

CASE IN POINT: Thinking About Relocating to a New State or Country in Retirement? Here's What You Need to Know

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BY CHRIS ORESTIS, CSA



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Thinking About Relocating to a New State or Country in Retirement?

Here's What You Need to Know

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A retirement tradition in the United States has been moving to a new location in search of warmer winters, cooler summers, and a new lifestyle. Whether it's part-time or a total relocation, there are several factors that need to be considered before making the move to get it right. Going on vacation is not the same as relocating, and making the move requires some careful thought and research to make sure you make the right choice.

Testing the Water Before the Move

As you are selecting your ideal new location, make sure you spend time there as more than a tourist. Consider spending one to six months renting and living as a local. Get a feel for what it will be like to live there daily: have neighbors, do groceries, and pay bills. It is important to understand the foundation for your new life in a different state or outside the United States. Start with two key questions: will the move be

permanent or for just part of the year, and what will your cost of living be?

Some people make a permanent move to be closer to family or to a new location where they have always wanted to live. Others want to get out of cold winters and hot summers and so divide their time between a couple of locations. Others are driven to explore and want to pick various locations to visit where they can finally stay for longer than a one-week vacation. And over the last few years, more people have been moving outside of the United States to retire in other countries that provide a different quality of life, more bang for their bucks, incentives to attract retirees, and thriving expat communities to help with the transition.

Where you move and how you plan to live will have a major impact on your finances. Depending on where you live and for how long, you can increase the value of your money. Some people retire to tax haven states where their tax burden will be reduced (Martichoux, 2024). Others cash out of a home at a high value and move to a new state where the prices and cost of living are much lower. Retirees are also drawn to many countries where the exchange rate value of U.S. dollars and lower cost of living have a significant multiplier effect on their retirement income. People literally can have their cake and eat it too when moving to locations with a great quality of life and a lower cost of living!

For those that want to test the waters and explore for a while, or even indefinitely, travel clubs can be a fantastic resource. With most seniors prioritizing travel in retirement, clubs like AAA, AARP, and specialized groups such as Kindred Tours and Road Scholar provide tailored options for exploring both domestic and international destinations. These organizations offer services, discounts, and travel opportunities for older adults who want to spend time traveling to experience a variety of locations without going it alone. Home exchange programs present another appealing option for retirees. By trading homes with fellow travelers, you can experience life in new locations without the cost of traditional accommodations. Platforms like Vrbo and Airbnb facilitate these exchanges, allowing you to immerse yourself in local culture while living comfortably.

Another important aspect people don't tend to think about on vacation is healthcare. Make sure you spend time understanding how it works, how it is paid for, and the level of quality you can expect. If you are on traditional Medicare, you can get coverage anywhere in the United States, but Medicare Advantage requires you to remain closer to home so you are

“in-network” (Centers for Medicare & Medicaid Services [CMS], 2024). If you are abroad, you will remain Medicare eligible, but you won't find care providers who can be reimbursed (CMS, 2024), so you'll need private insurance. And as you age, you will want to understand what kind of long-term care supports and services are available and how you would pay for care.

As you begin to plan your potential retirement, be sure to be able to answer these four questions:

1. Will we get more or less out of our money?
2. Is our move permanent, seasonal, or will we move around?
3. Will the environment enhance our retirement, and will it remain stable?
4. Will our lifestyle thrive, grow, and extend our health?

Navigating the Complexities of International Destinations

Relocating to a new country can be an exhilarating adventure, but it requires careful preparation and understanding. Learning a new language or finding locations where English is commonly spoken can make daily interactions smoother and more enjoyable. Equally important is familiarizing yourself with the local banking system, currency, and legal framework to ensure you feel secure and comfortable in your new environment. One of the first steps in making an international move is securing legal residency. This often involves navigating the visa process and, in some cases, working towards full citizenship.

