

# Can You Afford to Retire Where You Live?

**WE EXITED THE TERMINAL** with our 90-pound chocolate Lab trotting at our side. He was delighted to have been liberated from his travel crate after the short four-hour flight from Miami. A smiling porter followed along, carting our two large suitcases and four huge cardboard boxes. (This was back when airlines allowed three pieces of luggage each—and a dog—at no extra charge.)

It was November 1, 2001, and we had jettisoned our previous lives to begin anew in Quito, Ecuador. Just as the thick fog that wrapped its arms around us that night, the future felt fresh and full of possibility.

The Ecuadorian friends we had met on a previous visit greeted us with cheers and hugs and loaded us up for the short ride to the home we'd rented for the coming year. Located in one of the city's most charming neighborhoods, it had four bedrooms, two bathrooms, a guesthouse, and a gorgeous walled garden. The rent was just \$600 a month.

As we walked into the house, the fireplace was roaring . . . more for ambience than anything else. November evenings in Quito are warm compared to our home state of Nebraska. The comforting fire and the kindness of new friends melted any hesitations we'd had about reversing the course of our lives in our mid-forties.

Why had we sold everything and run away from our lucrative marketing business? We were tired of the rat race. Tired of chasing the almighty dollar. Plain and simple, we were tired. And this was "our time." With kids grown and parents still in great health, this was our chance to strike out on our much-anticipated adventure.

Why Ecuador? If you've ever been there, you know the answer to that. It has miles of unspoiled beaches. Rich rainforest. The amazing Galápagos Islands. Historic colonial cities, and clean and healthy rural villages. . .

For us, the mountains beckoned. There's something about the Andes that steadies the soul. Llamas grazing the green slopes of snow-capped volcanoes . . . open-air markets overflowing with the biggest, brightest fruits and vegetables you've ever seen . . . the quick smiles and gentle nature of the people. . .

It doesn't hurt that Ecuador boasts extraordinary weather. No down parkas or snow shovels needed here. In its cities, you'll find great restaurants and shopping—a truly first-class infrastructure (and yes, high-speed Internet and excellent hospitals).

And then, of course, there's Ecuador's famous affordability. Although some prices have risen since our initial touchdown in 2001, you can still take a taxi just about anywhere in Quito for \$1 to \$5 and find a *menu del día*—usually a full-course meal of soup, salad, meat/rice/vegetables, dessert, and beverage—for \$3 or less.

But back to our story. We left Ecuador at the end of 2002 because we wanted to experience more of Latin America. And since then, we've certainly done that. We've lived in seven different towns and cities in four countries—Ecuador, Mexico, Panama, and Nicaragua—researching and reporting about each of them as well as traveling extensively elsewhere in the world on behalf of *International Living*, which was founded in 1979 expressly to provide information to retirees looking for more satisfying and more affordable overseas lifestyles.

### **The Five Most Common Questions Asked about Moving Overseas**

**Q.** Must I give up my citizenship if I move overseas?

**A.** No way! You can if you want, of course, but most expats don't. Instead, they get a residence visa in the country they move to. In some countries you can even live indefinitely on a tourist visa.

**Q.** Can I still collect my Social Security if I move overseas?

**A.** Yes, absolutely! In most cases, you can even have it direct-deposited into your new foreign bank account.

**Q.** What about Medicare? Will it cover me overseas?

**A.** Unfortunately not. But in many countries, you'll find better, lower-cost options for health care. We know expats paying as little as \$50 a month for a full-coverage health plan.

**Q.** Must I still pay U.S. or Canadian income taxes if I move overseas?

**A.** Maybe and maybe not. You certainly have to continue to file your annual tax return, but moving overseas can reduce your tax burden to the point where you may not owe much.

**Q.** Is it safe to live overseas?

**A.** We wouldn't suggest countries that aren't politically stable or don't have good public safety records. That said, you should exercise caution everywhere these days . . . including in the United States and Canada.

We've uprooted and moved so often that we joke that we've become "serial relocators." There's something about the romance of exploring new places and the honeymoon of making them your home. You could say that "Love the One You're With" has become our motto.

Four years ago, though, we came back to the Andes for a visit and now here we are, living in Ecuador once again—this time in the small mountain village of Cotacachi in the northern province

of Imbabura. That doesn't mean, of course, that we'll be here forever. But when we add up all that Ecuador has to offer, *right now* and *at this point in time for us*, no other place matches up.

