

Cover Story

Why US baby boomers are retiring in Latin America (+video)

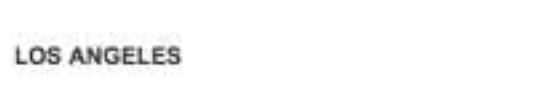
Places such as Mexico, Panama, Costa Rica, and Colombia attract record numbers of American seniors as they look for good – and affordable – places to live.

By Daniel B. Wood, Staff writer / December 1, 2013



Former US Marine James Cumiskey is seen on one of his coffee farms near Medellín, Colombia. Courtesy of Christian Gonzalez/CIMA Coffee Farms

Enlarge



LOS ANGELES

After 20 years in the US military, James Cumiskey was divorced and looking for a change. Reluctant to his buddy's request, he flew to Medellín, Colombia, for a visit. He looked, he saw, and, by dinner time, he decided to stay. Permanently.

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"After four to five hours, I was immediately captured by everything I saw," says the ex-marine, who has lived in 35 countries. He spent the next four months selling two homes, three vehicles, two motorcycles, and one airplane. He put the money aside and decided to retire early.

Now he lives in a posh section of the mountain city of 3.8 million, surrounded by lush vistas. He married a Colombian woman, started a coffee export business, and seems to get goose bumps every time he thinks about his new life. "I tell you honestly I have had more fun here in the past four years than in the previous 50," he says.

Mr. Cumiskey's story is being repeated thousands of times – minus perhaps the sale of a personal plane – as more and more Americans retire to countries all over Latin America. Lured by sun-dappled landscapes and cheap living costs, they are settling in culturally vibrant towns in central Mexico, beach communities in Costa Rica, high-rise enclaves in Panama, and mountain retreats in Nicaragua.

Even Medellín, once the drug and murder capital of the world, has transformed itself into something of an urban showcase, attracting baby boomers to a place where cocaine kingpin Pablo Escobar used to carry out his ruthless craft.



RECOMMENDED: Four who live south of the border

Though the phenomenon of Americans retiring in Latin America began 25 years ago, it has accelerated in the past five to 10 years. Call the region America's new "Sun Belt."

"Thirty five years ago, this idea was truly on the far fringe – that if you thought about retiring out of the US, you were labeled 'renegade' or 'strange' or 'weird,' or 'over-adventurous,'" says Jennifer Stevens, editor of International Living magazine. "Now it is much more acceptable, desirable, and even normal to do this. It's a huge trend."

The exodus south is being driven by a confluence of factors. The baby boom generation – the largest in history – is reaching retirement age, and millions are looking for places to spend the next phase of their lives. As the most educated, well-traveled, and adventurous generation in history, many of these boomers are deciding to retire outside the country – including in Latin America.

They're also looking for places that will allow them to stretch their 401(k)s after they lost a lot of money in the last stock market collapse. With the US economy remaining so tentative, and health-care costs so aggressive, retirees want to live where they can afford greens fees and where a trip to the emergency room won't bankrupt them.

"A lot of people are saying, 'I'm tired of worrying about my retirement years,' so they are beginning to ask questions and go in search of great deals ... and they are finding them," says Kathleen Peddicord, founder of the Live and Invest Overseas publishing group and author of "How To Retire Overseas: Everything You Need to Know to Live Well (for Less) Abroad." She says that many are taking advantage of what she calls the "perception gap" – the idea that countries such as Colombia and Nicaragua are still thought of as countries with huge problems of drug violence even though the violence has largely been erased. One other factor: In the age of Skype and FaceTime, meaningful contact with children and friends, no matter where one retires, is now only a finger tap away.

While living in Latin America isn't for everyone – crime, cultural differences, and even phone connections can be problematic – is it any wonder that Naples, Fla., and Flagstaff, Ariz., are no longer America's only leisure-years Shangri-Las?

Jeanne Mendez was drawn by the views of three volcanoes and the "gentle pace of life." After her husband died in 2004, Ms. Mendez went on a yoga retreat held on the shores of Lake Atitlán in Guatemala. She ended up building a circular home in Santa Cruz, a village that borders the expansive 50-mile lake.