Taking a “trial period” approach helps assess whether the location meets your expectations and lifestyle needs, while also considering how easily you can travel back to the United States and have visitors come to you. A smart move when looking at properties to rent is to look for off-season opportunities. Not only will the prices be lower for rent, air travel, and overall dining and entertainment, but the inventory will be more available, and the crowds will be smaller. For many places, the off-season weather can be very pleasant. When selecting a new location, accessibility to transportation hubs such as airports, train stations, and public transit should be considered. Ensuring that your family and friends can visit you and that you can return to the States without significant hassle is an aspect of planning your move worth considering.

If you plan to move permanently but remain a U.S. citizen, you will find there can be frustrations with access to social benefits, bank and investment accounts, and navigating your tax obligations. If you plan to travel frequently between countries, you will also find there are differences in the passports you possess such

TOP 10 COUNTRIES FOR INTERNATIONAL RETIREMENT

COUNTRY	MONTHLY COST OF LIVING, APPROX.	KEY FEATURES	UNIQUE HIGHLIGHTS
Costa Rica	\$1,500	Biodiversity, active lifestyle, stable government, stable banking, good healthcare system, proximity to the United States, low cost of living.	Continues to be popular for its Pura Vida lifestyle, improved digital infrastructure, and growing expat communities.
Panama	\$1,200	Climate, cosmopolitan living, strong expat network, English commonly spoken, good healthcare system, use of U.S. currency, low taxes, National Senior Discount Program, low cost of living.	Notable for the Pensionado program offering discounts on various services, improved urban amenities in Panama City.
Spain	\$1,300	High quality, inexpensive food, low cost of living, beaches and mild weather, diverse climate, good healthcare system.	Enhanced public transportation, more retiree communities in coastal regions, and a friendly visa process for retirees.
Thailand	\$800	Active lifestyle and biodiversity, culture and metropolitan living, expat networks, low cost of living.	Improved healthcare facilities for foreigners, increased safety measures, and visa options specifically for retirees.
Peru	\$1,800	Climate, low cost of living.	Enhanced infrastructure in major cities like Lima and Cusco, growing expat communities, and more English-speaking services.
Portugal	\$1,800	Safe and stable, English commonly spoken, beaches and cosmopolitan living, climate, low cost of living, easy visa with Golden Visa if prove \$1,200/mo. income.	Continues to rank high in safety and quality of life, new tax incentives for foreign retirees, and improved public services.
Colombia	\$1,200	Climate and biodiversity, good healthcare system, cosmopolitan living and exotic locales, cost of living, easy visa if prove \$2,500/mo. income.	Rapidly improving safety and security, development in cities like Medellin and Cartagena, and expanding expat communities.
Malaysia	\$1,500	Climate, English commonly spoken, low cost of living.	Enhanced healthcare facilities, increased cultural integration programs for expats, and more visa options for long-term stays.
Ecuador	\$1,600	Climate and biodiversity, mix of metropolitan and rural living, strong expat network, English commonly spoken, excellent local food, senior discount programs, U.S. currency, low cost of living.	Continued popularity for its low cost of living, improvements in healthcare access, and expanding infrastructure in key expat destinations like Cuenca and Quito.
Mexico	\$1,700	Climate and biodiversity, beaches, national healthcare system, proximity to the United States, low cost of living.	Growing expat communities in coastal and inland cities, enhanced healthcare services for foreigners, and more cultural and recreational activities tailored to retirees.

Composite list developed annually by Retirement Genius.

as an E.U. passport versus a U.S. passport. If you are living under a visa, that will mean you have time limits to how long you can stay in a country over the course of a year (International Citizens Group, 2024a). There are also limits to what a non-citizen can do when making investments, starting a business, buying properties, or even just working (International Citizens Group, 2024b).

Financial management is another key aspect of living abroad. Understanding currency exchange rates and having access to banking services are essential for managing your finances effectively. Start by knowing what the exchange rate is to understand your purchasing power, and because this fluctuates, it is best to keep track of the difference in value using exchange rate calculators easily found online. There are some practical options on how to handle the value of money and exchange rates of currency. Cash can be exchanged at airports, many banks, or at a Western Union. Another option is to withdraw cash using an ATM which will be dispensed at the exchange rate (fewer banking fees), or to make purchases with a credit or debit card at the current exchange rate.

