

RETIREMENT PLAN B—HOW TO SAVE YOUR RETIREMENT...NO MATTER WHAT YOUR CURRENT SITUATION



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Retirement Plan B—How To Save Your Retirement...No Matter What Your Current Situation

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Dear Reader,

Here at *International Living*, we're not "doom-and-gloomers" by nature. How could we be? We spend our days on the trail of good news: ever-better places to invest, profit, and live well for less.

However, we don't have our heads in the sand: The U.S. economy looks grim...multi-billion dollar bailouts at taxpayer expense...billions of dollars in stock value evaporating overnight...dried-up credit...collapsing mutual funds...disappearing retirement accounts.

Lots of folks are just going to simply hunker down and hope for the best.

But you can do better. Wouldn't you rather be living the life you always wanted...free from the stresses of worrying about making ends meet...or worrying about your retirement savings?

There's never been a smarter time to explore, and take advantage of, the good-value living and investing on offer beyond our borders. All you have to do is consider all of your options, including the ones available to you from outside of your country's borders.

The Association of Americans Resident Overseas estimates there are already 6.6 million Americans abroad. That's because, for most people, the American dream has simply been priced out of reach. The cost of living...health care coverage...gas and utility bills...real estate prices...are all going through the roof. But as millions of people are discovering, you can make your goal of a simpler and better life a reality.

Today, there are places where you can still own your own town home or beach house outright—and enjoy appreciation of 20%...40%...60% per year...where world-class health care won't send you to the poorhouse...where the government doesn't involve itself in every aspect of your personal life...and won't even charge you taxes.

So I say: Go. Strike out. Enjoy the freedom, the good-value living, and the adventure waiting for you overseas. In these pages you'll find our hard-won suggestions for identifying the place that's right for you and how to get started on your **Retirement Plan B**.

So read on, get prepared, and get ready for the thrill of a lifetime. And if you need it, we'll be right there with you, to help you on your way.

Stay happy and healthy,

A handwritten signature in black ink that reads "Dan Prescher". The signature is fluid and cursive, with a long horizontal flourish at the end.

Dan Prescher,
Publisher, *International Living*

Not your parents' retirement

by Martina Dunphy*

There was a time when the traditional path to retirement meant working until you were too old to do so anymore (in most cases, 65 years old), while trying to save enough money to see you through your twilight years in relative comfort.

But that isn't the retirement I want. And because you're reading this, I know it's not the type of retirement you want, either.

We're not alone. We're part of a revolution. A retirement revolution. Our parents lived linear lives...because that's what was required of them. They went to school, got married, raised families, worked hard...then retired.

This is the age of non-linear living. Life today can go something more like: school, marriage, kids, work...play...school...business pursuits...travel...volunteer efforts...play...school...travel...etc.

Furthermore, while our parents retired to Florida (well...not mine...but most)...we're not "retiring" at all. And we're doing it all over the world. We're living longer...and healthier...than any generation before us. So...even if you work until you're 65, you're still looking at, maybe, 20 years of healthy life ahead. It's hard to play bridge (or golf) for two decades.

And maybe you don't want to work until you're 65...at least not in a traditional way. Still, you need to pay the bills. In other words, our generation has years...decades, in fact...to fill...and to pay for. We're looking for options.

We have, in our lives, but three questions to answer: What will we do? Where will we do it? And with whom? The final puzzle, I'll leave to you. But the what and the where...well, that's *International Living's* beat.

If you could do anything, what would you do? Learn a new language? Take tango lessons? Study the history of art and architecture in Paris...or Florence? Start a business—maybe import handicrafts from Central America...run big-game fishing tours in the Caribbean...renovate apartments, then rent them out in Punta del Este, Uruguay...farm shrimp in Honduras...develop condos in Panama City? Maybe see the world...spending a few weeks or several months in the places you've dreamed of visiting since you were a kid... Or...maybe volunteer to help build houses in Nicaragua?

*Martina Dunphy is IL's Executive Director.

