

ASK THE ADVISERS

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Establishing Florida Residency

The population of Florida has been rapidly increasing, especially after the ability to work from anywhere became a reality for many after Covid. The Census Bureau's latest estimates show that a net total of about 320,000 Americans moved into Florida between 2021 and 2022, the largest number among the 49 states and Washington, DC.

Many people are attracted to the climate and the lack of state income or inheritance taxes, which can be a lot of money for some. New York residents who make \$300,000 in New York would be paying almost \$20,000 every year in state income taxes. Moreover, if a Pennsylvania resident left a \$4 million estate to their kids, they would owe Pennsylvania about \$180,000 of state inheritance taxes. Clearly there is ample financial incentive to eliminate the excess tax burden.

Additionally, Florida residents enjoy asset protection on their primary residence, their retirement accounts, cash value life insurance and annuity contracts. However,

to avoid paying state taxes in your prior state of residence, you need to establish permanent residency in Florida. You can do that by filing a declaration of Domicile.

In order to be a Florida resident, you need to live in the state more than half the days of the year. Sometimes one's former state will act like a jilted lover and attempt to continue to tax you if you still have connections to the former state; they know a lot of people move to Florida only part time.

Be sure to apply for a Florida driver's license and voters registration card. Purchase a home and apply for homestead exemption. It's a good idea to behave like a permanent Florida resident if you ever need to prove it to your former state that is still trying to tax you. That includes things like opening local bank accounts, joining social clubs, houses of worship, and consulting with a Florida estate planning attorney to update your documents. By following the proper formalities one can become a legal permanent Florida resident and obtain many benefits.

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