neighboring counties. In the 2000-2005 period, the growth in the 55 plus classification was below that of the state and neighboring counties, while the county lost 65 plus retirees. The state also had a decrease in the 65 plus populations, albeit less than experienced by the county. In neighboring counties, the growth of the 65 plus population was positive. The results in this county provide some support to both hypotheses. The growth in the number of jobs depicted in Panel B exceeded the growth rate for the state and neighboring counties in all but the initial 1980-1990 period. The average wage level growth in the county was below that in the state for all periods, as Panel C shows. However, the growth in average wage levels in Garland County exceeded that of its neighboring counties in all periods except 2000-2005. This does not support Hypothesis 2.

South Carolina's Beaufort and McCormick Counties' results are depicted in Figure 3. The retirement communities in both counties began to be developed in the mid-1990s. Panel A shows that the Beaufort County growth rates for both retiree classifications, 55 plus and 65 plus, exceeded state and neighboring counties' rates in all periods. This suggests that the area was attracting retirees prior to the development of the retirement community and continued to do so after the community was developed. However, in McCormick County, it was only during and after the period in which the retirement community was first developed that the retiree segment of the population, for both classifications, began to grow at rates exceeding the state and neighboring counties' rates. As indicated in Panel B, the growth rates in number of jobs in Beaufort County exceeded those same measures for the state and neighboring counties in all periods. While the growth in the 1980-1990 period preceded the development of the retirement community, the growth in number of jobs appeared to increase during and after the period in which the community was developed. As for average wage level growth shown in Panel C, in all periods the Beaufort County rate exceeded the state rate but not the growth rate in neighboring counties, with the exception of the 1980-1990 period. This result provides limited support for Hypothesis 2. The job and average wage level growth rate results for McCormick County are much different. The growth in the number of jobs indicated in Panel B for this county were lower than that for the state in all periods. In the 2001-2005 period, the county growth rate was negative. In the 1990-2000 and 1980-2005 periods, the county growth rate was also less than that of its neighboring counties. However, in the 2001-2005 period, the decline in number of jobs was less than that in neighboring counties. Only in the 1980-1990 period, before the development of the retirement community, was the job growth higher in McCormick County than in its neighboring counties. These results are contrary to the expectations under Hypothesis 1. The average wage level growth results shown in Panel C are mixed. In the 1980-1990 and 1980-2005 periods, the growth rate in McCormick County exceeded the state and neighboring counties' growth rates. In the 1990-2000 and 2000-2005 periods, the county's growth rate was about the same as the state's. However, in the 1990-2000 period the county's average wage level growth was

