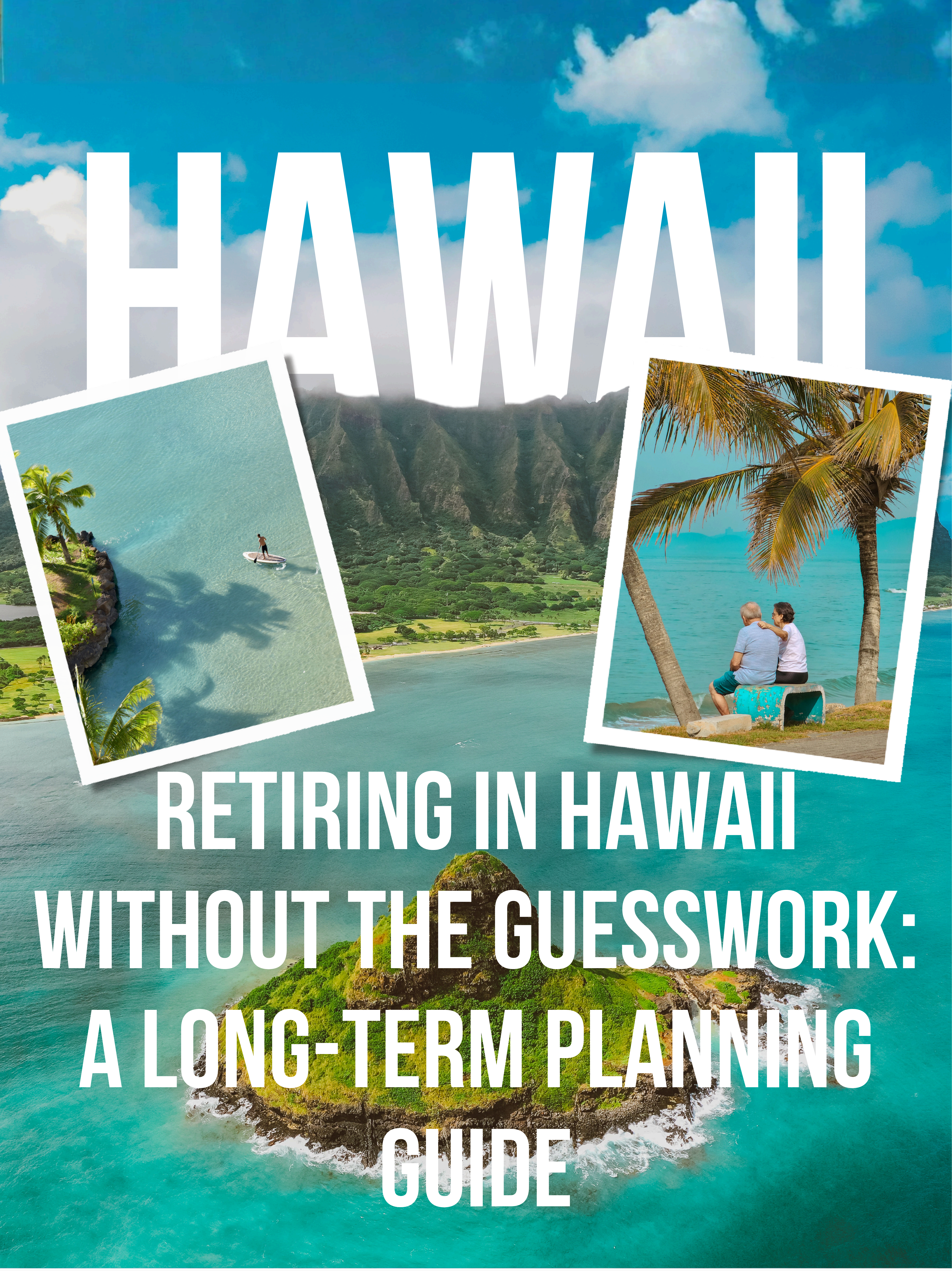

HAWAII

RETIRING IN HAWAII WITHOUT THE GUESSWORK: A LONG-TERM PLANNING GUIDE

livinginhawaii.com

INTRODUCTION

Hawaii is consistently the most expensive state in the country, with an overall cost of living running roughly 85 to 95 percent above the national average. That single fact scares off a lot of people who would otherwise love it here. But the full picture is more nuanced than the headlines, and for retirees it is often friendlier than expected.

Here is the part most cost-of-living articles skip. Hawaii does not tax your Social Security benefits, and it fully exempts employer-funded pensions, including military and most government pensions. The state also has the lowest property tax rate in the nation, and every county gives owner-occupants a larger property tax exemption once they reach kupuna age (the local term for respected elders). Hawaii has a large and growing kupuna population, and that respect for elders shows up in everyday life, from senior discounts to community programs. So while groceries and electricity will cost you more, the way Hawaii treats retirement income can offset a real chunk of that.

