Retiree-Led Development

A Likely Entrepreneurial Development Opportunity

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For Rural America, possibly the largest under-recognized entrepreneurial development opportunity is related to retirees. While the United States is aging, it is not aging as fast when compared to Europe, Japan, or even China. But nevertheless, America's waves of retirees offer huge development opportunities for regions and communities prepared to compete for their hometown as locations of choice.

Introduction – Discovering the Opportunity

Our paper on **Retiree-Led Development** is organized into the following sections:

- America's Retirees
- Why are Urban Retirees Moving?
- Why are Rural Retirees Staying?
- Assessing Your Community's Opportunities
- Entrepreneurial Talent
- Conclusion – Where Knowledge + Action = Impact

This paper is part of a 2021 e2 development project drilling down into game plans associated with our ***Likely Entrepreneurial Development Opportunities*** captured in our 2020 paper by the same name. This paper builds on our earlier work with **Prosperity Communities** and the importance of people attraction, development, and retention. (This is a work in progress.) Rural communities must not only diversify their economies and societies, but also diversify in ways that add greater economic and social stability**.** **Retiree-Led Development** offers not only genuine development opportunities for those communities that are ready but can offset the "boom and bust" associated with natural resource-based economies ranging from production agriculture to energy production to tourism.

HomeTown Competitiveness

Twenty years or more ago, in our work with HomeTown Competitiveness (HTC), we focused on people-attraction strategies. With funding from the W.K. Kellogg Foundation we produced six people-attraction guides including one focused on retirees. While these guides are dated, there is still great foundational information contained within them. For more information on these HTC People-Attraction Guides.

We begin our journey into **Retiree-Led Development** and how your community can grow a more robust, diverse, and stable economy and society.

America's Retirees

Today, there is no magical year when one retires from active work. Some older Americans continue to work well into their 80s and beyond. But 65 continues to be that key transition year when Medicare kicks in and, for some, Social Security is possible. For more affluent Americans, retirement can come early in their 50s. Three generational groups are now in play with respect to the waves of retirees in the U.S. and for much of the developed world. Figure 1 on the next page summarizes these three generational groups now experiencing significant retirement.

Figure 1 – Three Generational Groups Retiring

Silent Generation	Baby Boomers	Older & Affluent GenX
The oldest Generation, or the "Silents," are now passing from the scene. While this group is largely retired, it continues to hold wealth and income power.	Boomers are retiring at the rate of 10,000 per day, a trend that will continue for three decades. They are now the dominant retiring generation.	Older and more affluent GenXers are now pursuing second-life gigs and other interests in partial to full retirement. In time, this group will begin retiring in earnest.
Three Baby Boomer Cohorts		
Oldest ***Born 1946-1951***	**Middle Cohort** ***Born 1952-1958***	**Youngest Cohort** ***Born 1959-1964***
The oldest Boomers are largely retired or retiring at accelerated rates. They are first of this tidal wave of Boomer retirement.	In 2020, those Boomers who are 65 are driving the second wave of retirees that will accelerate over time.	The youngest of these Boomers are in their early 60s. Some are retired, others are retiring. They are the final wave of retiring Boomers.

Source: Don Macke with e2 Entrepreneurial Ecosystems, December 2020

Another way to think about this retiree development opportunity is to consider who might be interested in making your community their hometown. Figure 2 summarizes the three most likely retiree-attraction targets for most rural communities.

Figure 2 – Likely Retiree-Attraction Targets for Most Rural Communities

Retention	Attracting Back	Attracting New
The first development focus should be on retaining the retirees in your area. Ensuring your community has the right "stuff" to keep your retirees from moving away is foundational to cultivating the right environment for all opportunities.	Rural America has been exporting people for decades. The second opportunity set is attracting back to your community those who grew up in your community, moved away, and want to come home in retirement.	The hardest group to attract to your community are those who have no connections to your community, but are looking for that "right" community, where value and amenities contribute to a better retirement.

Source: e2 Entrepreneurial Ecosystems, Don Macke, December 2020

Esri Analytics

In our work with communities at e2, we purchase data and analytics from Esri, a well- recognized national market research firm based in Northern California. We particularly rely on **Household Current Net Work, Disposable Income, Financial Expenditure,** and spending segment-specific profiles. To learn more about Esri check out http://www.esri.com.

We will come back to these three opportunity sets, and what makes your community competitive related to the three primary Boomer age cohort groups, later in our strategy section. Now let's put some spending power numbers into play to illustrate just how big this opportunity is for communities nationwide and, particularly, throughout Rural America. We begin with household disposable income.

Disposable Income. Figure 3 provides Esri data for household disposable incomes associated with three prime age cohorts now retiring. These Americans have an estimated $3.7 trillion in annual spending power. They account for 46 percent of all American households in 2020 according to Esri and nearly 43 percent of all household disposable income.

Figure 3 – American Retirees' Disposable Income, 2020

Category	55-64	65-74	75+	Retirees
Households	24,344,747	19,481,754	14,498,181	58,324,682
Percent of U.S.	19.31%	15.45%	11.50%	46.26%
Median	$55,920	$44,386	$30,421	NA
Mean	$73,701	$62,100	$45,657	$62,854.91
Equity Ratio	1.32	1.40	1.50	NA
Total Income	$1,794,232,198,647	$1,209,816,923,400	$661,943,449,917	$3,665,992,571,964
Percent of U.S.	20.92%	14.11%	7.72%	42.75%

Source: Esri, Disposable Income Profile, December 7, 2020

Note how mean and median household disposable income declines with age:

Figure 4 – U.S. Mean and Median Household Disposable Income by Age Cohort, 2020

Age Cohort	Mean	Median	Ratio
55-64	$73,701	$55,920	1.32x
65-74	$62,100	$44,386	1.40x
75+	$45,657	$20,421	1.50x
Change 55-64 to 65-74	(15.74%)	(20.63%)	6.06%
Change 65-74 to 75+	(26.24%)	(53.99%)	7.14%

Source: Esri, Disposable Income Profile, December 7, 2020

Intuitively, we would expect disposable incomes to drop as we disengage from work, retire, and age. Note that mean disposable incomes drop by nearly 16 percent between the 55-64 and 65-74 age cohorts. The median disposable income decline for these same two age cohorts is higher, with a nearly 21 percent drop. This difference is likely due to those retirees who have smaller estates, possibly having poorer health, and are challenged with poverty. When we compare the change in disposable incomes between the 64-74 and 75+ age cohorts, the declines are higher, with more than 25 percent for mean and nearly 54 percent for median household disposable incomes. Note that the mean-to-median ratios that measure income equality or inequality rise as we compare these three age cohorts. Clearly, lower income households most likely have fewer assets and see significant income drops. This decline finds these households becoming more dependent on the social safety net including Social Security, Medicare, Medicaid, and food assistance transfer payments. To see our household current net worth analysis, explore our sample ***Market Opportunity Profile***.

