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# Exotic — yet sensible



Bill and Nancy Kanz of Orient Point walk along the beach near their part-time home in Nosara, Costa Rica.

Retiring south of the borders can offer a taste of paradise and a way to stretch the dollar

**B6-7**

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## Tropical and economical retirements in Latin America

BY JILL HAMBURG COPLAN

**T**he howler monkeys' chatter in the jungle beside their window wakes Bill Kanz and his wife, Nancy, every morning during the seven months a year they spend in their house-on-stilts in Nosara, Costa Rica. It's a far cry from their alarm clock back in Orient Point.

Here the two 63-year-olds ride their motorcycle

down the mountain to the beach, where small fishing boats troll, passing parrots and iguanas, anteaters and wild guinea pigs. They buy freshly slaughtered meat at a small stall. They ride horseback. They love the spring-like summers and the lush, green winters. And for the remaining five months, Bill, a retired teacher, and Nancy, a homemaker, are back in Orient Point. Nancy said it's a healthy, outdoor lifestyle without processed foods (once anything's imported, it's expensive). Instead, they eat lots of fresh pineapples, plantains, star fruit, yucca and melons.

When they bought the Caribbean-style, two-bedroom house with a wraparound deck 14 years ago, "it was a remote, wild area," said Bill, a former Southold high school computer teacher who retired in 1996. Then, mountainside homes like theirs could be had for around \$50,000; now they fetch between \$200,000 and \$400,000, the couple said.

### A tropical paradise

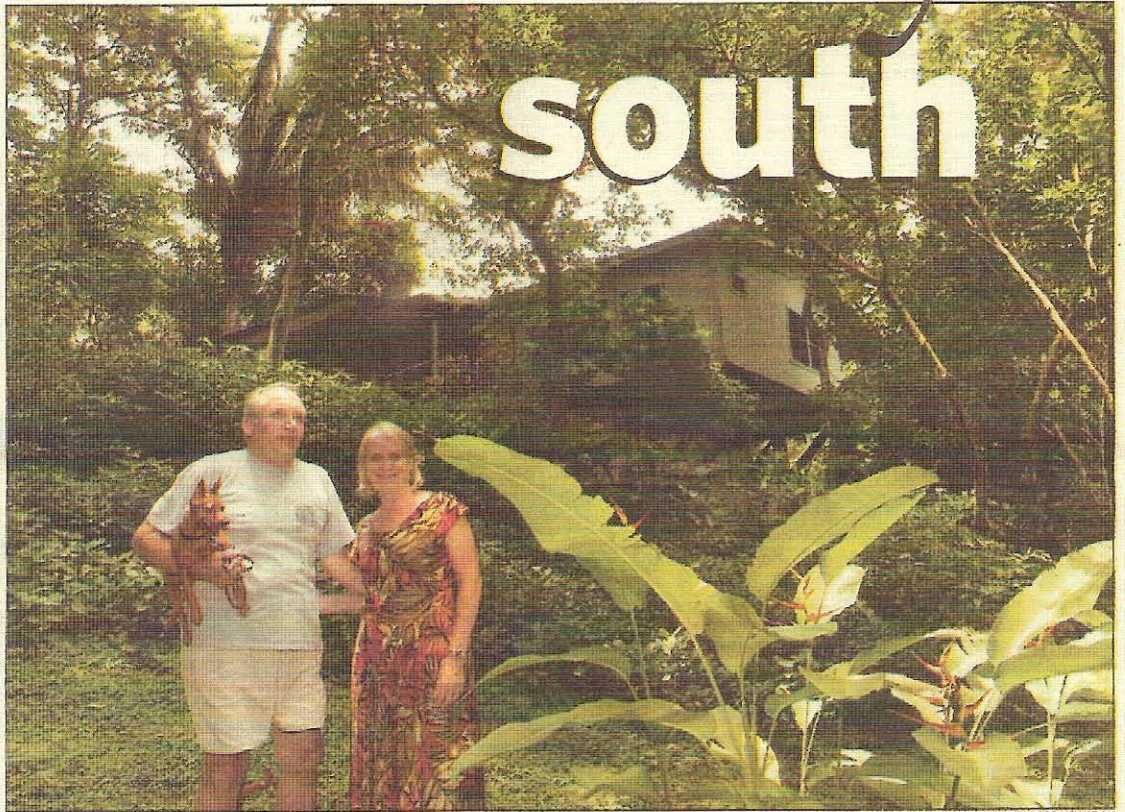
Their retirement home is just a 20-minute flight from the capital, San Jose, and five hours (and \$500 roundtrip) from JFK. Today's Nosara has restaurants, hotels and a trendy, New Age flavor — yoga, meditation and massage centers abound.

Robin Williams and Woody Harrelson have vacation homes there.

