

## Go South, Retirees!

*Are you adventurous? Looking for warmer weather? Want to stretch your retirement dollars? Mexico and South America are attracting more American retirees.*

You may not realize it, but millions of American retirees live outside of the United States either full or part time. Some fall in love with a place they've visited during vacation or enjoyed while working abroad. Others are looking for adventure and embrace the challenges of living in a new culture. Many choose to live in Mexico or South America because of its proximity to the United States.

An additional benefit is that living south of the border can be far less expensive than living in the United States. For example:

- In Guadalajara, Mexico, a three bedroom house with a maid's room, and the services of a gardener, rents for \$600 a month, according to AARP Magazine.
- In Panama, which Barron's reports may be the next big retirement area for Americans, older people receive discounts of 50% off tickets for movies, concerts and sporting events, 30% off bus, train and ship fares, and 25% off restaurant and utility bills.
- In Belize, where they speak English, retirees aren't required to pay taxes on the first \$75,000 of income. In addition, property taxes on a \$500,000 home are approximately \$90 a year, according to MSN Money.

### **Do your homework**

Moving to another country, even if it's just part-time, is a significant challenge. Discovering that you don't like it, after you've already moved, could be a disaster. That's why you'll need to do some homework before you go.

A good place to begin is by reviewing the State Department's background notes on the country that has captured your fancy. You'll find them at [www.state.gov](http://www.state.gov). These will describe the country's political climate, economy, people, and any concerns our government has for American citizens living in the region.

In addition, you should gather information about:

**Taxes:** While property taxes may be low, and pension and investment income from America are not be taxed in some countries, you may still owe taxes on income and capital gains as a U.S. citizen. The U.S. has treaties with about 50 other countries. The treaties are intended to prevent double taxation, according to Barron's. If the country you've selected doesn't have a tax treaty, you may be eligible for a foreign tax credit. Make sure you know the rules

before you go so you don't end up owing more tax than you would if you lived in the United States.

**Healthcare:** Investigate the types of care and the facilities that would be available to you in your new country. According to AARP magazine, U.S. citizens who live in Mexico are covered by Medicare for doctor visits and medical services when they travel back to the United States. While in Mexico, they may participate in the Mexican national insurance program. It costs about \$300 a year.

**Work:** A significant percentage of Baby Boomers plan to work during their retirement. If you're one of them, make sure that you understand the laws for operating a business in the country you choose.

**Property ownership:** U.S. title companies, financial firms, and insurance businesses are following American retirees south, according to the Houston Chronicle, but there can be pitfalls when purchasing property in another country. Make sure you know the law and work with a reputable professional.

If you think you would enjoy living in another country during retirement, read about the experiences of retirees who have already done it. When you visit that country, talk with people about their experiences. If nothing else, exploring potential retirement spots is a great reason to take a vacation. Panama, Honduras, Belize, Mexico, Costa Rica... new worlds are waiting to be explored.

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