Based on our extensive **Development Opportunity Profile** work throughout the Continental United States, retiree-related spending often falls within three top economic drivers. Learn more in our ***Likely Entrepreneurial Development Opportunities*** paper. Retirees are a nontraditional economic development opportunity. But for most rural communities, it is one of the greatest underdeveloped opportunities. The entrepreneurial development opportunity is capturing more of retiree spending streams through the provision of appropriate goods and services matching the essential and amenity needs of different retired market segments. Smart entrepreneurs understand their market and their customers' needs and wants. They match their goods and services to meet up with those customer needs and wants, creating niche competitiveness where they are preferred providers avoiding the commodity trap and optimizing profitability margins.

There are a number of likely **relocating or moving** retirees. Figure 5 summarizes these likely targets for attraction:

Figure 5 – Likely Targets for Retiree Attraction

Super Affluent	Asset Rich and Cash Poor	Challenged
According to Esri, there are 1.9 million households falling into the 55 to 75+ age cohort groups with annual incomes of $200,000 or more. These super-affluent retirees have more relocation choices, often moving to high amenity locations, excluding many lower amenity rural communities.	There is a far larger group of retirees who have assets tied to farms, closely held family businesses and residential real estate. But these retirees may have fewer financial assets. Trading these assets for lower cost locations offers opportunity for a wider range of rural communities.	Just 3.3 percent of retirement-age households have disposable incomes of $200,000 or more. Too many retirees have both limited assets and incomes. Many will be relocating to rural areas, repositioning themselves for lower-cost living and access to lower-cost amenities. More rural places can tap into this opportunity.

Source: ESRI.com

Esri Household Tapestry Profiles. A primary service of Esri is helping companies and organizations better understand where their potential customers are to support market development efforts, product and service refinement, and shop location. Esri organizes every U.S. household into one of 67 Tapestry Market Segments. These segments are defined by age, location, income, wealth, and, most importantly, consumer spending habits and ability. Esri goes on to organize these 67 household types into what they term **LifeMode Groups,** where similar household segments are aligned based on certain demographic, financial, and consumer behavior considerations. There are 14 LifeMode and six Urbanization Groups within the Esri typology. One of these LifeMode Groups is **Senior Styles.** There are six specific household groups within this LifeMode Grouping, including the following:

Silver & Gold (9A)   Golden Years (9B)   The Elders (9C)   Senior Escapes (9D)
Retirement Communities (9E)   Social Security Set (9F)

Retirees in Other Tapestry Groups

Retirees can be found in many other tapestry groups when we recognize that age and circumstance are not rigid. For example, a successful app inventor and entrepreneur in their 30s may realize a fortune in selling the app and retire from active work. They may pursue other interests like charity, traveling, writing, or just living the good life at a younger age. However, age continues to be a primary indicator of the likelihood someone is retired, moving into partial retirement (e.g., working some while retired), or approaching retirement. Remember, there are no absolutes.

Each of the six hyperlinks above will take you to a four-page qualitative and quantitative profile that is very useful in understanding the consumer capabilities and preferences of each group. These four-page profiles are free and additional information can be obtained from Esri for additional cost. Esri, on a proprietary basis, can generate Tapestry Profiles for any geography in the United States from GIS-drawn regions to more defined geographies like states, counties, and municipalities. We can use this information to help communities better understand their current retirees and their consumer wants and needs in support of a spending capture game plan and ecosystem-building strategy development. Thinking and behaving like an entrepreneur means getting to know your potential customers. You can gain insight of their wants and needs, learn about your competition, and position your venture and/or community to compete for their spending, whether they are already in your community or to attract them to call your community "home."

Retiree Wealth. Figures 6 below and 7 provide U.S. 2020 wealth information on retiree household cohorts drawing from Esri data.

Figure 6 – American Retiree's Wealth, 2020

Category	55-64	65-74	75+	Retirees
Households	24,344,747	19,481,754	14,498,181	58,324,682
% of U.S.	19.31%	15.45%	11.50%	46.26%
Median	$179,377	$211,599	$268,067	NA
Mean	$1,076,855	$986,403	$1,035,378	$1,036,331.77
Equity Ratio	6.00	4.66	3.86	NA
Total Wealth	$26,215,762,530,685	$19,216,860,590,862	$15,011,097,647,418	$60,443,720,768,965
% of U.S.	31.76%	23.28%	18.19%	73.24%

Source: Esri, Net Worth Profile, December 7, 2020

Figure 7 - Change in Wealth from One Cohort to the Next

Age Cohorts	Average	Median
Under 25 to 25-34	43%	52%
25-34 to 35-44	16%	28%
35-44 to 45-54	14%	8.4%
45-54 to 55-64	(14%)	(17%)
55-64 to 65-74	(16%)	(21%)
65-74 to 75 and older	(27%)	(54%)

Source: Esri, Net Worth Profile, December 7, 2020

Retirees (e.g., Age Cohorts 55 to 75+) account for just more than 46 percent of all U.S. households in 2020, but control more than **73 percent of all household wealth,** according to Esri in 2020. Estate wealth will be ultimately spent or gifted to heirs, charities, and the like, as these retirees move closer to death. This number may cause you to wonder, but if you think about it, there is a strong rationale for these numbers. On average, every American household experiences a life cycle with respect to work and estate formation. Once we leave the subsidized nest of our parents and begin to create a career and a family of our own, chances are good for most working-class Americans that we have negative net worth. In other words, our debt (e.g., higher education, cars, house, and credit cards) exceeds our assets. In our 20s and 30s, most of us have no estate except for personal property that has relatively little monetary value. As we progress through our lives, our careers develop, and our earning power generally rises. We build equity in our home, we may have a family-held or other business, we pay down student debt, and hopefully, we begin to put money away for retirement. Along the way, some of us are helped when our grandparents, parents, and others, make provisions for us in their estates, adding to our estate.