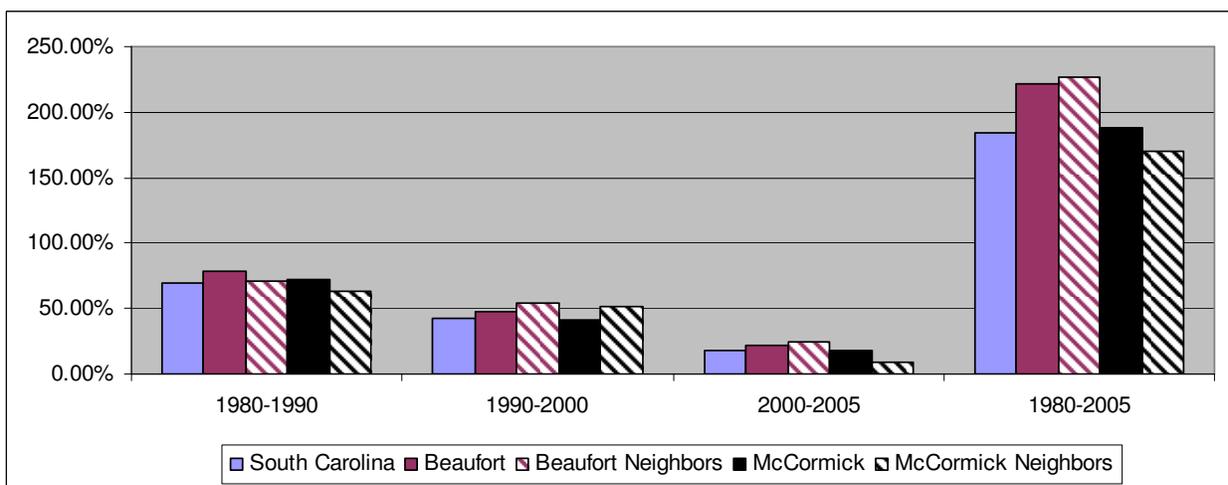
Figure 3: South Carolina



Panel A: Retiree Segment Population Growth



Panel B: Total Job Growth



Panel C: Average Wage Growth

below that of its neighboring counties, while in the 2000-2005 period it exceeded the growth rate of its neighbors.

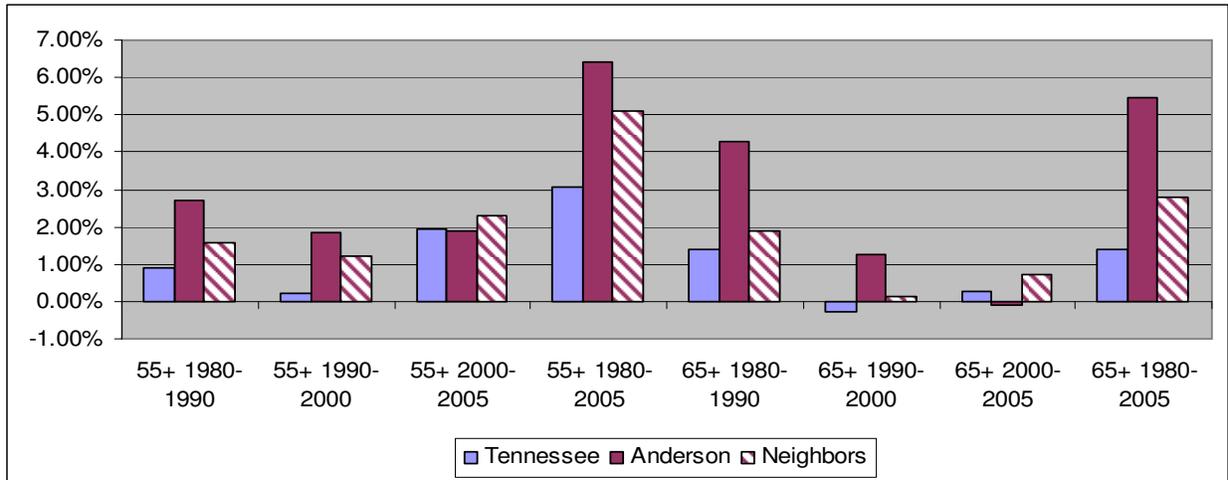
The results for Anderson County, Tennessee are shown in Figure 4. As indicated in Panel A, the growth rate of both the 55 plus population and the 65 plus population in the county exceeded that of the state and neighboring counties for all but the 2000-2005 period. In fact, in the 1990-2000 period, the state had a decrease in the 65 plus population. However, in the 2000-2005 period, Anderson County's 55 plus population grew, but at a rate lower than that of both the state and neighboring counties. The county's 65 plus population decreased during the 2000-2005 period, while both the state and neighboring counties had positive growth rates. The growth in the number of jobs in the county, as shown in Panel B, was greater than that in the state and in neighboring counties in the 1980-1990 and 1980-2005 periods. In the 1990-2000 period, Anderson County's job growth rate was below that of the state but greater than the growth in neighboring counties. In the 2001-2005 period, the county's growth rate was less than the same measure for the state and neighboring counties. The growth in average wage levels indicated in Panel C did not have a consistent pattern. Average wage levels in Anderson County grew at rates above state and neighboring counties' rates in the 1980-1990 period. In the 1990-2000 period, the county's average wage growth rate was below both the state and neighboring counties' growth rates. In the 2000-2005 period, the county's growth rate was slightly greater than the state's, but less than that in neighboring counties. For the overall 1980-2005 period, the average wage growth rate in Anderson County exceeded that in neighboring counties but was below that for the state.