Mendez, who for 20-plus years worked in finance in New York City and then for Microsoft in Seattle, now has to board a small boat to get groceries from a local market, which is part of the charm. "For a person who used Excel spreadsheets for every decision," she says, "it was an unusual decision [to move here], but it was a powerful urge for me."

Mendez represents another dimension of the surge of Americans southward: Many of them are settling in countries other than the usual haunts. For years, Americans have been retiring in Panama, Costa Rica, and parts of Mexico. Many still are. But now a growing number are also exploring Honduras, Nicaragua, Guatemala, and other countries not often mentioned in retirement brochures.

What makes Guatemala attractive to retirees, for instance, is not only its enviable views but its cheap costs, even relative to other Central American countries. A house that would go for half a million dollars in Costa Rica or Panama can be found or built in Guatemala for \$250,000, according to Armand Boissy, a real estate agent and developer who has lived in the Lake Atitlán area for the past 25 years.

Patricia and David Bibb, both artists in their 80s, decided to settle near Lake Atitlán after searching for places in Belize, Honduras, and other parts of Guatemala. "It was as beautiful as Hawaii," says Ms. Bibb, who has lived in North Palm Beach, Fla., and Georgia.

The couple renovated an existing home, doing some of the work themselves, since he is a master woodworker and she is a ceramic artist. They have three grown children and three grandchildren in the United States whom they see four or five times a year. But they have no plans of returning. "We consider this our last home," says Ms. Bibb with finality.

To a certain extent, the move south by Americans is just part of a larger trend of retirees settling in places all around the world – from France to Thailand to craggy New Zealand. When Ms. Peddicord launched the Live and Invest Overseas publishing group in 2008, she had 10,000 subscribers the first year. Now she has more than 200,000.

But Latin America is drawing a particularly large number of expatriates, both because of its proximity to the US and because of the relative inexpensiveness of many parts of the region. While no one knows the precise number of retirees living in the area, signs suggest it is substantial – and growing:

- *The number of Americans receiving Social Security checks in Central America and the Caribbean – one gauge of how many people live outside the US – rose 26 percent between 2005 and 2012, according to the Social Security Administration. It jumped 112 percent in Panama and 32 percent in Costa Rica.
*The number collecting US Social Security checks in South America increased 48 percent over the same seven-year period, to 22,019. It rose 87 percent in Colombia and 47 percent in Ecuador.
*Mexican officials estimate that more than 1 million US-born citizens now live in Mexico – up from 360,000 in 2000.

"There are 20,000 Americans just here in Lake Chapala and more in Guadalajara," says Thomas Heller, a real estate agent who grew up in Washington State and married a woman from Mexico he met while studying there.

The Mexican states of Jalisco, Guanajuato, and Baja California have traditionally served as destinations both for tourists and retired Americans. But Mexico City has become a magnet for American migrants, too, as security and quality of life have improved in the city.

In Jalisco, the number of US citizens over age 55 more than doubled between 1990 and 2000, increasing from 2,480 to 5,918. The number has expanded far more dramatically over the past decade. "We have the best weather in the world, Wal-Mart, Home Depot, and very good medical care," says Bruce Newby, the president of the American Society in Guadalajara, Jalisco's capital city.

Mr. Newby, a lawyer who grew up in Indiana and later lived in California, first came to Jalisco to visit a friend who had moved there. He soon decided to relocate himself.

"The restaurants are wonderful, cheap, and very good," says Newby, sounding like a one-man chamber of commerce.

Newby won't get any arguments from Diane Golz. When she and her husband were first considering retiring, they bought numerous books and did extensive research on where to settle outside the US. The couple from Georgia finally decided on the Guadalajara area, buying a house near Lake Chapala, in part because it was so close: They could simply put their dog in the car and drive down from Atlanta. Now the two of them can also easily fly to visit their children in other parts of the US.

Besides, says Ms. Golz, the food here "is not at all like Taco Bell."

While many people are moving to Latin America permanently, others are choosing to live there a few months of the year. For these people – mainly "snowbirds" – the region has become the new Florida.

Take Jay and Kathleen Snyder. Grandparents of six, they now divide their time between Landgrove, Vt., and Granada, Nicaragua. In 2005, after 40 years of running an inn in Vermont, the couple decided they wanted a change and a little more sun.