Once you realize that the end of the conventional work phase of your life is, in fact, the beginning of the gee-now-I-can-find-out-what-more-there-might-be-to-life phase...things get interesting.

Here's my point: We're all in the same boat as you, we *International Living*-types. We're searching, testing, exploring, discovering... It's all about the journey, and we feel fortunate that you've decided to pursue a little of it with us.

Further, if we do say so ourselves, we think you've chosen pretty good company to keep on this score. While, suddenly an industry is emerging to help Baby Boomers discover their options beyond U.S. borders...we've been doing this for more than 25 years...and we've got an unrivaled worldwide network to show for it.

The truth is, when you realize you're nowhere near the end of your life...but at the start of a new phase, things get not only interesting...but also frightening. When you can do anything...anywhere...it can seem simpler and safer to keep doing what you've been doing...at home.

Again, my point is: You're not alone. Our *International Living* team of staff, editors, writers, correspondents, and colleagues around the world today numbers more than 200. We're standing by. Visit us at www.InternationalLiving.com.

What would you like to do? Where would you like to do it? Ask yourself. Then ask us.

Plan your move in 12 steps

Going on vacation doesn't take much thought, really. You choose a place, pack some things, make sure your passport is up to date, buy airline tickets, and you're gone.

Moving overseas—even if it's only for a few weeks or months a year—is another story entirely. But it needn't be a traumatic event. In fact, it shouldn't be. You're moving overseas because of the many benefits you can gain from living outside the U.S. This is your chance to start over...to prioritize...to live the way you want to live.

So your first order of business should be to figure out what, exactly, you're looking for...and to think about the ways you might have to adjust and adapt in your new home. It's a huge decision-making process. Maybe one of the biggest decisions of your life. You need to set aside sufficient time to do your research and figure out where in the world you could call home.

When making such huge life decisions, a lot of time can be wasted because you are not sure what to do next, or who to talk to. That is why we have come up with our “12-step program”, which we hope will, in a matter of months, have you arranging your new life in paradise.

Step One: Make a list of your personal priorities and preferences.

“Where is the best place to live?” This is one of the questions that haunts us...one that is frequently asked of us by readers. Truth is, we have no idea. It's different for everyone. There is a best for you—you'll just need to invest some time to discover it.

When deciding where you may want to live, here is a list of key issues to keep in mind as you consider each country on your list in turn:

- Cost of living
- Health care
- Infrastructure
- Safety and stability
- Taxes
- Language
- Cultural and recreational opportunities
- Accessibility to North America
- Climate
- Special benefits for retirees
- Cost of real estate

If you have an ongoing health concern, health care becomes paramount. If you'll be living in your new home on a fixed income, cost of living is key. If you intend to continue operating a business...or day trading...infrastructure (that is, high-speed

Internet access and reliable e-mail and telephone communications) is critical. If you don't want to learn another language...maybe you should think only about places where they speak English. Otherwise, you'll probably never really feel at home in your new country. If you have children or grandchildren you want to stay in close touch with, accessibility to North America should be at the top of your list.

Prioritize this list according to your current circumstances. Climate and cost of living are primary factors for many. Issues such as taxation and special benefits for retirees are usually secondary factors that may help later when you are torn between two or three very similar destinations.

Step Two: Make a list of the world's top overseas havens.

For this one, help is at hand. Here's our list of recommended havens, places in the world that we believe make the most sense for North Americans interested in living, retiring, escaping, or starting a business overseas:

- Argentina
- Belize
- Brazil
- Costa Rica
- Ecuador
- France
- Italy
- Mexico
- Panama
- Uruguay

Step Three: Consider the pluses and minuses of each country.

To help you identify the advantages and disadvantages of each of your possible countries, do some research. Check out www.InternationalLiving.com and let us give you our recommendations. Also, talk to people who have already been to the countries you are considering and look at discussion forums on websites relating to your chosen countries.

Step Four: Narrow your list of potential paradises to three or four...and arrange to spend time in each one.

