

# EP Wealth's Guide to Retiring in California





Between its majestic natural beauty, attractive tax incentives, and access to some of the best healthcare in the nation, California has so much to offer retirees. If you're among the more than 4 million Americans reaching retirement age in the next few years and want to make the California dream a reality, you've come to the right place. Discover the possible rewards of retiring in California and important factors to consider with this comprehensive guide from EP Wealth's financial advisors.

## California Highlights for Retirees

California is home to more than 9 million residents over the age of 60, and that number is rapidly growing. Here are some highlights that make the Golden State a great place to spend your golden years.

### Attractive Climate

Imagine swimming in the ocean and hitting the ski slopes all in the same day – it's possible in California, thanks to its diverse range of climates and scenic landscapes. Whether you're determined to retire in a warm, sunny spot or prefer to savor the change of seasons, the Golden State has a place for you.

Depending on the city of your choice, there is plenty of sunshine to be had for retirees who have had enough of harsh weather. Coastal cities and towns enjoy mild temperatures year-round, with average daily temperatures in the 70s. The Central Valley, which runs along the state's interior, offers a Mediterranean climate with warm, dry summers and cool, wet winters.



### The Great Outdoors

From hiking and biking to camping, skiing, and surfing, California has something for every active senior. With nine national parks, California is a paradise for outdoor enthusiasts. **Yosemite, Joshua Tree, Sequoia, and Redwood National and State Parks** draw millions of visitors annually. California locals get the added benefit of exploring these preserved areas during off-peak times when their tranquility and beauty can be fully appreciated.

### Miles of Coastline

Beach lovers can spend a lifetime having fun exploring the scenic 840-mile-long coastline and over a thousand coastal access areas throughout the state. The **California coastline** is a treasure trove of unique beaches, from rugged cliffs and hidden coves to sandy stretches perfect for sunbathing, surfing, and sunset strolls.

## World-Class Golf

If golf is more your speed, you'll find hundreds of courses across the state in breathtaking mountains, forests, and coastal settings. [Golf Digest](#) named 60 California courses in its Best in State list, making the state one of the foremost destinations for golfers in the nation.

## Wine Country

California is also the wine capital of the U.S., producing 90 percent of the nation's wine across thousands of vineyards throughout the state. **Napa Valley**, a 35-mile stretch comprising five towns and four regions, is one of the world's premier wine destinations, boasting over 400 tasting rooms and wineries. You'll also find some of the state's best dining spots, including over a dozen [Michelin-rated restaurants](#).

## Popular Cities

California has over 20 booming metropolitan areas for retirees who prefer city living—or want to be close to all the cultural attractions major cities have to offer.

### Los Angeles Metro

With 3.8 million residents, **Los Angeles** is the most populated city in California. As a cultural mecca, the City of Angels is the center of U.S. film production and home to over 100 museums. **West Los Angeles** is among the most sought-after parts of the city, known for its proximity to the Santa Monica and Venice beaches, vibrant nightlife, and easy commute to the city.

A half-hour south of L.A. is the coastal city of **Torrance**. With sandy beaches, 30 parks, green spaces, and mostly sunny days and mild temps, it's an ideal retirement option for those who love being outdoors.

**Westlake Village** is an L.A. suburb about an hour west of the city. Named one of the best places to live in the state, this bedroom community is surrounded by open spaces, including several horse and hiking trails, and is just miles away from the Pacific Ocean.

**Orange County** is another popular retirement destination in the Los Angeles metro area. Some of California's most famous beaches are Newport Beach, Huntington Beach, and Laguna Beach. Golfers will enjoy the county's 50+ golf courses, and dining and retail options here cannot be beaten.

Just over an hour north of Los Angeles is the city of **Valencia**, a suburb of Santa Clarita, and one of the safest cities in the country. Valencia has all the amenities of an established residential area, including retail, dining, and entertainment. This upscale, family-friendly community boasts more than 300 days of sunshine a year!



## San Diego

Located on the Pacific Coast in Southern California, **San Diego** is home to over 3 million residents. It's known for its beautiful beaches, attractions, entertainment, and pleasant climate. In fact, San Diego is often considered to have some of the best weather in the country due to low rainfall and humidity, bright sunny days, and mild temperatures.

If you love all San Diego has to offer but prefer housing prices that are a bit more reasonable, consider nearby suburbs like **Winter Gardens**, **San Marcos**, and **La Mesa**. These pristine communities offer a relaxed lifestyle with easy access to San Diego's amenities.

## San Francisco

**San Francisco** and the surrounding **San Francisco Bay** area are a global hub for arts, sciences, tech, and finance. "Frisco" is known for its outdoor recreation, cool climate, and extensive public transportation, making it easy for seniors to navigate the city without a car.

If you love San Fran, but don't want to retire in the city, some beautiful nearby communities offer a bit of a slower pace and more of a suburban feel. **Berkeley** is located on the eastern shore of the San Francisco Bay. Retirees appreciate the walkable neighborhoods, low crime, and sense of community.

A bit to the east is **Walnut Creek**, the perfect blend of quintessential suburbia and urban amenities. It has a bustling downtown with upscale shopping, dining, and nightlife. The city has made significant infrastructure upgrades to make it more pedestrian-friendly.

Just about 30 miles south of San Francisco, in the heart of Silicon Valley, is **Redwood City**. This planned waterfront community offers a charming downtown, great weather, and the Edgewood Park & Natural Preserve, which comprises 450+ acres of woodlands and grasslands. Housing options here are often limited, so retirees might want to explore top nearby neighborhoods and towns, including **Redwood Shores**, **Belmont**, and **North Fair Oaks**.