Conclusions and Future Research

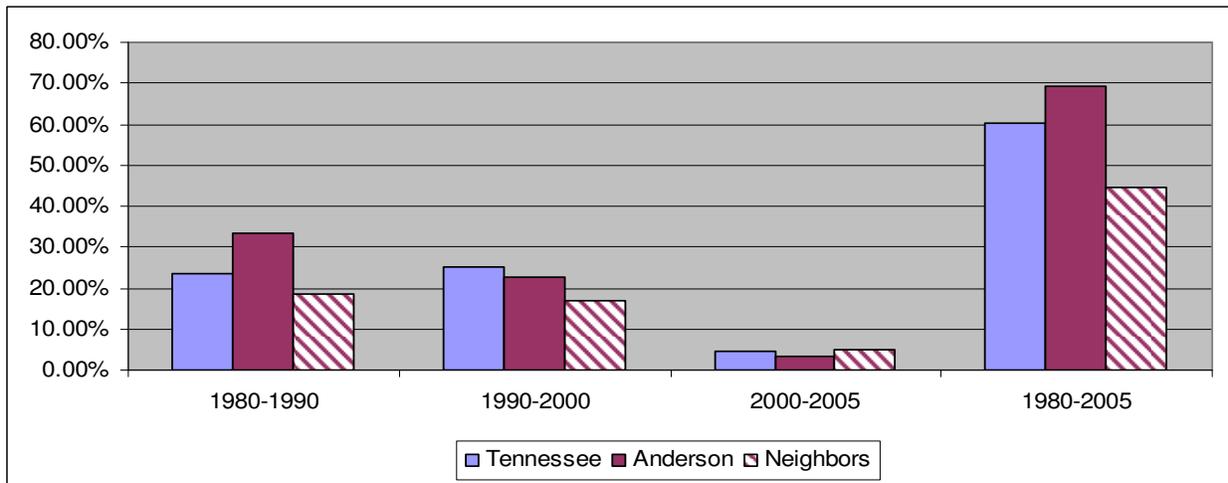
The results suggest that when general, yet significant, growth in the retiree population is experienced, the expected growth in jobs and decline in average wage levels follows. However, when retirement communities are developed to attract large numbers of retirees to a local area, both number of jobs and average wage levels may increase. This is promising for economic development purposes—positive economic benefits can be attained through developing the amenities, such as retirement communities, desired by retirees.

These findings may be driven by whether the retirees are staying in an area upon retirement or migrating to an area from another location upon retirement. The retirees who stay in the same area are said to age in place. They may not be able to afford to go elsewhere, and they do not bring additional economic resources into the area upon retirement. However, retirees who have the economic resources to choose where to retire may bring wealth with them that generates both an increased demand for services resulting in job growth as well as being able to pay for an increased level of services resulting in increasing average wage levels (Angell and Rowley, 2006; Duke, et. al., 2006; FDIC, 2006; Timmermann, 2006). This issue needs to be further examined to determine whether retiree in-migration is a primary factor in the more promising results indicated in counties that have developed retirement communities.