Esri's household disposable income data (Figure 8) provides a numerical picture of this lifecycle, based on the average incomes for age cohorts for all 126 million U.S. households:

Figure 8 – Average Disposable Income by Age Cohort, U.S. 2020

Age Cohort	Average	Median	Ratio to the U.S. Mean
Under 25	$42,721	$32,007	63%
25 to 34	$60,890	$48,646	90%
35 to 44	$75,556	$62,223	111%
45 to 54	$86,312	$67,429	126%
55 to 64	$73,701	$55,920	108%
65 to 74	$62,211	$44,386	91%
75 and Older	$45,657	$20,421	67%

Change in Income from One Cohort to the Next

Age Cohorts	Average	Median
Under 25 to 25-34	43%	52%
25-34 to 35-44	16%	28%
34-44 to 45-54	14%	8.4%
45-54 to 55-64	(14%)	(17%)
55-64 to 65-74	(16%)	(21%)
65-74 to 75 and older	(27%)	(54%)

Source: Esri, Disposable Income Profile for the U.S., 12.07.2020

Observe, based on this data (e.g., refer to Figure 8 highlighted area), peak earning years are with the 45 to 55-age cohort. One might think it should be in the 55 to 64-age cohort, or what we might assume to be the peak earning years for most people's careers. Many Americans are retiring earlier in their 50s and this is reflected in these values. Certain groups, like teachers, firefighters, police, military, some federal and state careers, and the like, reach retirement age long before they are 65. We believe, for this reason, disposable incomes begin dropping as more and more people retire and spending patterns structurally change. While disposable incomes may drop, actual spending, particularly for mobile, healthy, and reasonably affluent households, may actually increase as estate wealth is tapped to fuel second homes, travel, and other wants and needs. As we age and become more elderly, less well, and with more limited mobility, with the exception of health (e.g., largely covered by Medicare, Medicaid, and allied programs), both incomes and spending narrow and decline rapidly.

Figure 9 – Life Stage by Age Cohort

Age Cohort	Life Stage Attributes	Spending & Estates
Under 18	From birth to the time we graduate from high school, we are largely dependent on our family. We are focused on school, extra-curricular activities and growing up.	As we get older, we might have some spending money from a part-time or summer job. Most of our income is provided by our families.
18 to 24	After high school, some of us go right into work or the military, but more and more, we pursue some form of higher education to position us for a career and great earning power. Some pursue entrepreneurship after high school or during college.	For those going on to higher education, borrowing and student debt now exceeds borrowing for motor vehicles. We still depend on family and borrowing to meet our needs. We graduate, or not, with a negative estate and student debt.
25 to 34	In today's society, these are the years when we are expected to transition from family dependents to starting an adult life launching a job/career, maybe starting a family, and possibly launching our first business or nonprofit.	These adult formative years equate to more spending than income, and debt related to college, a mortgage on a home, motor vehicle debt, and most likely credit card balances covering those unexpected needs and wants.
35 to 44	As life progresses, typically so do our careers and earning power. We may still be paying a chunk of our disposable income towards interest and debt, but we are beginning to build an estate with equity, most likely in a home and, hopefully, retirement account.	The average estate for this age cohort is nearly $275,000 according to Esri for 2020. The median is just $54,000. What this means are some households are getting ahead, while some are still underwater, with little or no discretionary spending capacity or estate wealth to fall back on.
45 to 54	For most Americans, these are the peak career years, where advancement is generating optimal incomes, but also where we often plateau in our careers and, for the more successful, early retirement comes into play. For others, the grind continues, with costs associated with both children and parents.	Averages are just that. These are important values, but they fail to enlighten us on the complexity of what is going on within this age cohort. Some of us are doing really well and even taking early retirement. Others are struggling to make ends meet with retirement not in sight.

55 to 64	For most, work continues, as does the challenge of supporting children and parents. But given the power of that magical number and access to Social Security and Medicare, retirement is on our radar screens.	Earning power continues to be strong with this age cohort but, on average, it drops from the peak set by 45-to-54-year-olds.
65 to 74	The number of people retiring continues to accelerate. However, some continue to work because they have to, and others start second gigs. Building on those retirees in the 65-74-age cohort that are retiring, this group is not only retiring, but many are looking to relocate in retirement particularly if family, cost, and traffic congestion are important motivators.	This cohort includes the younger 65-to-70-year-old group and the older 70-to-74-year older group, where a few years can have dramatic influence on location choices, spending levels, and patterns. Health and finances become major considerations within this age cohort. As we age, often we are forced to move to where we have family as part of our healthcare strategy.
75+	There are many 75+ Americans who are healthy, active, and affluent enough to make changes and continue to support higher spending levels.	While disposable incomes drop by 67 percent between the 65-74 group and the 75+ group, household current net worth, on average, remains high, supporting choices.
85+	Many Americans are living longer, and it is now not unusual to find relatively healthy and active persons in their 80s and 90s. However, by this point in most people's lives, health is challenged and often failing, reducing activity and mobility, and increasing the importance of more robust healthcare and family support.	Disposable incomes drop dramatically for this group, as does household current net worth, as assets are spent down due to long-term care, for example. This group has much more narrowed spending, focused on healthcare, specialized housing, and other dependent care needs.

Source: Don Macke with e2 Entrepreneurial Ecosystems. January 2008

Job Security as We Age

AARP is most likely the largest membership advocacy organization for older Americans and retirees in the United States. A central issue AARP spends a lot of time on is age discrimination in the workplace, where higher-cost older workers are forced out at peak career. Often, these displaced workers are never able to secure comparable employment. At the same time, that age discrimination is at work in America's workplace, larger employers, ranging from universities to corporations to school districts, are employing buyout programs where older workers can cash out at peak or the ending part of their career, enabling the rehiring of two to three younger workers. These two forces are at work driving people into early retirement and making hard decisions to find more affordable places to live.

Why are Urban Retirees Moving?

There are many reasons why retirees move in retirement, but there are four big factors that surface time and time again:

1. Housing and Cost of Living
2. Congestion
3. Safety

4. Community Feel
5. Other Considerations

In this section of our strategy paper, we will explore each of these big four **attraction** and **relocation** factors driving retirees to consider making a rural community their hometown.