As a U.S. citizen, you can continue to collect Social Security benefits while living abroad (Social Security Administration, 2024), but as noted above, accessing Medicare may be challenging. Global “expat” health insurance can bridge the gap, providing comprehensive coverage tailored to your international residence. Additionally, travel insurance is crucial for safeguarding against trip cancellations, medical emergencies, and global rescues.

If purchasing property abroad is on your agenda, understanding the specific requirements or restrictions for non-citizens is essential. This consideration extends to business investments and employment opportunities as well. If you plan to work as a digital nomad or engage in business activities abroad, it’s important to be aware of regulations and restrictions regarding commerce and taxation. Ensuring reliable internet and cellular service is also vital for maintaining productivity and connectivity.

Taxes are another vital factor to consider when choosing your new location because international taxation adds a layer of complexity if you are a resident. As a U.S. citizen living abroad, you must file an annual tax return, so it’s smart to know which countries have tax treaties in place with the United States allowing for reciprocal reduced tax rates or exemptions for sources of income from their home country (Internal Revenue Service, 2024). Some “tax-haven” countries, like Singapore, Panama, Belize, and Malta offer specific tax incentives for retirees (Universal Tax

Professionals, 2023) and may provide special visas for those with guaranteed income sources such as Social Security or annuities. When living overseas, you may be eligible for the Foreign Earned Income Exclusion (FEIE) and Foreign Tax Credit (FTC) to reduce the potential tax liability (Experts for Expats, 2023). Always consult with a tax professional before making a move to understand all implications and ensure compliance.

A matter of both safety and convenience is access to embassy and consular services. A smart travel tip is to register with the U.S. Embassy or Consulate (U.S. Department of State, n.d.) office in the country you are visiting before you go so that you’re “on the record” in case there are any unforeseen emergencies. The staff at an embassy or consulate can help with lost passports, disputes, legal troubles, evacuations, troubles, and evacuations, and are a safe haven for their citizens (Boundless Immigration, 2023). As you embark on this new chapter, seek out expat communities and online resources to connect with others who have navigated similar transitions. You will find many who are sharing their experiences online with blogs and video content on YouTube, and once you are on the ground you will find organized opportunities to interact with and engage fellow travelers from the United States. Their experiences and insights can be invaluable in making your move a success.

Impact of Climate Change: The Wild Card

As Americans consider where they may live in retirement, they must prepare themselves for the negative impact that climate change-driven disasters will have on their finances, health, and lifestyle. For those living in flood and fire zones, rising insurance costs—or the inability to find coverage—pose significant financial risks. The loss of property or employment due to catastrophic events can severely disrupt income and savings, a dire situation for older adults with limited time and income to recover. The physical, mental, and emotional tolls of climate change are also profound. People settled in areas increasingly affected by climate change face existential threats to their finances and lives, often without the means or capability to recover or survive these conditions.

Health impacts from heatwaves, wildfires, air quality deterioration, and catastrophic weather events like hurricanes and floods are critical concerns. Older adults who are socially isolated may struggle to prepare for or avoid these conditions. Age-related vulnerabilities—such as susceptibility to respiratory issues, body temperature regulation problems, and trauma—are

exacerbated by the rise of extreme weather events (U.S. Environmental Protection Agency, 2024).

In fact, as climate change continues to escalate, it will become a pivotal factor in ensuring the well-being of older adults. Two hundred and thirty medical journals came together to declare climate change the world's "greatest health threat," with older adults among the most vulnerable (Falconer, 2021). Heat-related deaths in people over sixty-five have increased significantly, underscoring the urgency of considering climate impact in retirement planning (Gamble et al., 2013).

Home ownership is integral to financial stability and equity-building in the United States. However, housing prices and insurance have risen significantly in climate-vulnerable areas, posing the question of sustainability (Sherriff, 2024). Areas like Florida, Arizona, Texas, and California remain popular retirement destinations, but the longevity of their appeal is uncertain given climate and economic risks. Safer regions with lower living costs and stable environments are increasingly attractive for retirees.