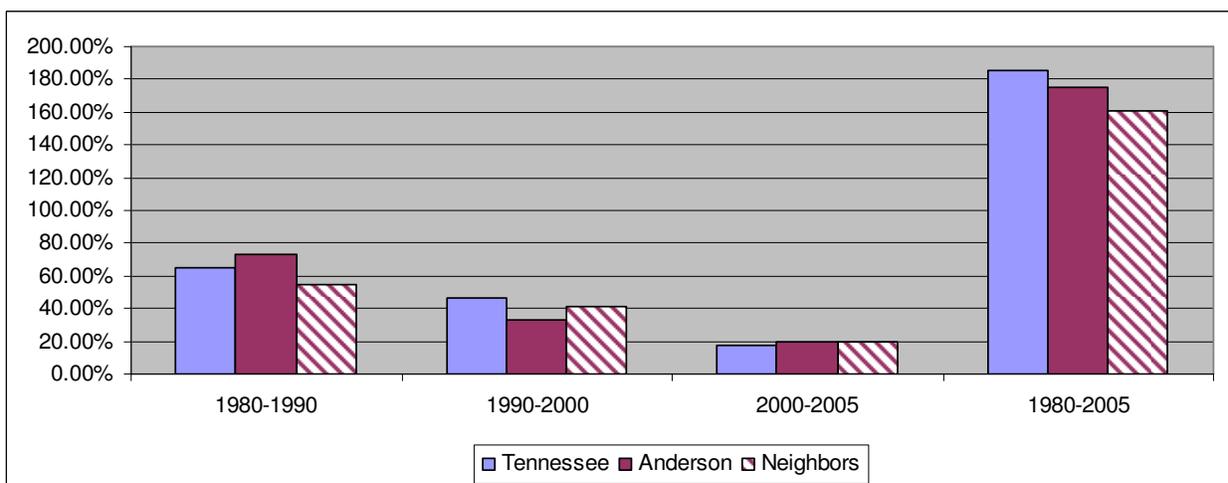
Figure 4: Tennessee



Panel A: Retiree Segment Population Growth



Panel B: Total Job Growth



Panel C: Average Wage Growth

In addition to the age-in-place versus in-migration issue, additional economic impacts, both positive and negative, need to be examined. This study focuses on only two of several effects prior research has identified. Each of the effects listed in Table 1 should be empirically examined to provide additional insight into the costs and benefits of increasing retirement populations.

The amenities in the locality experiencing growth in retiree populations also needs to be more closely investigated. For example, Beaufort, SC includes Hilton Head Island. This is a popular resort area that might have attracted retirees regardless of whether Sun City-Hilton Head was developed.

Additional areas for further study include trends over time, analysis involving zip-code level data and effects involving more states. The results of this study indicate that there may be time lags in the growth of jobs and that average wage levels may eventually increase after an initial decline. Zip-code level data and using more states may reveal additional support or concerns about the economic impact of growing retirement populations.

Lastly, a more in-depth analysis of the types of jobs most affected by the growth in retiree populations needs to be conducted. For example, retail service job growth may drive down wages while medical service job growth may cause local wages to increase, on average. Determining the effects of retiree population growth on different job types and wage levels in those categories would allow communities to better understand how to manage the economic benefits and control the negative economic consequences of the retiree population growth.

Attracting retirees to areas as a means to generate economic growth receives support in the findings of this study. While additional analysis in the above areas is warranted, the initial results are promising.

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Dr. Karen L. Hamilton is an Associate Professor of Finance in the Department of Finance and Quantitative Analysis at Georgia Southern University. She teaches Principles of Corporate Finance, Personal Financial Planning, Estate Management, Enterprise Risk Management, Financial Institutions and, at times, International Trade Management. Prior to joining the faculty at Georgia Southern University, Karen served as a faculty member in the Colleges of Business at Columbus State University, Appalachian State University and the University of Rhode Island. She also was Director of the Brantley Risk and Insurance Center while at Appalachian. In addition, Karen has served as the Executive Director of the American Risk and Insurance Association (ARIA) and as Director of Curriculum for the American Institute for CPCU/Insurance Institute of America.

Karen's research interests include retirement and personal financial planning issues, managing natural catastrophes and educational issues. She has published articles in various academic journals and made presentations at several academic association meetings. She has also authored or co-authored books in the areas of personal financial planning, risk management and insurance.

Karen earned her doctorate in business administration from Florida State University. She also earned a masters degree in instructional design from Pennsylvania State University and completed her undergraduate degree in finance at the University of Rhode Island.