From the terrace of our condo (which we bought for \$52,000 in 2010) we can watch the sun and clouds play across the mountains, the cows and horses grazing in the fields below. We can walk to the local *mercado* and purchase a tote bag full of fresh-from-the-farm fruits and veggies for \$10 or less that will last us the entire week. (If the bag is too heavy, a taxi home costs just \$1.)

For \$5 we can select four dozen long-stemmed roses so fresh they last the entire month. For \$10, we can hire someone to clean our home once a week. We don't pay rent or have a mortgage. We can easily live in Ecuador on a budget of \$1,500 a month.

So how did we get so lucky? How did we manage to get out from under the plague of bad weather, bad debt, and rampant consumerism that so many Americans succumb to?

It was actually pretty easy. We thought about the direction our lives would go if we didn't take this opportunity. We had a lot of tedious "work years" ahead of us. A lot of snowstorms to dig out from. We did the math and figured that, on our savings (and we're not by any means wealthy), we could live very well on very little money. Anything we could earn to supplement that would be icing on the cake.

More and more of our fellow baby boomers, it appears, are calculating similar equations and looking for a way to rescue their retirement dreams. Today, interest in retiring overseas is growing by leaps and bounds. Every week we get more and more requests for interviews from the mainstream media and more inquiries from people who are in the same shoes we were in more than a decade ago.

Fortunately, the baby boomer generation is one that has always embraced change and new experiences. Typically, they're not afraid to take chances and they understand the potential gain is at least worth the consideration of a grand retirement adventure.

And because today's technology makes a move overseas almost as easy as a move across a state or the country, it's not hard to understand the appeal.

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## WHY ARE MILLIONS OF BABY BOOMERS RETIRING OVERSEAS?

It doesn't help that, as our friend, Gloria Yeatman, says, "Most of us can't afford to retire in the U.S. anymore. Besides, there's just a lack of civility in general in the U.S. these days, especially when it comes to how older people are treated."

Paul and Gloria's story may be similar to yours or that of someone you know.

Paul is 10 years older than Gloria; they met and married later in life. In 2008, when Paul started thinking about retiring, he didn't want Gloria to have to wait until she reached official retirement age.

But they were worried they didn't have enough money saved. They were afraid that the home they owned in Baltimore, which they hoped to rent out, wouldn't hold its value. They wondered if their IRAs would ever rebound.

Most of all, they worried about how they would be able to afford health care if they stopped working. (They'd be facing health insurance premiums of at least \$1,000 a month.) What could they do, they wondered, and where could they go where their money might go further? Sound familiar?

So Paul and Gloria carefully considered their options.

Sure, they could downsize. Sell the house and everything else. They thought about moving to the southeastern United States. But what would they do about health insurance? Paying high premiums and out-of-pocket expenses for medications and doctor's visits was *not* an option.

It would be several years before Gloria was eligible for Social Security and both were too young for Medicare. If there was no money coming in, they'd burn through their retirement savings in no time. And then what would they do?

So they chose another option. They chose to do what millions of Americans and Canadians are doing. They retired overseas—to Costa Rica, where the weather is better and the cost of living is lower. And a top-notch and efficient health plan ensures that all citizens and legal residents—including foreign residents—have dependable and low-cost access to health care.

### **Yes, You Can Have Your Social Security Checks Sent to Your Overseas Bank or Address**

The U.S. Social Security Administration says it sends about 550,000 payments overseas. The top 10 countries where these payments are sent are:

- Canada (108,200)
- Mexico (50,800)
- Japan (45,700)
- Germany (38,500)
- United Kingdom (33,300)
- Italy (32,600)
- Philippines (24,500)
- Greece (23,700)
- France (13,200)
- Portugal (12,500)

“We wanted to live in another culture, a Latin culture, and to speak Spanish . . . to broaden our perspective, to experience the fact that the rest of the world does not necessarily think, live, or make the same choices as we do in the United States,” Gloria says. “We wanted to live less expensively, and that definitely includes affordable health care. We could afford to stop working full time and create a new life for ourselves and have more time to enjoy being together while we are both healthy.”

So Paul and Gloria packed up and moved to Costa Rica where, as legal residents, they’ve joined and made use of the national health care system. Instead of spending \$1,000 a month for health insurance with a high deductible, they pay just \$55 a month (total for the both of them) for a full-coverage health plan with no deductible at all, through Costa Rica’s national health system. *They’re saving \$11,340 per year in health insurance costs alone.*

“There is an incredible freedom knowing that you have affordable health care coverage and that you don’t have to fear losing everything if you get sick,” Paul says. “We had high hopes for the health care here in Costa Rica and we haven’t been disappointed. We are saving money, yes, but we have also found the quality of health care here more than adequate, and in some areas, excellent.”