"It was as though I could hear a voice saying, 'Go south, old man,'" says Mr. Snyder. He visited Nicaragua and enrolled in a Spanish-immersion program.

The Snyders are now doing in Nicaragua what they've long done in Vermont: beckoning others to come stay. They made an offer on a piece of land in Granada and, finding out no such thing as a rental-management program existed, built a set of condos and started one themselves.

"If it works for me, I figured, it'll work for others just like me," he says. "Something like, build it ... and the retirees will come."

The transition has not always been easy. Snyder has been unnerved at times by Nicaragua's political vicissitudes. In 2001, when he made his first trip to the country, the real estate market was booming. By 2005, it had slowed considerably. A pullback ensued after Daniel Ortega, the former firebrand Marxist who now espouses a mixture of Socialism and free enterprise, was elected president in 2006. But the fears subsided, and his condominiums kept selling.

Nicaragua also may not be the place for people expecting Trump Tower living conditions. Many deliveries Snyder gets are still by burro and cart. The architecture is what he calls "original." But that's what Snyder likes about living there: a rustic existence that echoes life from another century. "This isn't a place like Costa Rica, where huge developers and resorts have come in and done their own thing," he says.

It's not just retirees who are taking advantage of the appeal of Latin American countries. Kent Davis, who grew up in Hawaii, moved to Panama when he was 27. Now, six years later, he calls his life in the country "fantastic." Mr. Davis, the founder of the real estate firm Panama Equity, says homes there aren't necessarily any cheaper than they are where his mother lives in Richmond, Va. But the cost of doctors, dentists, and car repairs is about one-fourth what it is in the US.

The lifestyle is vibrant, too, even for young people. He attributes part of that to the diverse expatriate community – one made up of people not just from the US, but also from Colombia, Venezuela, and Canada. The migrants busy themselves with activities ranging from book clubs to singing groups to scuba diving.

Young expats, he says, like to surf and barbecue. Retirees tend to go to restaurants and tap into a growing, if nascent, arts scene. They might volunteer to teach math, English, or basic computer skills. "Nobody leaves here because they are bored," he says.

One reason so many American expats are settling in Panama is the incentives. While governments throughout much of Latin America are now trying to lure Americans, Panama's was among the first and most aggressive to target US baby boomers. A series of laws over recent administrations created the pensionado program, offering foreigners lifelong residence in Panama if they prove they receive a monthly pension of more than \$1,000. Foreign-earned pensions are not taxed by the Panamanian government.

In addition, so-called jubilados (retirees) receive a one-time exemption of duties on the importation of household goods and a wide array of benefits. This includes 50 percent off entertainment; 30 percent off bus, boat, and train fares; 25 percent off monthly energy bills; as much as 50 percent off hotel stays; and 15 percent off hospital bills in some cases. It's one of the best retirement programs in the world, according to International Living magazine, which rated Panama at the top of its annual "global retirement index" six years in a row.

"I had to look for a place where I could afford to retire, and actually retire and not have to keep working," says Clyde Coles, a 26-year veteran firefighter from Corpus Christi, Texas, who injured his neck in the job and couldn't carry out his duties anymore.

His solution: a tiny beachfront town about 90 minutes outside Panama City, where he and his wife purchased an older home on an acre of land. They live on about \$2,500 a month. For the couple, the biggest draws were Panama's lower cost of living, its retirement benefits, and good health care at a fraction of the cost in the US.

Inexpensive but good quality medical care is a major reason many retirees are settling in parts of Latin America. Many talk of trips to the doctor that cost only \$15 and of medical treatments that cost one-third of what they do in the US. Many countries also allow foreigners to enroll in their national health-care programs.

Andy and Fran Browne of Charlotte, N.C., both lost their jobs during the 2008 recession and were swamped by their private health insurance policies, which were costing them \$1,800 a month. (They were still too young to be eligible for Medicare.)

A planned Memorial Day vacation to Costa Rica turned into a reconnaissance mission. The couple moved there a year later, eventually settling in the beachfront community of Playita Hermosa on the northwest coast. The Brownes now rent a four-bedroom home that offers them lusher sunsets over the Pacific. "By coming to Costa Rica our burn rate was extended 20 to 25 years," says Mr. Browne, referring to how long their retirement money will last.