## Hidden Gems

Tucked away in scenic regions, some lesser-known but highly rated communities offer a senior-friendly, affordable lifestyle that lets you stretch your retirement savings without compromising on quality of life.

Located just over two hours north of Los Angeles by car, Bakersfield is among the most affordable cities in California. With some of the lowest housing prices in the state, Bakersfield has a suburban feel and is known for its proximity to major cities, moderate climate, and numerous retirement communities.

The inland city of **Modesto** is another area that attracts retirement-age residents for its access to outdoor activities, rich cultural offerings, and sense of community.

The [Los Angeles Times](#) recently named **Eureka** and **Arcata** the top two cities to retire in the state based on climate, health and wellness, recreation, and affordability. These coastal cities are in California's Humboldt County and offer access to pristine beaches and picturesque, remote mountains.

## Healthcare Access

Many older Americans prioritize the availability of first-class medical care when choosing a retirement destination. [U.S. News and World Report](#) ranked California **6th in the nation** for healthcare quality. California is home to some of the country's [best healthcare systems](#), including the renowned Stanford Health Care and the [UCLA Health System](#). The state also boasts favorable patient-to-provider ratios, ensuring that retirees can access the care they need.



## Financial Incentives

While California's cost of living is above the national average—primarily due to housing costs—the state offers a range of financial incentives that can help offset these expenses.

- **No tax on Social Security:** That includes disability and Survivor benefits in California. However, Social Security may be partially taxable under federal law; it depends on whether you earn income from other sources.
- **No estate taxes:** In many cases, there is no tax on gifts or inheritances you give to a spouse or heir, and the recipient does not have to file a return on that money or property.
- **Low property taxes:** California's average property tax rate is currently around 0.71 percent, which is lower than the national average.

Remember, there are many factors to consider when it comes to retirement planning, and each person's financial situation is unique. EP Wealth Advisors provides personalized guidance and support to help you make informed financial decisions to move closer to your retirement savings goals.



## How Much Money Do You Need to Retire in California?

Now, let's talk numbers. Annual retirement costs in California average around \$85,000. If you add a \$10,000 buffer for unexpected expenses, you will need approximately \$100,000 to retire comfortably in the Golden State. So, if you retire at age 65 and anticipate a 20-year retirement, it will take \$2 million to sustain your income for a lifetime.

EP Wealth financial advisors want to help you enjoy the California lifestyle. We implement practical strategies and provide ongoing guidance and support to help you reach your retirement milestones.

## Average Rent in California Cities

In areas with higher housing prices, renting is a great alternative. By renting a home, you can avoid property taxes, HOA fees, and the hassle of home repairs. It is also an excellent way to explore different communities before settling on your permanent retirement spot. If that flexibility appeals to you, here is a glimpse at average monthly rent prices in some of California's most popular communities.

- [San Diego](#): \$2,800
- [Los Angeles](#): \$2,345
- [Santa Clarita](#): \$3,000
- [Berkeley](#): \$2,725
- [Irvine](#): \$4,575
- [Redwood City](#): \$2,550

It's important to note that these rental prices include all property types and sizes. Actual prices depend on individual properties' type, square footage, and location.

## Average Home Prices in California

Some retirees prefer owning property to build equity, avoid rising rent prices, and have the freedom to renovate and update their space to their preferences. Now, let's compare home prices in the same locations.

- [San Diego](#): \$1 million
- [Los Angeles](#): \$978,000
- [Santa Clarita](#): \$817,000
- [Berkeley](#): \$1.43 million
- [Irvine](#): \$1.61 million
- [Redwood City](#): \$1.93 million

With guidance and support from EP Wealth Advisors, we can create a plan to help you navigate the purchase of your retirement home and other major financial decisions, knowing your nest egg may be potentially protected.

## Is California Tax-Friendly for Retirees?

California offers some tax advantages for retirees, but it also has some of the highest income tax rates in the country. Social Security benefits are not taxed at the state level, and property taxes are capped under Proposition 13, which can be beneficial for homeowners. However, other retirement income, such as withdrawals from 401(k)s, IRAs, and pensions, is fully taxable, making it important to plan strategically with the help of a financial advisor.

Let's answer some common questions about taxes in California.



### Does California Tax Social Security?

No. California does not tax Social Security income, including disability and Survivor benefits. However, this income may be partially taxable under federal laws, so check with your EP Wealth advisor for clarification.

### Does California Tax Retirement Income?

Yes, California taxes most retirement income, including withdrawals from 401(k)s, 403(b)s, IRAs, and pensions, at some of the highest state income tax rates in the nation. However, Social Security benefits are exempt from state taxes, providing some relief for retirees.



## How High Are Property Taxes in California?

California's property taxes are relatively low compared to many other states, thanks to Proposition 13. This law caps property tax rates at 1% of a home's assessed value and limits annual assessment increases to no more than 2%, keeping property taxes manageable even as home values rise.

Prop 13 remains in effect as long as the property does not change ownership. It also allows retirees to transfer their property to their heirs without resetting property taxes, a big incentive for those who want to pass on their home to their children.



## What Is the Sales Tax in California?

California has a base statewide sales tax rate of 7.25%, one of the highest in the country. Local cities and counties may add their own district taxes, which can increase the total rate. This makes it important for retirees to consider how sales tax may impact their day-to-day expenses, especially in higher-tax regions. EP Wealth tax planning professionals can help retirees simplify their taxes and tap into proven strategies to potentially keep more of what they have worked so hard to earn.

**Has it been a dream of yours to retire in California?**

**EP Wealth's financial advisors want to help make that dream a reality.**

**[Connect with our team to get started.](#)** ➤

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