Best of all, they say, it never snows in Costa Rica. In fact, the climate is so perfect that they don’t need heat or air conditioning.

“That keeps costs low. Our goal was to retire on \$2,000 a month or less,” Gloria says, “and we’re doing exactly that.”

And you can easily do the same.

In fact, millions of American, Canadian, and European retirees have learned what Paul and Gloria have. Moving just a few hours by plane from where you live now can save you tens of thousands of dollars every year, and may mean you can finally afford and/or greatly reduce your health care costs. And living in a more welcoming climate may not only improve your overall quality of life, but also can actually improve your health.

In many cases, retiring overseas may mean the difference between working for another 10 years or more or retiring *now*.

The truth is, this idea of retiring overseas is no longer a radical one. While the U.S. Census doesn’t track Americans living abroad, the State Department estimates close to 7 million Americans live outside the country—about 550,000 of these are military personnel and their families, and some of the others are employed by multinational companies. Others are those with dual citizenship. But many of the balance are retirees.

It’s important to note that this number of 7 million only accounts for those who voluntarily report their status to U.S. embassies, and therefore even the State Department admits this is a soft estimate. Many of those living overseas never bother to check in with the State Department at all. We suspect the number of retirees relocating overseas—a number that has grown by more than 500 percent in the past 40 years—will continue to increase greatly going forward.

### **How Much Does It Cost to Retire Overseas?**

Your cost of living will depend on your lifestyle, of course. In the countries you read about in this book, however, you should be able to reduce your living expenses by as much as 30 to 50 percent over what you may be spending in the United States or Canada . . . maybe more, depending where you choose to live.

Like Paul and Gloria Yeatman in Costa Rica, our friends, Edd and Cynthia Staton, say they're living very comfortably in Cuenca, Ecuador, on a budget of less than \$2,000 a month. In fact, they report that they spend just \$1,800 a month, and that includes rent.

"We live in a gorgeous two-story penthouse apartment," Edd says. "It's about 3,000 square feet, and we have four bedrooms, four-and-a-half baths, and expansive windows with a beautiful 270-degree view.

"Our budget includes all the regular expenses and more—fresh flowers, gym membership, massages, manicures and pedicures, and hair care for Cynthia."

Plus, Edd says, this includes doctor visits. "You usually get an appointment the same day you call, and they generally cost \$25—and follow-ups are free!"

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### **WHAT IF YOU COULD RETIRE EVEN EARLIER THAN EXPECTED?**

Paul and Gloria Yeatman weren't expecting to retire when he was just 62 and she just 52.

"We weren't running away from family, debt, or jobs we hated," Gloria says. "We had jobs we liked, a great house with a fixed mortgage that we were able to pay, savings in the bank, and zero credit card debt."

But they also wanted to "enjoy." They wanted fun and adventure.

So they took a serious look at their financial situation and started thinking outside the box about what they could do to be able to retire early.

They made a checklist of everything they were looking for in a retirement destination. One thing they knew for sure, says Gloria,



was that they wanted to live in a place where it never snowed. “Those heating and air conditioning bills in Baltimore were awful.”

So they started doing some research about Costa Rica. They took an exploratory trip to see if everything they’d read about the friendly people, the temperate climate, the low cost of living, and the affordable health care was really true.

“We fell in love with Costa Rica on our first visit,” Paul and Gloria write on their blog ([RetireForLessinCostaRica.com](http://RetireForLessinCostaRica.com)). “Everyplace we went, we just kept saying, ‘wow’—there is so much natural beauty in such a small country!”

At elevations from 3,000 to 5,000 feet, they found the weather in Costa Rica’s Central Valley suited them perfectly. “Temperatures ranged about 65 to 80 degrees,” Gloria says, “the air was clean and fresh, and our bedroom windows opened to the outdoors . . . no screens needed. There were lush, green tropical plants, and vivid flowers everywhere you looked. The people were kind and helpful, making us feel welcome.”

They went back home to “think about it,” they write in their blog, “but all we could think about was going back, living, and retiring there.”

Today, Paul and Gloria live in a comfortable three-bedroom home on a lush mountainside in Costa Rica’s Central Valley—just 45 minutes from the beach—near what they call a “real *Tico* [Costa Rican] town.” It’s close to San José and the international airport, but not too close. And it has a good hospital and a university that offers many free cultural activities.