The catch is that "Hawaii" is not one place. Life and cost on O‘ahu, the Big Island, Maui, and Kauai differ enough that the right plan for one could be the wrong plan for another. This guide is built around the five questions you are likely already asking: can I afford it, will the healthcare be there, what kind of home makes aging easier, how do I stay close to family, and will this still work ten years from now. Each section gives you specific, Hawaii-grounded answers so you can plan with real numbers instead of guesses.

1. BUILD A RETIREMENT BUDGET AROUND REAL HAWAII INCOME RULES

A two-week trip tells you little about monthly life here. Rebuild your budget around actual island numbers, and start with the good news that changes the math for retirees. Hawaii does not tax Social Security, and employer-funded pensions (including military pensions) are state-tax-free. The catch: money you contributed yourself, mainly 401(k) and traditional IRA withdrawals, is taxed at Hawaii's regular income rates, which climb steeply. So if most of your income is Social Security and a pension, Hawaii can be surprisingly gentle. If you plan to live mostly off 401(k) or IRA draws, build that state tax into your budget before you fall in love with a listing. A single retiree generally needs to plan for somewhere in the range of 70,000 dollars a year or more to live comfortably here, depending on island and housing.

2. PLAN FOR THE EVERYDAY COSTS THAT QUIETLY STRETCH A FIXED INCOME

Three categories surprise almost every retiree who moves here. Electricity is the big one. Hawaii has the highest rates in the nation at roughly 40 cents per kWh, more than double the mainland, so even a modest condo often runs 200 to 250 dollars a month, and a single-family home with air conditioning can hit 300 to 450. Groceries run about 30 percent higher than the mainland, with milk often 7 to 10 dollars a gallon and eggs 7 to 9 dollars, though Costco, farmers markets, and local brands soften it. And remember the General Excise Tax of about 4.5 percent on O'ahu, which unlike a normal sales tax applies to nearly everything, including groceries and medical services, so it quietly taxes the categories a retiree uses most.

3. ACCOUNT FOR THE RECURRING OWNERSHIP COSTS, NOT JUST THE PURCHASE PRICE

The purchase price is only the beginning. Hawaii's property tax rate is the lowest in the country, around 0.27 percent, but it sits on high values, so a million-dollar home still generates a real annual bill. The retiree advantage is the kupuna exemption: on O'ahu, owner-occupants get a 120,000 dollar exemption that rises to 160,000 once you turn 65, and the Big Island, Maui, and Kauai have their own age-tiered exemptions that grow as you get older. If you buy a condo, budget for monthly HOA fees and, just as important, ask for the building's reserve fund history and any planned special assessments. Older oceanfront buildings in places like Waikiki can hit owners with large repair assessments, so a low purchase price with a weak reserve can cost more long term than the reverse.

4. CHOOSE YOUR ISLAND PARTLY AROUND HEALTHCARE ACCESS

This is the factor retirees underweight most, and it matters more every year you age. O'ahu has by far the deepest medical resources, with major hospitals and the widest range of specialists in Honolulu, including Queen's, Straub, and Kaiser. The neighbor islands have solid primary and emergency care, Hilo Medical Center on the Big Island, Maui Memorial, Wilcox on Kauai, but for many specialists or complex procedures, residents fly to Honolulu. If you have an ongoing condition or expect to, weigh that honestly. A quiet town on the Hilo side or upcountry Maui is wonderful right up until you are flying to O'ahu every month for treatment.

5. SORT OUT MEDICARE AND SUPPLEMENTAL COVERAGE BEFORE YOU MOVE

Medicare works in Hawaii, but your plan details and provider networks may not transfer cleanly, and island networks are narrower than in a big mainland metro. Before you relocate, confirm which local doctors and hospitals accept your coverage, and compare Medicare Advantage against Medigap options actually available on your island. Line up a primary care doctor early, because some practices have waitlists, especially on the neighbor islands. Note too that Hawaii insurance premiums have been climbing, with another sizable increase for 2026, so price your coverage on current numbers, not last year's.

6. HAVE A REALISTIC PLAN FOR SPECIALIST AND EMERGENCY CARE

Think one step past routine checkups. If you needed a cardiologist, an oncologist, or surgery, where would you go and how would you get there? For neighbor island residents that often means an inter-island flight to O'ahu and sometimes an overnight stay, which is a cost and a logistics question both. Build that possibility into your budget and your home location, ideally living within a reasonable drive of your island's main hospital. Knowing the plan in advance turns a frightening moment into a manageable one.

7. PRIORITIZE SINGLE-LEVEL, LOW-STEP LIVING

Whatever you buy, plan for your body in ten and fifteen years, not just today. Stairs, steep driveways, and the hillside lots common on O'ahu and parts of the Big Island can become daily obstacles later. Look hard at single-story homes, or condos with reliable elevator access, plus step-free entries and wider doorways. Hawaii's warm, stable climate is genuinely easier on aging bodies than mainland winters, which is a real plus, but the terrain on many lots is not. Choosing for your future mobility now saves a costly or stressful move later.

