

## For some retirees, grass is greener south of the border

Central America, Mexico among hot spots for expatriates seeking a relaxed lifestyle and lower cost of living

By Mark Schoeff Jr.

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Mike Olson, 65, lives in a modest apartment in Yonkers, a northern suburb of New York. Like many people, he plans to move south to a warmer climate when he retires next month.

But in his case, that warmer climate is not just below the Mason-Dixon Line; it's in Costa Rica. Mr. Olson and his wife will be moving to a three-bedroom house they bought in 1995 for \$88,000 after vacationing in the Central American country.

"We really like the people. It's just a very friendly, pleasant place," Mr. Olson said.

Finding an affordable place by the water is what lured Danielle Williams, 69, to Baja California, Mexico. She bought a condominium on the 13th floor of an oceanside building for \$250,000 — much less than what she would have paid in the San Diego area, where she previously lived.


"It's the best thing I ever did," Ms. Williams, a former teacher, wrote in an e-mail. "It's a better quality of life for a fraction of the cost."

Whether they are trying to stretch their retirement dollars or simply seeking a change of pace, more American retirees seem to be living in foreign countries than in the past. While there are no statistics on how many of the 5.25 million Americans living outside the United States are retirees, advisers said they've seen more interest from those planning their retirement.

"There is definitely a trend in that more people consider retiring outside of the U.S. [now] than I saw 15 years ago," said William Dendy, president of Elite Financial Management Inc.

He said that he discusses retirement planning with approximately 20 people each month. Of those, about five consider retiring outside the U.S., and two or three make the leap every year.

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The popularity of some foreign locales, such as San Miguel, in the central mountains of Mexico, have pushed housing prices up toward \$300,000, so there's not much initial savings in making a move, Mr. Dendy explained.

But other costs of living in the town two hours east of Mexico City are significantly lower than in the United States. For instance, residents can enjoy a four-course meal at an Italian restaurant for about \$10 and hire domestic help for about \$100 a month, according to Mr. Dendy.

"The people who moved there are doing it not for the front-end savings," he said. "They're doing it for the ongoing savings after they get there and for the quaintness of the community."

Mexico and Costa Rica are two of several countries in the Western Hemisphere that have become popular retirement destinations. Others include Panama, Belize, Nicaragua, Uruguay and Ecuador.

These emerging economies have remained relatively strong despite the global economic downturn, a factor that is attracting interest from retirees.

"They're picking locations where there is an economic boom," said Brent Lipschultz, a principal in the personal-wealth-advisers practice at EisnerAmper LLP.

Even with better services and infrastructure, the costs of living remain low. Retirees can live in Cuenca, Ecuador, for about \$1,240 per month if they rent, and \$660 if they own a home, according to an analysis on the website Live and Invest Overseas.

"On \$35,000 a year, you can live quite well in Belize or Ecuador," said David Kuenzi, owner of Thun Financial Advisors LLC. But he points out that expats will still have to pay U.S. taxes on retirement income.

The Olsons will live near Nosara in a development along Costa Rica's Pacific coast set on what used to be several cattle ranches. Mr. Olson said that the small town has the necessary amenities such as grocery and hardware stores. But dirt roads and a jungle are also prominent features in the landscape.

"This is not luxurious," said Mr. Olson, an accountant. "This is low-key-type living. It's somewhat primitive. It's just the right mix of services you need without being overdeveloped."

Despite the savings, there can be drawbacks to retiring abroad. Language and cultural differences may be less charming and more annoying if you're living, rather than vacationing, in a country. Acquiring the proper visa and completing potentially voluminous paperwork may also be a hassle.

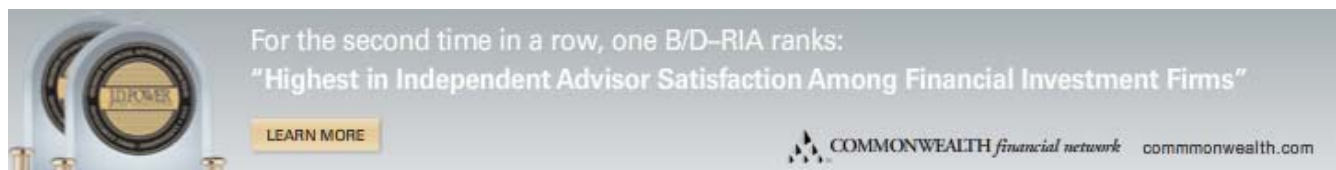
Maintaining good health care coverage also is a critical challenge for aging expatriates. Mr. Kuenzi reminds clients that Medicare doesn't cover Americans overseas, and warns them that there may be coverage limits in foreign health plans.

"A lot of people don't read these policies," Mr. Kuenzi said. "You've got to have good health

insurance when you're living abroad.”


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