

Money: Leaving High-Tax States, Bringing Supply Chains Closer, and Saving for Retirement



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Hey, everybody involved in this Gene Marks and this is The Week in Review, a Paychex THRIVE podcast. Happy 2023. I've got a few bits of recent news that happened this week that will impact your business. So, let's get right to it.

The first has to do with migration. Did you know that many, many Americans are migrating to lower-tax states? Gee, what a surprise. Apparently last year, according to the U.S. Census Bureau, the states of California, New York, and Illinois lost the most residents to other states, and who attracted the most residents? Well, big surprise. Texas and Florida.

The Tax Foundation found that – this is a nonprofit group – found that New York lost \$19.5 billion in adjusted gross income alone and hundreds of thousands of taxpayers compared to Florida, which added 23.7 billion in adjusted gross income and about 166,000 taxpayers.

Well, that says something. When you're in a state and operating a business in a state and the taxes go up, people tend to move their businesses and their lives where they're going to pay lower.

Next, a new survey has indicated that nearly 90% of U.S. businesses want to move their supply chains closer to home. Another big lesson from the pandemic: we all learned during the pandemic, those businesses that were relying on getting supplies and materials from businesses overseas, particularly in Asia, they really, really had a big challenge in supplying their businesses and getting products to their customers.

By the way, this is a survey done by a technology firm called Capoeira. They found that 88% of small businesses that were surveyed tended to switch to domestic or North American suppliers in 2023. That is because they need to make sure that they can rely on their supply chains. Now, will those North American suppliers cost those businesses that much more? Probably, but I think a lot of us as business owners have learned we would rather pay a little more and figure out how to pay for that, rather than not having the supply at all and relying on foreign supply chains. Whether it's a pandemic or not, comes with many, many risks, and because of that, a lot of businesses are turning in that direction.

So, if your business is relying on supplies and materials and critical things from overseas companies, you might want to reconsider because that's what a lot of companies in the U.S. are doing.

The third and final news item for this week has to do with financial health by generation. So, how much do you think some of these generations need to feel like they are financially comfortable?

Let's start with the baby boomers, the oldest generation. They need, believe it or not, the least amount of money to make sure that they feel comfortable. They need, in a survey found that \$78,000 a year, approximately, was enough for the typical baby boomer to feel like they were comfortable.

On the other side of the coin are the Gen Zers. Now the Gen Zers, as we know, they're the youngest people of everybody that was surveyed: They say they need about \$172,000 a year, like \$100,000 more a year than the baby boomers. Millennials need \$133,000 a year and Gen Xers of my generation, basically people in their forties and fifties right now, they need \$112,000 a year.

I have a hard time buying some of these numbers. The baby boomer number I'm okay with. I mean, I think as you get older over the age of 60, 65, 70, maybe you're living on a fixed income or retirement and hopefully out of some interest or earnings. But these Gen Zers, those are kids are great at college in their early twenties. Hard to believe that as much as \$172,000 a year; the millennials needing 133,000, that makes more sense. That generation's in their thirties and forties. I mean they're the ones are having kids and mortgages and all that kind of thing. So, jeez, I mean, you know, I think it's I think it's the millennials themselves are the ones that are the most accurate, needing on average about \$134,000 a year.

Now, how much in savings do you think these generations believe they need to have stashed away to be financially comfortable? Well, here's what makes me laugh. The Gen Zers feel as long as they have \$105,000 in savings stashed away, they're financially comfortable. On the upper end, it's the baby boomers – \$765,000 is what's needed, at least by the typical baby boomer to feel like they are as comfortable as possible.

Now, that kind of makes sense for me. If you're a Gen Zer, if you've got \$100,000 stashed away and you're in your twenties, that's pretty darn good because over the next 30, 40 years before you have to worry about retirement, that money will certainly grow – assuming that it's invested the right way. Baby boomers, while they're on the latter end of life, right? These are people in their sixties and seventies, even older than that, so having \$764,000 is a good start. I'm not quite sure if that's really enough to live comfortably, but that is certainly a number – that's an average number – and it kind of makes sense to me that they would have that kind of money put away.

So, let's recap the news and then I'll let you go. Number one, let's all remember that the higher the stage tax, the more people are going to move away – New York, California, Illinois, losing a lot of people this year; Texas and Florida picking up because of lower taxes.

Number two, if you're relying on foreign or overseas suppliers for your key materials, you might want to change because 88% of businesses say that they are changing and moving their supply chains more toward North America and the U.S., even if they have to pay a little bit more, having the inventory is most important.

Finally, if you are employing a Gen Z person, they want a lot of money to work. They think the average amount of salary they need in compensation is about 172,000 a year. The baby boomers need the

least. However, when it comes to savings, the baby boomers themselves need to have as much saved as possible \$765,000 versus Gen Z people who feel that they can feel comfortable with \$100,000 or \$105,000 in the bank.

Good thing that SECURE Act 2.0 passed recently, gives a lot of opportunities for those baby boomers to sock away some extra bucks – \$10,000 extra a year above what's the limit for 401(k) contributions so they can meet those savings.

Well, that's the news for this week. My name is Gene Marks and you've been listening to The Week in Review, a Paychex Thrive podcast. Hope your week is going good and hope this information helped you. We will be back next week with some more news that will impact your business and my thoughts on how to deal with that news.

Thanks for listening. We will see you again soon. Take care.

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