Housing and Cost of Living. In a recent article focusing on retirement in the Lifestyle Guide of the New York Times, author Fred Brock shared the following illustration:

"By selling their homes that are paid for, or mostly paid for, in expensive urban areas and moving to sometimes astonishingly less expensive parts of the country, many boomers may well be able to pay cash for a new home and avoid the direct financial straits that some economists predict for them."


Bisbee, AZ

Let's illustrate Brock's powerful point. Consider a two-earning couple in L.A., who bought their home decades ago and it now has a market value of $2 million. They can retire and move to Bisbee, Arizona, where the 2020 median house price is just $169,000 or 8.45 percent of the value of their L.A. home. Let's assume they buy a somewhat better house in Bisbee, with nicer bones, for $200,000, and spend an additional $100,000 making it a dream home. The net gain with this housing transaction is $1.7 million, invested in a diverse portfolio could generate a reliable 6 percent per year or $102,000 in annual retirement income. Bisbee is not L.A., but it is a historic mining community with great assets, including an interesting arts and humanities scene. It is located in a mountainous region with access to Tucson. There are lots of public land amenities, an agreeable climate, and a cost of living that is a fraction of living in L.A., even adjusting for housing costs. Bisbee is not for everyone, but for those seeking to turn their real estate wealth into a finer retirement, Bisbee is among hundreds of communities across Rural America offering interesting choices. Bisbee is one of those communities that fits the bill for **asset-rich but cash-poor** retirees. Check out our e2 thought paper ***Urban America is Filling Up – Opportunities for Rural America*** for more information.

Cost of Living and Congestion Driving Urban to Rural Migration

Millions of retiring urban Americans are asset rich but cash poor. Their primary asset is their home, in higher cost urban housing markets, but, due to higher cost of living in bigger cities, they have not adequately capitalized retirement funds. The median housing price in Albany, MO is $70,000 (2018) compared to a national median housing price of $230,000 (2018) or about one-third the national value. Consider a retiring couple from St. Louis or Kansas City, with $450,000 in housing equity, but insufficient funds for the kind of retirement they dream of. In this scenario, this couple could sell their home for $450,000, buy a fixer-upper house in Albany for $90,000, invest another $40,000 in upgrading this property, and pocket $320,000, adding to their retirement fund. This asset, invested in a diversified portfolio with an annual average return of 6 percent, could generate an additional $19,200 (e.g., $1,600 per month) in annual income forever. This dynamic is driving urban retirees to move to lower cost communities. Couple the housing cost driver with less congestion, communities like Albany can position themselves for retiree development success.

Congestion, or the Lack of It. Housing and cost of living are primary drivers in motivating retirees to move from higher cost metropolitan communities to lower cost micropolitan and rural communities. For retirees, there is a second powerful driver motivating moving to more rural places – congestion. The picture on this page is of a Los Angeles freeway with bumper-to-bumper traffic. In dense urban places like L.A., with less public transit options when compared to New York City or Washington D.C., the daily commute to work, shopping, or just visiting friends, one must always consider time of day traffic. Trips are measured in hours and minutes, not miles. Hundreds of hours are consumed each day in our largest cities driving and sitting in traffic. When my sister, Rita, retired as a nurse in San Diego, she moved to very rural Chloride, 70 miles south of Las Vegas in Northern Arizona. Cost of living was a consideration but getting off of Interstate 5 was a huge motivator. Rita and her husband, Tom, may drive more miles in their retirement when compared to their time in San Diego, but there is little traffic and congestion on the open roads of Rural America.

Perceptions of Safety. There is this sense that crime is widespread and is a deep concern in major U.S. cities. This image is reinforced, say, by the hundreds of murders and shootings in Chicago each year. One must remember that our largest U.S. cities are geographically vast and diverse. Certain neighborhoods do have high crime, making them unsafe and hard to call home. At the same time, there are more city neighborhoods, and suburban and ex-urban communities where crime is actually lower, when compared to the national averages. Overall, serious crime has been in decline in the U.S. for some time now. At the same time, crime can be a huge issue in highly distressed rural communities and regions like parts of Appalachia, the Rocky Mountain West, the Delta, and the list goes on.

Chronically distressed communities drive higher-risk behavior, including substance abuse, homelessness, domestic violence, and crime, ranging from petty crimes associated with idleness, and robberies to fund drug habits, to serious crimes like violence and murder, when drug gangs are competing. Like big cities, most rural communities have relatively modest serious crime. But there is a perception that Rural America is safer when compared to cities. There are the Norman Rockwell-like stories of people never locking their doors, shop owners letting some customers know where the key is when they need something after hours, and the greatest threat to leaving your car unlocked is someone will leave a bag of zucchinis in the back seat. There is truth, and then there is mythology. But for retirees looking for **their best place** in Rural America, checking local crime statistics can help them locate to a relatively safe place to call home.

Community Feel. America is so diverse and there are endless niche markets with respect to retirees and the kinds of places they want to make home. We cannot begin, in this strategy paper, to provide comprehensive market segmentation. But we know from our field experience, that there are pockets of retirees seeking certain kinds of communities. Two things are universal beyond the drivers of cost, congestion, and safety:

1. Community Culture
2. Peers

Community culture is important. Those moving are seeking **welcoming communities** that embrace diversity and do not require decades before newcomers are accepted as equals with "old timers." Whether the retiree grew up in the community and has returned, or simply discovered the community and makes the choice to call it their new hometown, community culture matters. Too many rural communities and urban neighborhoods are insular and create, often without really knowing it, an unwelcoming culture. Creating a welcoming culture is foundational to positioning your community for all forms of resident attraction, including retiree attraction.

When you are a relocating 30-something or a retiring Boomer, chances are good you are looking to connect with and grow a new network of friends. Through our field work we have observed that having the opportunity to grow new relationships with peers is very important. If you have kids, you want to spend time with others who have kids. The same is true with retirees who are looking for those "footloose" peers who can do golf on a moment's notice or take a trip together. The absence of peers is a challenge in attracting retiring Boomers.

It is for this reason that committing to a development strategy that includes a strong focus on demographic health is paramount. With all the emphasis we put on having retired peers, we also know that many, maybe most, retiring Boomers today, are less interested in gated communities with only retirees. These retirees, who are more likely to consider your rural community as their hometown, are looking for a complete community with generationally integrated neighborhoods and the opportunity to experience the full diversity of a genuine community.