Spend a couple of weeks in each of these countries and use the time to compare and contrast what each has to offer.

Step Five: After your visits, cut the list to one or two countries...and plan extended stays.

If at all possible, plan your trip to take in the worst season possible in your country of interest. During tourist season, everything is buzzing. The sun is shining. You're spoiled for choice of entertainment and restaurants. Banks and businesses are open for you to go about your normal routine...if you want to. But what happens in the off-season? Or through the hurricane or rainy season? Best to check that one out.

Step Six: While you're in each country, trying it on for size, do three things:

- Meet with as many expats already living in the country as possible.
- Meet with as many real estate agents operating in the areas of the country you're interested in as possible. (Note: Most real estate markets outside the U.S. do not come with multiple listing services.
- Look at as many properties for sale as you can. Keep in mind that a single property may be listed with a number of agents at varying prices.

Step Seven: Meet with an international tax planner in the U.S. and also with a tax advisor in your country of interest.

You soon may have a new tax obligation...but don't forget that, as an American, you will never be free of your old one. Get advice from a U.S. tax expert who knows about things like the income exemption for non-resident Americans and the benefits of an offshore corporation.

Plus, critically, meet with a tax expert in the country (or countries) you're considering moving to...who is experienced in working with foreign residents. Do this before taking up residence in the country. Otherwise, the most advantageous options for organizing your tax affairs may not be available to you.

Step Eight: Meet with a residency expert from the country (or countries) you're considering.

Determine which visa or residency permit would be most advantageous given your circumstances.

Step Nine: If you haven't already, narrow your list to one...and set a date for your move.

Determine whether you want to ship your household belongings with you...or buy new when you arrive. Your decision may have something to do with the type of visa you're arranging (which may or may not allow for the tax-free importation of personal belongings, household goods, a car, appliances, etc.)...but should have mostly to do with the hassle factor. Packing and shipping a household full of stuff across borders can be a pain in the neck...and expensive.

Step 10: Set up a portable global office (to allow for reliable and efficient mail forwarding, e-mail, international telephone calls, bill paying, credit card usage, etc.).

You'd be amazed at how something as simple as paying your telephone bill can take on new dimensions in a foreign country. For hassle-free, day-to-day management of your

household and/or business, you'll need to know how to stay connected while living abroad.

Step 11: Look into international health insurance policies.

Typically, the insurance policy that covers you at home will not travel with you when you cross international boundaries. The following companies offer international coverage:

- **Bupa**, website: www.bupa.com
- **InsuranceToGo**, website: www.insurancetogo.com
- **Expacare International**, website: www.expacare.net
- **IHI Danmark**, website: www.ihl.com
- **GoodhealthWorldwide Ltd.**, website: www.goodhealth.co.uk

Step 12: Do not buy...but rent a new home in your chosen haven...in the area where you think you want to relocate permanently.

Rent for six months to a year before committing fully by buying. The mistake that expats so often make is to settle in the first place that catches their eye...only to find, once they've settled down, that their ideal haven is in fact 50 miles down the road. Of course, it's not the end of the world. You can sell your house and buy again. But, you'll have the transaction costs to contend with.

Where in the world...?

Argentina

Living in Argentina is a unique experience within Latin America. Buenos Aires is known as the “Paris of Latin America” because it feels like a European city. The streets are wide and lined with trees, the architecture is reminiscent of the City of Light, and corners become gathering places for families and lovers on the weekends. Sidewalk cafés are everywhere, and while their coffee comes from espresso machines, their beef comes from heaven.

Argentina is famous for its food, especially the beef, and only by living in this beautiful country can you really appreciate just how wonderful Argentine cuisine truly is. Argentina is in fact self-sufficient in most foodstuffs—so much so that, for centuries, the country has essentially tested the Atkins Diet using almost its entire population. People gorge on massive quantities of meat few foreigners can even imagine.

