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California and New York are losing rich Americans at the highest rate in America — here's where the money's moving instead

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When people think of wealthy younger Americans and where they live, California and New York are often the first states that come to mind. But times are changing.

In fact, the latest [research](#) from SmartAsset shows that Americans making six-figure salaries are ditching these two hotspots for more cost-effective locales.

Recently, California alone saw a net outflow of 24,670 high-earners who had an average adjusted gross income (AGI) of \$1.3 million. Meanwhile, in New York, there was a net outflow of 12,040 high-earners, with those movers reporting an average AGI of \$1.1 million. *

However, the states where these wealthy Americans are moving to have affordable housing and lower taxes, highlighting how the cost of living is a top priority even for the [richest Americans](#).

The SmartAsset study took into account the latest IRS data from the 2021-2022 tax year and used households earning an annual income of more than \$200,000 as a threshold.

So, where are these high-income earners headed — and why did they decide to pack their bags?

These two low-tax havens are most in demand

There are five states, in particular, where some wealthy Californians and New Yorkers are starting a new life — and two of them are major low-tax havens.

- Florida: 29,771 net inflow of high-earning households
- Texas: 8,260 net inflow of high-earning households
- North Carolina: 5,792 net inflow of high-earning households
- South Carolina: 5,270 net inflow of high-earning households
- Arizona: 4,365 net inflow of high-earning households

While Florida, specifically, is the clear winner here, it's no mystery why it (and Texas) topped the list — neither has a state income tax.

This would come as a welcome reprieve for New Yorkers, as they face personal state income tax rates up to 10.9% (not counting federal or local taxes) for high-income earners.

Californians, as well, face hefty state income tax rates — the highest in the country — which can soar to a 12.3% bracket. (For those earning more than \$1 million annually, the new highest tax rate is a whopping 14.4%).

In addition, these tax-friendly states are particularly attractive to retirees looking to avoid a sizable cut of their retirement benefits to the taxman.

Both of these states also offer plenty of sunshine and boast high rankings in terms of employment opportunities.

According to Zillow's late-September 2024 numbers, Florida and Texas also have a more affordable real estate market, where median home values are \$394,728 and \$301,627, respectively.

By comparison, the median home values were \$773,363 in California and \$755,137 in New York in recent months.

Where else are wealthy Americans moving?

Aside from the two aforementioned low-tax havens, the Carolinas are a hot destination for wealthy Americans fleeing California and New York.

As of early-September 2024, median home sale prices in North Carolina came in at a respectable \$335,760, while South Carolina was \$300,746. Mild weather, attractive urban centers, lower cost of living, and balmy beaches also ensure a higher quality of life for many.

As for Arizona, a warm climate, bustling economy and the 2023 implementation of a flat income tax rate of 2.50%, make it a desirable location for many Americans.

So, considering the fact that home prices and mortgage rates are still at high levels across the U.S., perhaps packing your bags for the same more affordable locations that are attracting wealthy Americans could pay off for you, too.