Affording Privacy

In urban communities with more people, it is simply easier to get lost and maintain desired privacy. In smaller rural communities, it is more challenging to not have your business be the community's business. Whether someone grew up in your rural community and is coming back, or are totally new coming into your community, it is important to afford privacy. While newcomers want to be known and experience that small town feel, they are also used to a higher degree of privacy. Failure to respect personal privacy can cause new residents to give up and move on.

Other Considerations. There are other considerations in attracting retiring Boomers beyond cost, congestion, perceptions of safety, and community feel. Other considerations that can improve your community's competitiveness for retirees are potentially very long. Let's focus on the top 10 other considerations:

1. Availability of Work
2. Access to Commercial Air Service
3. Access to Specialty Health Care
4. Concierge Services
5. Broadband and Cell Service
6. Essential Goods and Services
7. Desirable Amenities
8. Good Roads
9. Walking and Biking Paths
10. Access to Indoor Recreation and Exercise Amenities

Next let's explore these other retiree attraction considerations in a bit more detail:

Availability of Work. Many retirees, whether because they want to work or need to work, are looking for communities where they can find part-time meaningful work. Communities that can provide these flexible jobs – perhaps accommodating travel during the winter - are more attractive to retirees. Employers embracing retirees as an important potential workforce can provide accommodations that tap into seasoned workers but enable a balance between retirement and work.

Access to Commercial Air Service. Many retirees want to travel to visit family, friends, or bucket list destinations. Not every rural community can provide commercial air service, but those rural areas with good regional commercial air service that connects to major hubs is an important asset. Again, these retirees are wanting to get away from congestion and are willing to travel a bit to an airport.

Access to Specialty Health Care. Having basic healthcare available within the area is foundational. Equally important is access to specialty healthcare, available within a reasonable travel distance. Younger retirees, who want to move only once, are looking ahead to what kind of advanced healthcare is available within the region. Traveling 60 minutes to see a specialist in a big city is not uncommon. Having advanced or specialty healthcare within 60 to 90 minutes, with minimal traffic, provides a reasonable solution. Remember, communicating travel times and stress, not miles, is important in making the case to retirees for going rural.

Concierge Services. By concierge services, we focus on those things often part of the package if a retiree moves into a gated resort in Florida or Arizona. These services range from yard care, snow plowing, house maintenance, a place to safely store a camper, recreational vehicle or boat, transportation, home healthcare, personal shopping services, and the list goes on. All of these are entrepreneurial venture market opportunities. When available, they enhance the retiree ecosystem.

Broadband and Cell Service. In today's world, access to robust, affordable, reliable broadband and cellular services is foundational. Comparable to the importance of indoor plumbing, those considering moving to a rural area or community, particularly if they are accustomed to good services, are likely to pass those communities with weak broadband and cellular services.

Essential Goods and Services. Retirees, particularly more active and engaged retirees, expect certain goods and service essentials to be available locally, or within the area, including a grocery store, pharmacy, hardware store, lumber store and services including eye care, dentistry, banking, insurance, and parcel service. These kinds of businesses are important to all residents, ensuring a strong locally rooted business community.

Desirable Amenities. Retirees not actively engaged in work have more time for play. Desirable amenities include a good café with a good variety of both traditional and healthier fare, a nice bar, maybe a craft beer, wine, and Scotch bar, a bakery with homemade goodies, golf, and access to the arts and humanities.

Importance of Arts and Humanities

Rural communities cannot support big city art galleries or concert bands. But rural communities can support robust access to the arts and humanities by arranging for touring companies to visit the community. In Ord, Nebraska, its community foundation helps underwrite the cost of not only a wonderful venue, the former town square movie theater, the Golden Husk, but visiting arts and humanities offerings. These venues and events provide opportunities for new retirees to meet people in their adopted hometown and put down roots, volunteer, and provide financial support.

Good Roads. One of the transitions from a younger and active retiree to an aged retiree in failing health, is the ability to get around. In Rural America, this means a motor vehicle and good roads. Again, retirees who are hoping to make just one relocation in retirement are looking ahead. If there is a larger trade center community with advanced healthcare in the mix, access to a commercial grade highway with wider lanes, passing lanes, and commercial shoulders is attractive. These are safer and more forgiving roadways for older residents than narrow two-lane highways and busy Interstate systems.

Walking and Biking Paths. In America, our communities are optimized for getting around in cars and trucks. But for retirees, as well as other residents, there is increasing interest in the ability to get around town in traffic enjoying safe walking and biking paths. Communities with these assets position themselves for being more competitive than those that do not.

Access to Indoor Recreation and Exercise Amenities. For rural communities with extreme weather, access to climate-controlled indoor recreation and exercise amenities is important. Oftentimes, a partnership can be forged, even in smaller rural communities, between healthcare, education, and the community, to create and support such facilities, making them available to retirees during certain times.

Our next stop in Retiree-Led development is an exploration of why retirees are staying in their rural communities.

Why are Rural Retirees Staying?

As you might expect, there are multiple motivations to remain in one's hometown in retirement. There is a "stickiness" that roots people in a place they have known for a long time. Some of these more important rationales include:

- Family
- Friends
- Faith and Organizational Affiliations
- Sense of Place and Responsibility to a Hometown
- Comfort in What One knows
- Lack of Resources to Leave

Concept of "Stickiness"

Mobility is the ability to move from one place to another. The concept of "stickiness" is the tendency to remain in one place. There are multiple reasons for "stickiness," ranging from positive factors like love of hometown to negative factors like the financial inability to leave a place or being "trapped." The degree of mobility or stickiness varies from one societal cohort to the next. Within communities and regions, some residents have greater capacity for mobility, when compared to other segments, which are more likely to have community stickiness.

In America, there is this mythology that most Americans are moving all the time. While that is true for some Americans, there is also a strong tendency to find a hometown, put down roots, and stay put. This is true of retirees. We can consider retiree mobility and stickiness through the lens of both positive and negative factors.

Positive Factors. Human beings are social beings. For the vast majority of us, being close to family, friends, and places that are familiar, is very important. As we age, being close to children and grandchildren provides particularly strong stickiness. As long as these family members are close, many retirees choose to stay, as well. There may be strong affiliations with a faith community, civic organizations, or other groups, which bind us closely to a hometown. For many, there continues to be venture interests and civic leadership roles that provide additional bonding to a place. Ultimately, there is a comfort in what we know and value in a community. These are all positive factors contributing to stickiness that reduce the motivation to move to another community, particularly as we age.