Like many of the 700-odd North American and European expats living around Nosara, the Kanzes have mixed feelings about all the growth. But better infrastructure means their two sons and new grandchild can visit more easily, and they do.

Even with all the modern touches, the living is still cheap: good car mechanics charge \$5 an hour; a well-built, 2,000-square-foot home can be bought for as little as \$40,000. A good dinner costs \$10 a person and full medical coverage of a quality some call excellent can be had for \$500 a year.

Some foreigners come to



Bill and Nancy Kanz, of Orient Point, at their 7-month retirement home in Nosara, Costa Rica, on the northern Pacific coast.

Costa Rica for cheaper surgery and dental work. The Kanzes said they can have most any procedure done well by an "English-speaking, well-trained doctor" in the capital, San Jose.

But the big draw, the Kanzes said, is their fellow expat retirees. "We're usually out every night, sitting with people at restaurants, even though you didn't plan it," Bill Kanz said. Being in a foreign country, he said, tends to bring expats together in a close-knit social scene that's welcoming to newcomers.

A few adventurous Americans have always chosen foreign retirements, but recently, the trickle has turned into a rush, according to experts like John Howells, author of a series of books about where to retire.

(New editions of his "Choose Costa Rica" and "Choose Mexico" will be out next year.)

Easy telecommunication and more daily direct flights have helped speed the trend, and the spreading of peace through the region has made many countries once torn by war suddenly look like paradises.

### Mexico: retirees' destination

The top spot for retiring expatriate Yanks is Mexico, home to 50,000 of them, according to Howells. There already are about 20,000 in much-smaller Costa Rica, Howells said in an interview, up from just 5,000 when he first began writing about the country in the 1970s.

Howells figures you can live in Central America on half —

or perhaps two-thirds — of costs in popular retirement spots in the United States. And get a lot for your money.

"You could also retire in Arkansas or Oklahoma for very little, but living in Mexico or Costa Rica on a fixed income gives you a much higher quality of living," Howells said. "For \$1,500 a month you have a full-time maid and gardener, and you live in a much nicer place."

A full-coverage government medical plan costs \$500 a year in Costa Rica, and there's a private system as well — many foreigners use both. Howells said he's never encountered anti-American sentiment, and English is widely spoken.

To be sure, there's a significant cultural gap. "You ask

someone to fix your plumbing and, if they show up, it's three or four days later," Howells said. "You go through one regulation after another if you need your car inspected."

### Some don't like it hot

Some people can't adjust to the slower pace and bureaucracy. About one in five who give Costa Rica a try end up packing their bags, he said. Some people — and Kanz is one — label Costa Rica as Central America's "safest country." It has no army and has had no insurrections since 1948. Kidnapping is unheard of and, though there is some thievery, most of the crime seems to be confined to a few districts in the capital.

The appeal of fine weather

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has long been the lure for the middle-class and affluent retiree, especially those who love to travel. Britons, for instance, have long preferred to emigrate to southern nations, and, in fact, about one in 10 now live outside the United Kingdom.

For New Yorkers, the Caribbean and Central America are easy trips. And, unlike some expat destinations in Europe and Asia, there are fewer restrictions about outsiders establishing residency or buying property.

But places priced lowest — Nicaragua and Honduras, for example — often lack amenities such as golf and tennis. Depending where you go, the basics may be absent, too: good medical care, paved roads, regional airports, even reliable phones.

Some countries offer a "pensionado," or pensioners' incentive program, to promote expat retirement (and attract retirees' funds into local banks). Costa Rica had one but repealed it; Belize, another popular Central American expat destination, introduced one in 1999 for those 45 or older who can demonstrate monthly income of \$2,000 or deposit \$24,000 annually in the country. Those who qualify can

tours to Panama, Costa Rica and the Caribbean for retirees considering relocating, with guest lectures on legal, medical, health-care and cultural topics and cocktail parties with expats who've taken the leap.

Tours range from about \$1,400 to \$1,900, including airfare from Houston or Miami. Burke makes a commission when clients buy property.

#### The IRS follows

Though you can escape from snow and overpriced real estate, you can't hide from the IRS. The only way to avoid taxes is by renouncing your United States citizenship, a drastic measure that could "bar you from ever returning, even for a visit," says Steven Chill, a trusts and estates partner at Golenbock, Biseman, Assor Bell & Peskoe LLP in Manhattan. If you remain a citizen, you'd continue to pay U.S. taxes wherever you live, and, in most foreign countries, your Social Security income will be taxed as well. (It's not taxed in the States, unless you have other substantial income.)

But most countries won't charge taxes on income from a private pension, your investment portfolio or an inheritance. If you do buy property outside the United States, Chill advises you to consult with an international tax adviser and consider having a second will drawn up because laws regarding property and inheritance differ elsewhere.

