

Tom Mullooly:

In episode 251, CPAs are telling New Jersey residents to hit the road. Welcome to the Mullooly Asset show. I'm your host, Tom Mullooly. And this is episode number 251. Thanks for tuning in. Recent survey by the New Jersey Society of CPAs showed the following results. 440 CPAs in New Jersey were surveyed 70% of them have said that they have suggested to individuals that they consider relocating outside New Jersey to escape the high cost of living. In the same survey, 53% of accountants surveyed said that they've told business owners to consider relocating their business out of state. They quoted the Executive Director of the New Jersey Society of CPAs and he said, the tax structure here in New Jersey is one of the highest in the United States. So no wonder they're taking a look at maybe considering different options.

Tom Mullooly:

So a couple of thoughts come to mind. First, don't know if you've ever been through this, but have you ever considered how expensive it is to move your family out of state? It's not cheap. It's not like, Hey, let's get a U haul truck and go. You have a lot going on besides the fact that you're uprooting your entire life and that of your family members. It's a lot. Likewise, I don't know if business owners routinely think about gee, I wish we could pick up our business and move to another state. Some businesses may be able to work remotely, but if you work with local clients, forget it. It's just not going to work. So recommending that you move out of state or move your business out of state seems a little bit of a stretch and kind of a last ditch option. The costs that are involved with moving may negate any kind of tax savings that you have. So that's the first thought.

Tom Mullooly:

Second thought is states routinely compete with all the other states in the union to attract businesses and create jobs, attract people to their state. And so states are in the business of creating incentives and tax breaks and credits to get businesses to consider relocating to their home state and building more jobs. I mean, this is how these governors all get reelected. So the other part of that I think a lot of people haven't really thought through is that the situations can change from year to year. So if say New Jersey changes their tax structure, maybe they get a whole slate of new politicians in, or they just decide, Hey, we've got to get aggressive with this. You may relocate out of New Jersey, just as tax laws are changing. And you may be moving to a state where they've had a huge influx and they say, oh, so many people have moved to fill in the blank state. Our services are really pressed. We're going to have to raise taxes. Is that really such a wise move after all? You've got to really think these things through.

Tom Mullooly:

So the third thought that comes to mind after reading this survey is that tax advice often looks retroactively. I've heard a lot of accountants say, gee, you'd pay a lot less taxes if you lived in South Carolina or fill in the blank state. So sometimes the advice you're getting from your tax professional may not be considering what things are going to look like in the future. So remember you hire tax professionals to look myopically at your taxes, at your tax situation. And maybe you're working with an investment advisor who looks myopically at just your investment situation. What we try and do is take kind of a global view. And so what we want to do and what I think a good advisor should do for you is look at the whole picture and give you options to consider so that you can think things through. Ultimately it comes down to you making the right decision for you.

Tom Mullooly:

Please don't tell us someday that, yeah, I moved to, fill in the blank state, because I'm going to pay less in state taxes. If you're moving away from family, don't overlook how important that bind is. So things to consider. We want to make sure that clients have all the options before they jump into a decision. That's the message for episode 251. Thanks again for tuning in.