Negative Factors. Being mobile generally requires financial resources. Too many aging rural residents lack the financial resources to relocate, even when they are motivated to find a new home near their children in a warmer climate. While Medicare, Medicaid and Social Security have greatly reduced severe poverty among America's older residents and retirees, these resources are generally just sufficient to meet basic needs and not much more.

Countryside to Town Relocations

Whether it is a rural acreage with lots of maintenance requirements, or a life lived on the farm or ranch, many rural residents who have spent much of their lives in the countryside move into villages, towns, and cities as they age and retire. Reducing property maintenance requirements, avoiding rural roads in bad weather, and just being closer to in-town family, friends, and institutions like churches and civic groups, motivates these country dwellers to relocate to area towns at some point in their aging life.

Drivers of Local Retirees Leaving Their Rural Hometowns.

- Loss of Family and Friends
- Access to Necessary Healthcare
- Warmer Climates

Let's explore each of these motivating drivers.

Loss of Family and Friends. Being close to family and friends is a major driver of relocating. The heavy outmigration of younger rural residents has resulted in retiree-age residents to pack up and move to where their kids or close friends are located. In keeping more of your younger residents in your community, you also contribute to retaining more of your retirees.

Access to Necessary Healthcare. As we age, our healthcare needs typically increase. Traveling one to three hours to more advanced and specialty healthcare creates a huge challenge even for very active retirees. For those who are more elderly and unable to drive, making these appointments requires family and friends to pitch in, or relying on underfunded public transit options in rural areas. Ultimately, the choice might be to move closer to necessary healthcare.

Warmer Climates. In retirement my folks were “snowbirds,” spending time in warmer climates during the winter and actually moving to Southern California to be in nicer climate, near my sister, Rita, and her family. Ever since air conditioning fueled economic growth by opening up places like Florida, Arizona, Texas, and Southern California, northern retirees with means have been spending time in these southern locations, either for part of the year, or as their new permanent residence. But primary snowbird locations are filling up, becoming more expensive, and with greater congestion. As communities in these states are filling up, and the cost of living and congestion is rising, northerners are now looking at more rural location to find less winter and more sunshine.

Aging and Serious Accidents

We value our independence, and, for most of our lives, we are able to live in our own home and provide for most of our needs. But as we age, we can experience serious accidents. Issues like falls with broken hips, or some health conditions, may force us to leave our homes and move into new housing arrangements, like independent life homes to assisted living facilities, which provide a higher-level care. For rural areas, offering a continuum of housing options is increasingly important. Additionally, given Boomers’ strong desire to age in place, providing in-home assistance is increasingly important as a community amenity with Retiree-Led Development.

Our next exploration focuses strategy and tactics for attracting retirees.

Assessing Your Community’s Opportunities

Earlier in this paper, we introduced Esri’s household Tapestry groups. In this section, focusing on retiree attraction strategy and tactics, we want to provide a somewhat modified typology based on market cohorts associated with age. This framework is not absolute. As is the case with any market segmentation there are always outliers. But on average, the following market segmentation is helpful to your community in growing a retiree ecosystem that provides a continuum from those younger and very active retirees to those in your community requiring long-term healthcare support. Each group offers unique entrepreneurial development opportunities, based on their spending preferences and needs.

Retirees Are Not Economic Development!

Often, we hear from development interests in rural communities that retirees are not legitimate economic development. Consider these arguments that Retiree-Led Development is serious economic development. Convince states like, Arizona and Florida - where retirees are a huge part of these state's economies, driving growth for decades - that retirees are not economic development.

Second, retiring Boomers represent a three-decade-long development opportunity. While some may say this does not provide long-term development, we believe any opportunity in today's environment that provides 30 years of opportunity is worth serious consideration.

Third, there is concern that attracting retirees brings more costs than economic development value. It is important to remember that retirees who are relocating are younger, active, and more affluent. They will contribute to a community's economic development in so many ways, for a long term, before they potentially become dependent. Even then, Medicaid and other programs shield communities from the costs of aging and insolvent retirees.

Finally, for Rural America, so dependent on the boom-and-bust cycles of natural resource industries, retirees bring stability with predictable annual spending.

Figure 10 – Retiree Market Segments by Age

Market Segment 1 **Semi-Retired & Still Working**	Many Americans are retiring younger and continue to work and engage in entrepreneurial activity. They represent a huge workforce and source of entrepreneurial energy. They want seasonal and weekly scheduling flexibility, but they have skills, work ethic, and represent a remarkable human talent resource.
Market Segment 2 **Younger Early Retirees**	Younger retirees are often looking for a base they can call home, but with the ability to pursue dreams of travel to family and friends and places on their bucket list. Access to concierge services mentioned earlier, are important to this group. Often, they want to engage in their new hometowns. The ability to serve on boards, volunteer, and participate in community philanthropy, is important.

Market Segment 3 **Older Fully Retired**	As we age, our ability for travel and active work ebbs, yet these older, fully retired seniors, want to remain in their homes. They will pay for services to help them stay out of institutions. They continue to be active in their communities, serving as youth mentors to volunteers to business mentors. These retirees need more support creating greater local spending opportunities as spending turns inward, compared to Market Segment 2.
Market Segment 4 **Older Retirees – Still Active**	As retirees progress through the aging cycle, the ability and motivation changes. Still looking for ways to remain engaged, they want to attend a play, but may need a ride at night to make this possible. Their spending changes with more going to healthcare, modifications in their homes, and support services.
Market Segment 5 **Aging with** **Weakening Health**	Finally, with the passage of time and weakening health, the spending habits of our oldest market segment shift significantly. With a broken hip, there may be the need to give up that home with stairs and move into an assisted living facility. Spending shifts to home and healthcare. With Medicare and Medicaid, these retirees provide a financial backbone for our healthcare system, including care facilities.

Source: Don Macke, e2 Entrepreneurial Ecosystems, 2018.

With these market segments in mind, now let’s focus our attention on a basic 10-step retiree attraction and retention strategy approach:

- Step 1 – Core Leadership and Community Builders Group
- Step 2 – Stakeholder Mapping and Engagement
- Step 3 - Defining Your Community
- Step 4 – Market Assessment
- Step 5 – Asset Mapping
- Step 6 – Opportunity Assessment and Targeting
- Step 7 – Strategy Development
- Step 8 – Energizing Your Entrepreneurs
- Step 9 – Test Markets, Learn, Refine, and Move to Greater Success
- Step 10 – Document and Celebrate Your Progress

Let's begin our journey with our Retiree-Led Development framework by forming a leadership team.