8. WEIGH THE REAL TRADEOFFS OF A CONDO

Condos are popular with Hawaii retirees for good reason. They are lower maintenance, often more secure, and they suit a lock-and-leave routine if you plan to spend part of the year on the mainland. Condos are also far more attainable than houses here, with median condo prices often around 500,000 to 550,000 dollars versus well over a million for a single-family home on O'ahu. The tradeoff is the monthly HOA fee and less control over costs. Review the building's reserve fund and age before buying, since older buildings can face large repair assessments. A well-run condo can be the simplest way to age in place. A poorly run one can drain a fixed income.

9. WEIGH THE REAL TRADEOFFS OF A SINGLE-FAMILY HOME

A house gives you space, a yard, and room for visiting family, which matters if you picture children and grandchildren staying with you. If you want that and more affordability, the Hilo side and Puna district on the Big Island are the main places where homes still appear under 400,000 dollars with any regularity. The tradeoff is upkeep. Yards grow fast in this climate, salt air corrodes everything near the coast, and every repair is yours. If you enjoy gardening and have the energy and budget for maintenance, a home can be ideal. If you would rather not think about any of that, lean condo or toward a smaller, low-maintenance property.

10. FACTOR FLIGHT COST AND ROUTES INTO YOUR ISLAND CHOICE

Distance from family is the regret retirees mention most, so plan for it on purpose. Honolulu has the most direct mainland flights and usually the best fares, while the neighbor islands often route through O'ahu, adding time and cost to every trip. If you expect frequent visits in either direction, that convenience has real dollar value. Estimate how many round trips a year you realistically want, price them at current fares, and put that number in your annual budget so visits stay a joy rather than a strain.

11. SET UP A HOME THAT INVITES FAMILY TO STAY

You will see family more if it is easy for them to come to you. A guest room, an ‘ohana unit (the local term for a small attached second dwelling), or a nearby condo to rent makes multi-week visits comfortable for everyone. Some retirees specifically choose a slightly larger place, or a building with guest accommodations, so grandkids have somewhere to land. Think of your home as a gathering point, not just your own residence, and the distance shrinks.

12. BUILD EVERYDAY CONNECTION AROUND THE TIME DIFFERENCE

Hawaii sits two to three hours behind the West Coast and five to six behind the East Coast, which shapes your daily contact. A morning call here lands midday or afternoon for East Coast family, so plan your regular check-ins around that window. Internet for video calls is reliable in most populated areas, though worth confirming in rural spots on the Big Island or Kauai. Setting up easy, regular contact, a standing weekly video call and a shared photo album, keeps you woven into family life between visits.

13. STRESS-TEST YOUR BUDGET AGAINST INFLATION AND A FIXED INCOME

Run your numbers forward, not just for today. Hawaii's costs keep rising, recent Honolulu data showed prices up around 5 percent over the year with energy costs jumping far more, and your income is largely fixed. Model your budget with higher electricity, insurance, and food costs several years out, and leave a real cushion rather than planning to the dollar. If the plan only works in the best case, it is not a plan yet. A budget that still breathes in year ten is what lets you actually relax and enjoy living here.

14. PLAN AHEAD FOR THE DAY YOU DRIVE LESS

Most retirement planning quietly assumes you will always drive. Plan for the years when you may not want to. Public transit is limited outside Honolulu, which has TheBus and the new Skyline rail, so on the neighbor islands a car is close to mandatory.

That makes location critical. Living near groceries, your doctor, a pharmacy, and a walkable town center, places like Kailua, Hilo, or Kahului, protects your independence as you age. It is far easier to choose that location now than to relocate once driving becomes difficult.

15. KEEP AN HONEST EXIT AND PIVOT PLAN

Loving the idea of Hawaii forever does not mean locking yourself in. Before you buy, know your options if life changes: could you sell reasonably, rent the place out, or shift to part-time living between here and the mainland. Condos in particular tend to be easier to rent or sell, which is worth weighing if flexibility matters to you. Choosing a property with broad resale or rental appeal gives you room to adjust if health, family, or finances shift. This is not pessimism. It is the difference between feeling trapped and feeling free, and freedom is what makes the whole move worth it.

WHAT TO DO NEXT

Pick the one question on this list that worries you most right now and start there. For most people it is either the long-term budget or healthcare access, and both are worth working through before you fall in love with a specific home or island. Sketch your honest monthly numbers using real Hawaii figures, map your healthcare options on the islands you are considering, and talk it over with anyone who will share this chapter with you. When you are ready to compare specific islands, neighborhoods, or property types against your plan, that is the moment to get local input on the details.