Terry Zach, a retired media specialist at a San Francisco advertising agency, moved south for similar reasons. Facing retirement 14 years ago, he realized that he and his partner, who had no medical insurance, couldn't afford any place they wanted to go in the US.

So when his partner saw an article about Boquete, a town in Panama's highlands resembling Boulder, Colo., the two were intrigued. From the moment they arrived, "We knew this was it," says Mr. Zach. The small-town feel combined with the breathtaking nature and easy access to most modern conveniences, such as shopping malls and good hospitals, made it a simple decision.

The two now live well on about \$2,000 a month. They attend an English-speaking Rotary Club, a community theater, and a service offering free neutering to cats and dogs.

"We couldn't live like this in the US," Zach says.

Retiring outside the US certainly isn't everyone's idea of utopia. One of the biggest obstacles is a simple one: managing expectations. Some people think living in Ecuador, Panama, or Mexico will be the same as living in the US, only cheaper. It isn't.

As Zach notes, many countries in the region operate at a different rhythm. A less-frenetic pace can be good for retirees. But it can also mean slower service at a restaurant, notorious bureaucratic delays in getting land titles or driver's licenses, and scheduled dates with plumbers or carpenters that never happen.

"Mañana doesn't mean tomorrow," says Zach. "It means not today."

Americans are used to good roads, first-rate telephone and Internet service, and reasonable customer service. Moving south can be jarring. "The streets are bad and poorly maintained, there are no lights or signage, and parking spaces are nonexistent," says Cumiskey of urban life in Medellín.

Crime is a predominant concern. While levels of violence vary widely across the region – and the vast majority of expats settle in communities that are considered safe – retirees caution that it's important to know when and where to travel. Some thieves prey on foreigners. Drug violence remains a concern in parts of Mexico and other countries.

Mr. Coles, the retired firefighter, says that even though Panama is safer than Mexico and Ecuador, violent crime still exists and one has to take precautions. The judicial system, he adds, is notoriously inefficient and ineffective.

Sara Laing can sympathize with that. Eight years ago, she bought 17 acres of unspoiled land on a mountaintop in Santa Rosa de Copán, a city in western Honduras. Ms. Laing, a savvy world traveler who had lived in 20 countries as a volunteer and mental-health professional, moved because she had tired of retirement life in Sarasota, Fla., which mostly consisted of going to concerts and theater productions.

"I wasn't living life," she says. "I was just watching it."

In Santa Rosa de Copán, she teaches English and other classes at two village schools and enjoys her veranda, which offers stunning views of the woodlands.

But one day two men with guns tied up a man who cares for her home and then ransacked the house while she hid in a closet. The incident, combined with the distance she lives from her grandchildren and the inability to live in Honduras on her Social Security income of \$760 a month, is prompting her to return to the US.

"I am sad," she says, "because I love it here, and I do think it is one of the most beautiful countries. I want to see it flourish."

Language can be another barrier. Many Americans have settled in areas with large expat communities or ones that cater to outsiders, and they can get along without learning Spanish. Newby, for instance, says that most of the American retirees he knows in Mexico's state of Jalisco don't speak Spanish fluently.

"They don't need to," he says. Most people "retire here because the weather is great, not because they studied Spanish in college."

For others, learning the native tongue and local customs can take time, but is usually worth the effort. "In your daily life, you can go a long time without speaking Spanish, but it's much easier if you do," says Joel Moskowitz, a lawyer from Malibu, Calif., who, with his wife, Anna, moved to Roatán, one of the Bay Islands that is part of Honduras.

RECOMMENDED: Four who live south of the border. Still, for all the challenges of retiring in America's new Sun Belt, many expats see the advantages far surpassing the disadvantages. Consider Cumiskey and his fondness for Medellín. He likes the city's predictable climate. He likes the shopping malls, the antique stores, the nightclubs. He likes the vegetation and the views. But, most important, he likes the people. "They have one of the highest poverty rates in the world and yet the people are not at all depressed," he says. "They are completely happy all the time and that is very, very cool and appealing to me."

* Contributing to this report were Seth Robbins in Tegucigalpa, Honduras; Lomi Kriel in Boquete, Panama; and Nathaniel Parish Flannery in Mexico City.

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