While you may see similarities to Paris as you walk around Buenos Aires, you will certainly appreciate a great difference between the two places anytime you are spending your money. Argentina is a very economical destination, so it is very easy to live well in Argentina at a relatively small cost. The low cost of living in Argentina has been brought on by the devaluation of the peso and the VAT refund for foreign purchasers. You will be able to take advantage of your buying power everywhere, from the fine restaurants to the eight shopping malls scattered around Buenos Aires. In fact, the prices in Argentina are so low that people coming from all over the world to shop.

Belize

Belize sets itself apart from its neighbors in several ways—not least of which is the fact that the population living in Belize speaks English. It makes living and doing business in Belize easy. What’s more, Belize is a small, peaceful country where you can beat the bureaucratic beasts by simply walking into the Minister of So-and-So’s office and sitting down to talk things out.

Belize, in many ways, is like a big small town. Its far-thinking banking laws have given the nation a distinct advantage when it comes to banking privacy. In an age when the accounts in other jurisdictions are under attack, those in Belize remain secure...no mean feat.

And Belize’s retiree program offers attractive incentives to foreigners looking to live in Belize—particularly those who are already planning to declare their permanent residency outside the United States.

Plus, Belize is just plain beautiful. From its Caribbean shores to its jungle interior, this nation has great natural beauty to recommend it—blue water and deserted beaches, inland retreats where jaguar and scarlet macaw still live in their natural habitats.

While it's true that Belize is not the most affordable place to buy property, this country offers economic stability, ease of living, and a cost of living that, while not dirt-cheap, is nevertheless a good value when you compare it with that of other Caribbean retreats.

Brazil

Almost 5,000 miles of beautiful, brilliant white-sand beaches lining clear, warm, Atlantic waters...fantastic weather, stately colonial cities, and mountains with spring-fresh weather...the Amazon basin, with enough adventure opportunity to satisfy any traveler...and Carnival, the pre-Lenten celebration, that brings millions of people from all over the world. Welcome to Brazil.

Brazil is emerging into a First-World country, with all the amenities, infrastructure, and conveniences you would naturally expect in a Western First-World nation. And with an abundance of beachfront properties to choose from, this could be your very own piece of paradise for a lot less than you might expect.

In Brazil, medical care is available at costs well below U.S. and Europe. Lawyers, architects, and engineers are accessible and affordable to assist with development. The local universities provide a large number of professionals. The work force is also very affordable. You can have a full-time housekeeper at your home for less than \$300 per month.

Serving as the glimmering centerpiece for the state of Ceará (on Brazil's northeast coast), the capital city of Fortaleza is our top destination in Brazil right now. Thanks to the state's investment in roads and infrastructure—as well as the Department of Tourism's current publicity campaign—tourism in the area has jumped 25% in less than two years.

Fortaleza boasts its own beautiful in-city beaches, a sizzling nightlife, and great restaurants. The city has three sides: its old historic center and non-touristy downtown areas; a gleaming in-town stretch of beach with great waterfront restaurants and highrises; and quieter sections of beautiful, palm-lined white-sand beaches reminiscent of the Caribbean. It's a combination of lifestyle choices that's pretty hard to beat.

Costa Rica

If you're ready for *la pura vida*, "the pure life," you might want to consider a Costa Rica retirement. This country of just over 4 million is tucked between Nicaragua to the north, Panama to the south, the Pacific Ocean to the west, and the Caribbean Sea to the east.

Costa Rica has a lot going for it...it's a nature-lover's dream, with green-carpeted mountains, oh-wow volcanoes, and that blue, blue ocean. It's got top-quality, affordable health care and is known as one of Latin America's most peaceful nations (it has enjoyed over 60 years of uninterrupted democratic rule). Costa Rica has a wide variety of inexpensive housing, along with a wealth of every imaginable activity to keep you busy and happy.