Whether you're living in the United States or internationally, climate change must be a top consideration for retirement planning. It's important to be realistic and attentive to current climate trends. Moving to high-risk areas should be reconsidered, and extended stays in such regions might be better managed through renting rather than owning property.

Planning and Professional Advice to Embrace the Adventure

In order to make a successful move, it's crucial to spend a lot of time and effort on research. This includes visiting potential new locations, speaking to locals and expats, and understanding the full scope of what the move entails. Engaging with professionals like financial advisors, tax consultants, foreign Consulates, and legal experts can provide valuable insights and help avoid common pitfalls. Leveraging resources such as online forums, local expatriate groups, and travel guides can offer practical tips and real-life experiences to inform your decision. And it's important to consult family members before making a big move.

Relocating for retirement, whether within the United States or internationally, offers an exciting opportunity to explore new horizons and enjoy a fulfilling lifestyle. By carefully considering the factors mentioned above and conducting thorough research, you can make an informed decision that aligns with your goals and enhances your retirement experience. Remember, the key to a successful move is planning, adaptability, and a willingness to embrace the adventure that lies ahead.

WHAT ARE KEY FACTORS TO CONSIDER WHEN MOVING TO A NEW DESTINATION FOR RETIREMENT?

- Do you want to live where it is cheaper, or is cost of living not an issue?
- Are you comfortable with the climate, and is climate change impacting the environment?
- Will you be able to communicate with your fellow residents?
- Can you access expats for information and camaraderie?
- Do you understand the economy, banking, and local currency?
- Do you understand tax issues?
- Do you understand how the legal and government system works to feel comfortable residing in a stable and safe country?
- Do you understand the country's healthcare system and how to handle health insurance and possible long-term care options?
- Do you have access to transportation hubs, and have you factored in travel between home and the new destination for you and loved ones?
- Do you know how long you want to be a resident and understand how to establish your legal residency through the visa process, possibly full citizenship, and how to purchase a home or invest in a business?





Case in Point: John and Mary's Six-Month Stay in Greece

Background

John (67) and Mary (65) are a retired couple from the United States who have always dreamed of experiencing the rich culture and history of Europe. After a couple years of trips exploring Europe, they decided to spend six months of each year in Greece, specifically in the coastal town of Nafplio. Their journey provides valuable insights into the practicalities and joys of living abroad part-time.

Why Greece?

John and Mary fell in love with the lifestyle of the Mediterranean and chose this Peloponnesian region

of Greece for several reasons:

- 1. Climate:** Mild winters and warm summers are ideal for their lifestyle.
- 2. Cost of living:** Affordable compared to many other European destinations.
- 3. Lifestyle:** On the Mediterranean Sea, great food, and blend of antiquity with modern living.
- 4. Culture and history:** Greece's rich history and vibrant culture intrigued them.
- 5. Proximity to other destinations:** Easy travel to other European countries and access back to the United States.

Preparation and Planning

Financial Considerations

John and Mary conducted thorough research on the cost of living in Greece. They compared expenses such as housing, groceries, utilities, and healthcare to their current costs in the United States. They found that:

- **Housing:** Renting a furnished apartment in Nafplio costs about \$800 per month.
- **Groceries and dining:** They budgeted around \$400 per month for groceries and occasional dining out.
- **Utilities and Internet:** Monthly expenses were approximately \$150.
- **Healthcare:** They purchased international health insurance for \$200 per month.

In addition to these basics, they considered other costs like transportation and entertainment. They discovered that public transportation in Greece was both affordable and reliable, allowing them to explore the country without the need for a car. For entertainment, they planned for modest expenditures, including visits to historical sites, museums, and local performances.

Legal and Visa Requirements

Understanding the visa requirements was crucial. They applied for a Type D visa, which allows for long-term stays. The application process involved:

- **Proof of sufficient financial means:** Bank statements and pension details.
- **Health insurance coverage:** A mandatory requirement for long-term visas.
- **Criminal background check:** Ensuring they had no criminal record.
- **Lease agreement:** Proof of accommodation in Nafplio.

