

## LPL Financial Research Releases 2016 U.S. Retirement Environment Index

### State of Virginia retains its No. 1 spot in the annual holistic ranking

BOSTON, March 30, 2016 (GLOBE NEWSWIRE) -- Leading retail investment advisory firm and independent broker/dealer [LPL Financial](#) LLC, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ:LPLA), today made available its 2016 Retirement Environment Index, which is a holistic ranking of all 50 states and the District of Columbia on their retirement desirability for pre-retirees between the ages of 45 and 64. This is the second annual report of the LPL Financial Research Retirement Environment Index. Previously released in [June 2015](#), it measures a variety of factors including financial data, healthcare, housing, community quality of life, employment and education, and wellness, aspects that are considered to contribute to a happy retirement.

Once again, Virginia assumes the top spot, while California anchors the bottom, slipping from its 2015 position at No. 48. Virginia, one of just 12 states with no grade lower than a C, was a standout in the community quality of life and financial categories, displayed by a high median income relative to the national average, a low cost of living, healthy private sector retirement assets, and a below-average tax burden. And while Florida has long been synonymous with retirement, the Sunshine State only modestly leads the pack with the 65-year-old-plus demographic. Landing a spot at No. 39 on the Index, Florida's ranking demonstrates that other factors are important to retirees beyond sunshine and sand.

Regional trends were apparent in this year's Index, with the Midwest the clear winner in the financial category—attributed to a cost of living well below the national average and household median income landing above the national average. And the Northeast was the standout in healthcare, credited to excellent access to care and the cost of quality care.

Other highlights from the 2016 Index:

- 1 Rounding out the top five with Virginia, are, in order, South Dakota, Wyoming, Michigan and Iowa. Michigan was a new addition to this elite group, lifted from its previous ranking of No. 19 with improvement within the financials category.
- 1 The bottom five states, each with an overall F grade, are California, Alaska, New York, Oregon and New Jersey. Alaska and Oregon slipped from their previous rankings, while New Mexico, previously No. 49, was upgraded to an overall D grade.
- 1 California's bottom position was hampered by an elevated tax burden (fifth highest in the nation) and an extremely high cost of living. Healthcare did not play to the state's favor either, as healthcare expenditures per capita are below national averages, and it has a below-average percentage of pre-retirees who are covered by health insurance.
- 1 New York was the only state to have three categories ranked with a grade of F, including housing, community quality of life and financial.
- 1 Budgetary woes in Illinois knocked the state's financial category rating down one notch to a D from last year's C rating. Since last year, the average local and state tax burden rose nearly 1%, median income declined, and the cost of living rose.

"The insights were prepared with our proprietary analysis and provide a comprehensive view of the factors highly considered when planning for retirement," said Anthony Valeri, senior vice president, LPL Research, and the study's co-author. "The retirement environment seeks to discover the complicated answer to the simple question: Which state is most desirable for pre-retirees? And while each pre-retiree's decision is based on individual factors, the category grades are designed to illuminate the different ways that desirable can be defined."

Bearing in mind the personal nature of retirement planning, an examination of the Index allows individuals to consider what matters most to them, and can facilitate discussions with their financial advisors about how best to prepare to meet those goals.

"When planning for retirement, it is important for Americans to do more than just create a financial plan based on what you think you'll need, considering your current budget and position in life," said David Reich, LPL executive vice president and head of Retirement Partners. "Healthcare, rising home costs and access to creating the quality of life you desire should be factored into your long-term plan. LPL's research creates a valuable resource for our advisors to begin to have a deeper dialogue with their clients about what matters to them, to be able to then create a plan to work toward that."

The full publication is available [here](#).

## **Index Construction and Methodology**

LPL Research pulled public data sources for each of the 50 states and the District of Columbia. The index is based on six broad categories that represent retiree desirability and help preparedness: financial, healthcare, housing, community quality of life, employment and education, and wellness. Within each category, four to six diverse subcategories provide depth and balance. For example, the wellness category looked at obesity rates, physical activity and percentage of smokers, to name a few. For each subcategory, each state was assigned a score based on the state's metric in relation to the national average and the distribution of the state-level data. The subcategory scores were then weighted to reflect relative importance and aggregated to a final grade for each category (A-F). The broader six categories grades were also weighted, resulting in an overall grade for each state (A-F). The weighting system was designed such that a very negative or positive score in one particular subcategory would have a large influence on the category grade, but a more limited influence on the overall grade. All data evaluated the 45- to 64-year-old demographic. Find a complete explanation of the Index [here](#).

## **About LPL Financial**

LPL Financial, a wholly owned subsidiary of LPL Financial Holdings Inc. (NASDAQ:LPLA), is a leader in the retail financial advice market and served \$460 billion in advisory and brokerage assets as of Feb. 29, 2016. LPL is one of the fastest growing RIA custodians and is the nation's largest independent broker-dealer (based on total revenues, Financial Planning magazine June 1996-2015). The Company provides proprietary technology, comprehensive clearing and compliance services, practice management programs and training, and independent research to more than 14,000 independent financial advisors and over 700 banks and credit unions, enabling them to help their clients turn life's aspirations into financial realities. Advisors associated with LPL also service an estimated 40,000 retirement plans with an estimated \$118 billion in retirement plan assets, as of December 31, 2015. LPL also supports more than 4,000 financial advisors licensed and affiliated with insurance companies with customized clearing, advisory platforms, and technology solutions. LPL Financial and its affiliates have more than 3,400 employees with primary offices in Boston, Charlotte, and San Diego. For more information, please visit [www.lpl.com](http://www.lpl.com).

## **About LPL Research**

LPL Financial's Research department ("LPL Research"), led by Managing Director and Chief Investment Officer Burt White, provides strategic, objective investment insights to advisors who leverage LPL Financial's Research platforms. The group's mission is to be a trusted partner to our advisors, who in turn provide investors with choices to help meet their financial goals. The team provides those advisors with market, investment management, portfolio construction, and due diligence advice. LPL Research's *Outlook* publications, produced semiannually, serve as the backdrop for all the team's investment recommendations and communications efforts for the year ahead.

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