If you plan an extended stay, consider applying for either *rentista* or pensioner residency status. In order to qualify, *rentistas* simply have to show income of \$1,000 per month from sources outside Costa Rica. For pensioners, the minimum is \$600 per month, making it a great option for retirees looking to move to Costa Rica. Spouses and dependent children can be included in either of these plans, and residents can even start their own businesses in the country.

Ecuador

Ecuador is gentle...safe...healthy...private...civil. As one friend of ours put it: "It's like living in the 1950s in the U.S."

You're guaranteed a quality of life that just plain doesn't exist anymore in the States. Up north, violence, materialism, and increasingly intrusive government policies have whittled away the last vestiges of the American Dream. Yet here you're guaranteed a truly extraordinary lifestyle. And that makes Ecuador the perfect place to retire...to reinvent yourself. You'll find like-minded company when you do.

In the major cities like Quito, Guayaquil, and Cuenca, you can enjoy all of the Western conveniences you are accustomed to. New cars abound, including several brands made in Ecuadorian factories. Everyone has cell phones, and Internet connections are just as common. World-class restaurants serve excellent meals, yet you'll be hard pressed to pay more than \$50 for a dinner for two, drinks included. It's not difficult to live in Ecuador on less than \$17,000 per year, and you don't have to live an unattractive lifestyle in order to do so.

Now is a smart time to gain a foothold in Ecuador...before the rest of the world catches on to what a wonderful place it is. Like Costa Rica and Mexico before it, Ecuador will attract a growing number of foreign retirees.

And like the folks who invested early in those other countries (and have watched their properties appreciate in value as much as 10 times in the past decade), an investment in Ecuador could leave you well positioned to profit in the years to come.

France

La vie française. Imagine relaxing in the garden of your own French home, a pretty stone cottage set among orchards, vineyards, and flowery meadows. The sun is shining, there's not a cloud in the sky. The only sound is the drone of honeybees and the blissful strains of one of Satie's *Gymnopédies* playing in the background.

You've just returned from the market, and now you're savoring the thought of lunch. It's such a perfect day, you decide to dine picnic-style, spread out over an old oak table under a shady canopy of trees.

Freshly baked baguettes, a ripe Camembert cheese, a tangy ratatouille of tomatoes, peppers, and eggplant—and don't forget to add those deliciously plump black olives straight from the stallholder's barrel.

This pleasant-sounding lifestyle can be more than just a daydream. *La belle France* (beautiful France) seems to have more than its fair share of good things—not least of which are food, wine, and *haute couture*.

Whether you're looking to retire to Europe, relocate, or simply plan an extended adventure, France should be at the top of your list of possibilities. It has all the ingredients that we at *International Living* look for: a good climate, unspoiled countryside, top-notch culture, excellent health care, affordable real estate (despite the strength of the euro, France still has lots of cheap property), colorful traditions and history, and, of course, the glitter and sophistication of Paris. It's not surprising that France is the world's favorite destination, receiving in excess of 82 million overseas visitors each year.

Italy

Imagine what it would be like to retire in Italy. Imagine being able to spend every springtime in Rome or Venice or Florence—can't you just picture yourself meandering beside the Arno River on a perfect May evening, when all the terracotta roofs and ancient palaces are bathed in that special Florentine glow? Or discover romantic, mysterious islands, smoldering Mount Etna, or the glittering peaks of the snow-covered Alps and the Dolomites.

The Italian lake district is admittedly well trodden, but what do you know about the islands of Sardinia and Sicily? Or of Le Marché, an exquisite region on the eastern coast that shares the same luscious Renaissance landscapes as Tuscany and Umbria, but where properties are much more sensibly priced? Or of Apulia in the far south, a languid land of olive trees fringed by the turquoise Adriatic Sea, and noted for its curious dome-shaped trulli houses?

Italy is also a place where you can afford to purchase your dream home. Our Roving Europe Editor, Steenie Harvey, has this to say:

“You really can buy a village house in Europe for 14,000 euro. Now, please don't accuse me of being clinically insane. I can also assure you this house isn't in some chilly, wolf-ridden outpost known only to its half dozen inhabitants. The property is in a hill village—one with a 12th-century castle—in southern Italy. Enjoying blazing summers and mild winters, around 6,500 people live here. The region where you'll find it also has a spectacularly rugged coastline of cliffs and small sandy coves. Pompeii is within 90 minutes' drive.”