They also had to visit the Greek consulate multiple times, submit numerous documents, and patiently await approval. The process was time-consuming but ultimately straightforward with proper preparation.

Language and Cultural Immersion

John and Mary took Greek language classes before their move. Although English is widely spoken, they wanted to immerse themselves fully in the local culture. They also researched cultural norms and etiquette to ensure a smooth transition. They learned key phrases and basic conversational skills, which helped them navigate daily interactions and show respect for the local culture.

Daily Life in Nafplio

Housing and Lifestyle

Their apartment in Nafplio, overlooking the Aegean Sea, became their home away from home. They

enjoyed a slower pace of life, with daily routines that included:

- **Morning walks along the promenade:** A serene way to start their day.
- **Visits to local markets for fresh produce:** Discovering local flavors and ingredients.
- **Exploring historical sites and museums:** Absorbing the rich history of the region.
- **Socializing with locals and fellow expatriates:** Building a community.

They furnished their apartment with local finds, giving it a cozy and authentic feel. Their balcony, with its stunning sea view, became their favorite spot for morning coffee and evening relaxation.

Healthcare

Healthcare was a top priority. They registered with a local doctor and found the healthcare system to be efficient and affordable. For major medical needs, they had their international health insurance, which provided peace of mind. They appreciated the quality of care and the friendliness of the medical staff. Regular check-ups and minor health issues were easily managed.

Challenges and Solutions

Language Barrier

Despite their language classes, John and Mary initially struggled with Greek. They joined language exchange groups and found that locals were patient and appreciative of their efforts to speak the language. They were also able to take advantage of apps that could translate both spoken and written words and phrases. Gradually, their confidence grew, and they could handle more complex conversations.

Banking and Currency

Opening a local bank account was more complicated than expected. They relied on their U.S. accounts and used international debit cards to manage their finances. They also monitored exchange rates to optimize their spending. Over time, they found a reliable local bank and established a basic account for everyday expenses.

Legal and Bureaucratic Hurdles

Navigating Greek bureaucracy was challenging. They hired a local consultant to assist with paperwork and legal requirements, which streamlined the process significantly. They contacted the U.S. Embassy and provided information to “register” their stay in case of unforeseen circumstances. This proactive approach helped them avoid potential legal issues.

Social Integration

John and Mary made a conscious effort to integrate into the local community. They participated in:

- **Local festivals and events:** Engaging in cultural celebrations helped them build connections.
- **Volunteer work:** They volunteered at a local animal shelter, which provided a sense of purpose and community.
- **Expatriate networks:** Joining expat groups offered support and friendship, making their transition smoother.

Through these activities, they forged meaningful relationships and felt more connected to their new environment.

Reflection and Advice

John and Mary's six months in Greece were transformative. They learned valuable lessons that they shared with others considering a similar move:

1. **Research thoroughly:** Understand all aspects of living abroad, from cost of living to healthcare.
2. **Prepare financially:** Budget accurately and plan for unexpected expenses.
3. **Learn the language:** Even basic language skills enhance the experience.
4. **Embrace the culture:** Be open to new experiences and integrate into the local community.
5. **Seek professional advice:** Legal, financial, and healthcare advice can prevent common pitfalls.
6. **Climate change:** Summer has become much hotter, so they are going to try off-season next year for cooler temperatures *and* lower costs.

Their experience taught them the importance of being open to learn and adapt. The experience was very positive, but they encountered challenges and viewed them as opportunities to grow and adapt for the next year.

John and Mary's adventure in Greece demonstrates that with careful planning and an open mind, retiring abroad can be a fulfilling and enriching experience. The rewards of cultural immersion and new experiences far outweighed the challenges.

The couple plans to return to Nafplio next year, eager to continue their journey of exploration and discovery. They have made a second home in Greece, blending the comforts of familiarity with the excitement of the new, and have become living examples of how retirement can be a time of vibrant and meaningful adventure. •CSA



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