Step 1 – Core Leadership and Community Builders Group. Like all community economic development, this work requires leadership and resident engagement. The first step is to organize a core working group built around initiative champions. There needs to be a host organization willing to provide staff and budget support for the working group. This working group's mission is to help their community envision, design, and stand up a retiree attraction and spending capture strategy.

Champions Defined

Champions are a unique form of community leadership. Champions have a very deep interest in and commitment to a particular community building activity. Champions have cachet in the community and are able to bring key leaders, community builders, and stakeholders into the work. They are also able to raise funds and secure commitments to fuel the initiative. Around these champions are other leaders and community builders who make the commitment to provide time and talent to the initiative.

Step 2 – Stakeholder Mapping and Engagement. The next two logical steps in getting organized for action include stakeholder mapping identifying those individuals, organizations, businesses, and institutions that have a self-interest in the work of the initiative and should be part of the work. Mapping potential stakeholders is a start in Step 2 but becomes powerful with smart outreach and engagement of stakeholders, building capacity to undertake both robust and sustainable work. Securing engagement rests on finding mission alignment between the initiative and the work of a stakeholder. We have a resource that can help your team map your stakeholders and curate mission alignment.

Stakeholders Defined

Stakeholders are individuals, organizations, businesses, and institutions that have a strong self-interest in retiree attraction and spending capture. Potentially relevant stakeholders include:

Hospitals - Medical Clinics - Healthcare Services – Pharmacies
Health and Wellbeing Services (think yoga studios)
Real Estate Agents and Housing Contractors - Public Transit Services – Arts and Humanity Groups
Families with Parents – Grandparents – Older Friends

Step 3 - Defining Your Community. We must spend some time considering what actually constitutes our community. Chances are good your community is more than your municipality. In our work with Ord, Nebraska, an area hub community of just more than 2,000, we discovered Ord is the anchor in a region of nearly 10,000 residents including multiple smaller towns and villages. We have a resource you can use to define your community.

Step 4 – Market Assessment. Like any good entrepreneur, you need to undertake a market assessment identifying your community's current retirees and those retirees who are likely to be attracted to your community. You can employ free data from the U.S. Census and proprietary data from market research firms like Esri to support your market assessment work. We encourage a two-part market assessment. The first part focuses on senior household types, employing Esri's Tapestry Profiles. This information will provide your team information on the socio-economic attributes of your current retirees.

The second is to profile your retirees based on age cohort. Refer to Figure 10 for guidance on profiling your retirees, based on age. Census and Esri data can help you attach socioeconomic information to these market segments. Remember, different consumer market segments have different wants and needs, including unique spending patterns.

Conversations with Newcomers

Chances are good your community is in a strong position to attract retirees who are similar to the retirees you already have in your community. However, chances are also good that other kinds of retirees are moving into your community. The only way to learn about their needs and wants is to have conversations with them. Consider ways to partner with area real estate agents, your utility companies, local coffee shops, and restaurants to learn of newcomers. You could have a community "welcome to the neighborhood" program or hold focus groups and surveys to gain insight into your newest residents.

Working with your community's entrepreneurs can also generate market research when they take time to have conversations with their customers to identify other goods and services desired, but not readily available, in the community. This is a market research opportunity to learn about early impressions related to what they like and dislike and find lacking in your retiree ecosystem.

Step 5 – Asset Mapping. It is important to complete your consumer market segmentation analysis before you undertake your asset mapping. Market segmentation analysis will provide key insight into what should be part of your retiree ecosystem. With this information in hand, your team can now begin to map assets in your community that match up with your retiree's wants and needs. This process will also allow you to identify potential market gaps where there are entrepreneurial opportunities.

Two Dimensions of Market Segmentation Analysis

In the most basic of terms, there are two dimensions of market segmentation analysis. First, there is segmentation of consumer markets. With our focus on retirees, we provide consumer market segments based on age, activity levels, and affluence. Different consumer market segments have unique spending needs and wants.

The second dimension of market segmentation focuses on the actual goods and services offered, or that could be offered within your community's retiree ecosystem.

Step 6 – Opportunity Assessment and Targeting. Steps 4 and 5 provide the foundational information necessary to complete opportunity assessment and targeting. This process step provides your team with critical information on where you have opportunity to advance your community as a competitive and attractive community for retirees. Targeting allows your team and community to set priorities. Early in your initiative, there are likely more opportunities than capacity to act on them. Targeting allows your community to pursue those development opportunities where there is not only strong opportunity, but stakeholder and entrepreneurial energy to address them. Even for entrepreneurs who do their research and due diligence well, there is always uncertainty. Only by engaging in targeted markets, like Retiree-Led Development, can we learn what is possible.

Step 7 – Strategy Development. Completion of Steps, 4, 5 and 6 empowers a rationale and smart strategy to emerge. Whether retiree-related development is new to your community, or whether your community has been engaged in this development opportunity for some time, crafting a starter or next-stage strategy ensures greater success and impact.

Step 8 – Energizing Your Entrepreneurs. Throughout this process, be sure to engage your entrepreneurs – businesses, nonprofits, and government – in the process. As they perceive market opportunities, they will swing into action testing markets, doing market research of their own, and accelerating the retiree ecosystem building process.

Step 9 – Test Markets, Learn, Refine, and Move to Greater Success. We always counsel entrepreneurs to identify and test new markets before investing too deeply. Testing is an important way your community's entrepreneurs can learn more about the market, including its size, price points, and preferences, before making major new commitments and investments. This process allows entrepreneurs - and ultimately your ecosystem- to evolve a financially sound and competitive retiree ecosystem.

Step 10 – Document and Celebrate Your Progress. Community economic development, like entrepreneurship, is a journey. It is important from **day 1** to document your progress. Our guide, *Metrics, Stories and Sustainability*, can help your community. Part of this process is also being intentional about celebrating your progress with your larger community. We recommend employing Ripple Effect Mapping or REM every 12 to 18 months to capture both intentional and unintentional outcomes and impacts. REM can be used as part of an annual celebration. Celebrating your work contributes to sustainability.

Our next section in this strategy paper focuses on retirees as both entrepreneurs, and contributors, to a community's entrepreneurial ecosystem.