Mexico

Just across the border from the U.S., Mexico is now “closer than ever”—that's a motto used by the Mexican Tourism Association—and as many expats are choosing to live in Mexico, we couldn't agree more.

What does that mean, exactly? Well, in terms of physical proximity, Mexico is the closest southern neighbor to the U.S. and a NAFTA partner, with all the good roads, high-speed communications, and top-notch health care that you'd expect up north. Those who move to Mexico find living in Mexico and doing business there to be very easy.

Wherever you go in Mexico, the people will charm you, the natural beauty will seduce you, and the remarkably affordable cost of living will entice you to stay. Mexico is the United States' closest neighbor to the south, and at no other time in the long history of that relationship have the benefits of living and investing in Mexico been more apparent...and more easy to take advantage of. Not just for U.S. citizens, but for Canadians, Europeans, South Americans...anyone looking for great weather, low prices, rich culture, and potential profits.

Think of it...moonlit fiestas, strolling *mariachis*, languid white-sand beaches, colonial towns set in the rugged Sierras, ancient Mayan pyramids rising from the misty Yucatan jungle...Mexico has it all: rich culture, perfect climate, affordable living, not to mention mountains, beaches, deserts, and just about everything in between.

Panama

We've been writing about Panama for years now. In fact, *International Living* ranked Panama the number one place in the world to retire for six consecutive years, and today it remains in our top five.

This country has the most advanced and modern infrastructure in Central America...First-World convenience at Third-World prices—you can still take a taxi across town for a couple of dollars, see a movie for under \$4, get a trim at the barbershop for \$5...or have dinner for two with a bottle of wine at one of the city's trendy restaurants for just \$30.

Further to this, Panama has one of the world's best incentive programs for pensioners. What about the cost of real estate? Let's just say that you'll be surprised at how much Panama *still* has to offer...even with recent price hikes from the current construction boom.

U.S. presence has been such a strong factor in Panamanian life that it can be difficult to remember you are in Central America. Highrise condos of chrome and steel rim the wide Avenida Balboa and overlook the Bay of Panama. Modern shopping centers offer all the latest brands and gadgets anyone could possibly need. You won't want for anything here.

Outside the city you will find the true treasures of Panama. There are beautiful beaches everywhere, with the Atlantic Ocean on one side and the Pacific on the other. But there's more to Panama than a sophisticated city and gorgeous beaches. There are rolling green tropical mountains, fertile farmlands, lush rainforests, and small towns where foreign visitors are made to feel like family.

There truly is something for everyone in Panama.

Uruguay

From its old-world theaters and opera houses to its jazz festivals and exquisite restaurants, Uruguay looks and feels like Europe, but it is much more affordable. The truth is that Uruguay is one of the most diverse, affordable, and sophisticated countries in the region. It is a special place. From *gaucho* (cowboy) country to small towns to those stunning white-sand beaches, a quest for beautiful beaches and low property prices is certainly worthwhile.

While the prices are low, the infrastructure is first rate. You can drink the water from any tap in the country. Telephone lines are available in less than 48 hours, and your high speed Internet connection is just a phone call away in most cities.

The diversity and quality of life in Uruguay is everywhere. You'll speed down the excellent highways—flying past ancient cars from the 20s through the 50s—passing *gauchos* in traditional dress tending their herds along the way. This is Uruguay.

Or you'll enjoy swimming in the South Atlantic Ocean, sunning yourself on the beach of South America's most dazzling beach resort. And while doing this you can look forward to a mouthwatering seafood dinner along the water, a visit to a highrise casino, perhaps followed by a stroll through one of the most exclusive shopping districts in this part of the world. This, too, is Uruguay.