They spend a lot of time outdoors, they say. “Our porch is like a private getaway just outside our front door, overlooking the green all around us. Almost every evening, we turn on some jazz and have dinner by candlelight there. Sometimes we have guests, sometimes it’s just us, but there’s always candlelight and music.”

They calculate that they’ve reduced their living expenses by 65 percent. That’s not to say that some goods and services don’t cost more in Costa Rica and there aren’t occasional frustrations, but as expats anywhere in the world will tell you, learning to “live like a local” is part of the learning curve.

“There have been challenges, for sure,” Paul says, “but we wouldn’t change a thing.”

Moving to Costa Rica allowed them not just to retire early but with the confidence that they wouldn’t outlive their retirement savings.

“We’ve benefited far more than just financially,” Gloria says. “We have wonderful friends here and have had so many enriching experiences. We absolutely love our lives.”

We know hundreds of stories like Paul and Gloria’s. Our friend, Gary DeRose, who we mentioned in the introduction to this book, retired to Mérida, the capital of Mexico’s Yucatán state, at age 53. Ron and Terresa Moore retired to Ecuador when they were 55 and 51, respectively. Scores of others have stories just like these.

And yes, all of them had a retirement nest egg . . . but they knew if they stayed in the States it would soon be cracked beyond repair. So they put pencil to paper and did the calculations. How long could they live on their savings if they stayed at home? How many more years would they have to work before they could retire? How much would they save by retiring overseas *now*?

You can guess how the numbers worked out. And only you know if retiring early is the right move for you. But if you could retire early, and all it would take was a move to a safe and welcoming place with better weather, better scenery, and a lower cost of living, why wouldn’t you?

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## TECHNOLOGY MAKES IT ALL POSSIBLE

Like many baby boomers, we were both born smack dab in the middle of the post–World War II years—the Eisenhower era, when families moved in droves to affordable new homes in safe, tidy suburbs.

You could “see the USA in your Chevrolet” because the price of gasoline was about the same as a hamburger at the A&W. (We both clearly remember gas selling for 19 cents a gallon—and it was pumped for you by a smiling attendant.) Every summer we took a family vacation to a neighboring state or maybe even went as far as California to visit Disneyland.

Unlike our parents, we came of age with television instead of radio. Family Christmas cards were of us kids and the dog, proudly posed in front of our console TV/stereo combo—the most expensive piece of furniture we owned.

Times were prosperous then. Families could afford those big, new televisions . . . and electric washing machines and refrigerators (as well as the electricity to power them).

We played with Barbie dolls, Erector sets, board games, hula hoops. . . The most dangerous fad was a new thing called “rock ’n’ roll,” and it was served up on big, platter-sized disks called LPs.

Wow, have times changed. As you probably have, we’ve been big adopters of new technology. We’re happy to report that smartphones and other gadgets—as well as high-speed Internet and satellite TV with all your favorite English-language channels—can pretty much be had anywhere in the world these days.

For those of us living overseas, the Internet has been a complete game changer. Not only can we instantly communicate with friends, family, colleagues, and others around the world; we can keep up with current events in any remote corner of the planet, we can source and buy anything and everything with a single mouse click. . . In fact, we can monitor and control every aspect of our lives, from our bank accounts to our blood pressure (which, sadly, aren’t always independent of each other.) We can even have a real-time video chat with our friends and family back home, anytime we want.

Travel, too, has evolved to the point where you needn’t put much thought into it. When we were kids, flying on an airplane was a big deal, a real event. Today, no one thinks much of it. It’s nothing to board a plane on a cold, dark winter morning and a few hours later be digging into a lunch of fresh seafood on a sun-drenched beach in the Caribbean.

And of course, arranging for travel is easier than ever. From your kitchen table, you can access a myriad of websites that will help you compare and contrast itineraries and costs of travel by train, plane, automobile, motorcycle, bicycle, horseback, or any other mode of transportation that strikes your fancy. You can instantly find recommendations for hotels, restaurants, local attractions, individual tour guides, and more.

Thanks to today's technology, being an expat is pretty easy. Craving a craft beer? Looking for a dog groomer? Need a plumber? Solar panels? Organic chard? These are just a few things we've seen our expat neighbors searching for on local forums in recent months. Within minutes in most cases, they got the answers they were looking for. Nothing, it seems, is out of reach.

The point is, it's never been easier to be a citizen of the world. You truly can travel and live just about anywhere your heart desires without sacrificing much at all. And when you choose to live outside the United States or Canada, your cost of living will most likely drop dramatically.