Community Leadership, Community Builders, and Volunteers

Some retirees, as they move into a new community, are not interested in engaging. They are done with being a leader or volunteer. They simply want to enjoy their golden years. But for others, many others, they want to become involved in their new hometown. If we are open to letting these newcomers become engaged, we can energize our community leadership, community builders, and volunteer pools. Many of these retirees, seeking to get involved and give back with their time to their new community, have unique skills, connections, and experiences that can enrich our communities.

Entrepreneurial Talent

In our e2 strategy paper on attracting and retaining retirees as a development game plan, our primary focus is on meeting their wants and needs and capturing the spending within the area economy. But there is another entrepreneurial development opportunity associated with attracting and retaining retirees to your community: energizing entrepreneurial talent.

Figure 11 – Possible Retiree Entrepreneurial Roles

Entrepreneurs	Investors
More and more Americans are retiring early. In retirement from one career, they have the vision and energy to pursue new gigs. One of the largest and fastest-growing entrepreneurial groups in America is retirees. They are buying, starting, and energizing ventures.	Retirees may not want to be tied down running a business, but they see a need for a coffee shop in a community and are willing to be an investor. More affluent retirees have capital, are looking for something good to do, and are willing to work with others to capitalize ventures in a community.

Ecosystem Builders	Mentors
Some retirees are motivated to get involved with their time and experience. They are willing to become volunteers, even leaders, in entrepreneurial ecosystem building activities. Their life experience, networks, and unique external perspectives can make important contributions to ecosystem building.	For many entrepreneurs having a mentor to talk things through, gain perspective, find resolve, and network to resources is a core part of an entrepreneurial ecosystem. Retires often have all the right "stuff" to be a mentor.

Philanthropy and Investors

More affluent retirees represent potential capital for community building. As new retirees grow affinity with their new hometowns, they are likely to become engaged in community-centered philanthropy. Whether a gift to a community fund or nonprofit organization, or a legacy gift creating an endowment in your community's foundation, these new residents can help grow philanthropy in your community. These same givers also have the capacity to become investors in ventures in your community. They are also strong candidates for capitalizing philanthropic impact investing funds. In creating a Limited Liability Corporation Investment organization, your community can mobilize both equity and debt financing for area ventures. Additionally, these same investors often have deep experience, skills, and networks that can help them mentor other - and often younger - entrepreneurs.

Often retirees engaged in entrepreneurship have great insight into retiree-related market opportunities, as well as other consumer needs and wants not being fulfilled in the area economy. These entrepreneurs can often be the leading edge in discovering, exploring, and testing ways ventures can capture retiree spending.

Conclusion. Where Knowledge + Action = Impact

In 2018, the single largest source of household earnings was associated with retirees. According to the U.S. Bureau of Economic Analysis in 2018, retirees generated more than $141 million in household earnings and spending power.

In 2020, we completed a Development Opportunity Profile for Knox County in Northeastern Nebraska. By Nebraska standards, this is a rather large county, geographically, and home to numerous smaller towns and villages. It is a region in Nebraska that was glaciated, offering a beautiful landscape, when compared to many communities in America's Central Great Plains Region. An economy rooted in commodity agriculture, it has been experiencing chronic and severe depopulation for decades.

Between 2001 and 2018, retiree-related income grew Knox County's economy by more than 21 percent. While attracting retirees from New York and LA might be limited, there are opportunities to attract retirees from the region and even larger cities like Omaha, Sioux City, Des Moines, and Lincoln.

There are huge entrepreneurial development opportunities associated with retirees now in Knox County, and capturing more of their spending can help rebuild the area's venture community. Tapping into these retirees' entrepreneurial energy can further drive development. Embracing these retirees as leaders, community builders, potential new business creators, and volunteers can expand the opportunities this group of people brings, resulting in community enhancement.

For this to be the story of your community, there must be intentionality to focus on the elements of this Retiree-Led Development strategy, address the right “stuff” to be competitive and, most importantly, create a genuinely welcoming community culture that is open to new people and their ideas.

e2’s Series on Likely Entrepreneurial Development Opportunities

In 2021, we are building out both **strategy papers** and **supporting analytics** around our 10 most likely rural community **Entrepreneurial Development Opportunities**. During the past 20 years at e2 we have completed development opportunity analysis for a wide range of rural communities and nearly every rural region in the continental United States.

Drawing from this extensive experience, we began in 2020 to curate common development opportunities. This paper is part of the series, *Likely Entrepreneurial Development Opportunities.* During 2021, we will develop and release more related content you and your community can use to capture these development opportunities in your community through entrepreneur-led development and ecosystem building.

How e2 Can Help

e2 Entrepreneurial Ecosystems helps communities increase prosperity through entrepreneur-focused economic development and ecosystem building. Led by **Don Macke,** e2 has a national team of practitioners who bring research, coaching, incubation, market intelligence and other expertise to this work.

What We Do

- ✓ **Mentoring.** We mentor and coach new practitioners seeking to pursue entrepreneur-led development. We provide advice and support for building eEcosystem strategies that work and invite practitioners to join our National e2 Practitioners Network.

- ✓ **Analytics Support.** e2 helps communities and regions understand their entrepreneurial potential through research and data.

- ✓ **e2 University (e2U)** is our online platform for sharing guides, papers, stories, tools, and resources with communities wanting a deep dive into eEcosystem building. Don Macke leads the e2 University team with analytics support from **Cathy Kottwitz** and report preparation from **Ann Chaffin.** Special recognition for their e2U legacy contributions goes to **Dana Williams** and **Deb Markley,** LOCUS Impacting Investing.

- ✓ **Fostering the eMovement.** We support the national entrepreneurship movement along with our partners including the **Federal Reserve Bank of Kansas City**, **SourceLink**, **Edward Lowe Foundation**, **Kauffman Foundation**, and **NetWork Kansas**. We are a founding member of **Start Us Up: America's New Business Plan**, a coalition dedicated to strengthening entrepreneurship across America. Together, we continue to advance the foundational ideas of building entrepreneurial ecosystems and entrepreneurship-led economic development.

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NetWork Kansas, a 501c3 nonprofit organization dedicated to developing an entrepreneurial ecosystem in Kansas, is the home for e2 Entrepreneurial Ecosystems. NetWork Kansas connects aspiring entrepreneurs, emerging and established businesses, to a deep network of business building resource organizations across the state.