The Kanzes wouldn't trade any of their retirement existence. They do miss their favorite bookstore — Borders in Riverhead — and they miss seeing more of their growing family, but they did fly back in April for the birth of their first grandchild.

Oh, yes, they miss the daily New York papers, but they get a kick out of the news from Canadian, Dutch and Australian services. Here in this land of mellifluous language they don't miss the "screaming heads" on American television shows. In a land where you listen for the burp of a tree frog on the road, Bill Ganz especially says he doesn't miss the roar of the LIE one bit.

Jill Hamburg Coplan, a frequent contributor to *Newsday*, can be reached via e-mail at [hamburgje@aol.com](mailto:hamburgje@aol.com).



AP PHOTO FOR NEWSDAY

#### The Kanzes, overlooking the beach

import a car and household appliances duty-free and are exempted from all Belize income tax.

Panama also offers discounts to eligible expats (ages 55 and older, meeting income limits or other requirements) that cut the cost of doctor visits, taxis, movies and domestic airfares in half.

#### Where to begin

Like the idea but don't know where to begin?

A few retirement tourism companies specialize in giving North Americans an overview of such options, usually a week-long trip in a single country.

Lyle Burke, president of Tropical Pathways in San Antonio, Texas, runs one-week specialty

# Other destinations

**C**osta Rica not for you? Then take a look at these other retiree hot spots:

#### In Panama, a touch of Aspen

Long a tax-haven for foreign banks, Panama City is home to more than 150 financial institutions and hundreds of multinational businesses, giving it a sophisticated cosmopolitan flavor. Until the hand-over of the Panama Canal in 1999, 50,000 American troops lived here, too. Now, the climate, good infrastruc-



AP PHOTO

#### Boquete, Panama, lies near a dormant volcano.

ture and plentiful real estate deals — including a number of new golf course developments — are attracting retiring Americans.

Some foreigners are eyeing Panama City's modern high-rises on the ocean, particularly the *Paifia* area, close to restaurants and transportation; a high-end, two-bedroom apartment sells for \$125,000 to \$175,000.

Outside the city, the talk is of *Boquete*, a mountain town surrounded by pines and a dormant volcano — "Aspen in summer year-round, without the expensive boutiques," said Lyle Burke, who runs Tropical Pathways, a tour agency headquartered in San Antonio.

Several hundred resident expats live there, near old coffee plantations, canyons, rivers and hiking trails. New gated developments are designed for foreign retirees, and Burke says the town would be a good choice for birders, gardeners and hikers. It's also Panama's flower capital and hosts a big annual orchid festival. Boquete is a \$50 flight to Panama City and a 45-minute drive from the regional capital town, David, where you can find Costco, auto dealers and a hospital.

**Tip:** Panama's pensioners' program offers resident expats 50 percent off closing costs on home loans, as well as property tax abatements for 20 years. Medical care costs \$1,500 a year (then you split the cost of treatment with the government, 20 / 80), and the doctors expats are likely to encounter will probably have gone to a United States medical school or done their residency here.

#### Keeping their cool in Mexico

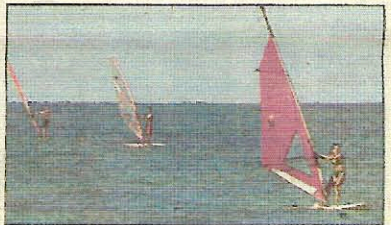
The mother of Mexican expat retirement communities is *San Miguel de Allende*, a chic, 300-year-old, beautifully preserved Spanish Colonial town. Surrounded by rugged mountains, it started as an artists' colony, now housing 3,000 Americans and many more expats. Observers say it's hard to get a bargain there.

That's where *Ajijic* (a-HEE-heek), near Lake Chapala in the cool highlands, comes in. Rainfall is sparse, though winters are green and spring-like, and the town has cultivated tropical vegetation. It's temperate, sort of Lake Tahoe-in-summer all year round, said author John Howells, who keeps tabs on the expatriate market.

**Tip:** For \$50,000 you can buy a modern, Mexican-Colonial style or a home near a golf course in a gated community. About 5,000 North Americans have discovered the Lake Chapala region, experts say, and they've established their own library-social center.

#### The Dominican market

This second-largest island in the Caribbean — a four-hour car ride from top to bottom, the size of South Carolina — is coming into favor, and not just with New York retirees who grew up in the Dominican Republic. New Yorkers are drawn by the weather, the dollar's power, and quick (3½-hour) flights to Santo Domingo, a modern capital city with malls, movie theaters and a ballet. Radio Shack, Outback Steakhouse and many other familiar companies also ease the culture shock, said John



#### Cabarete Beach in the Dominican Republic

Schroder, president of Ascot Advisory Services, a relocation and financial planning firm there.

"Most retirees like to be near medical and shopping facilities, so they favor the more urban areas," he added. Some do choose tourist resort areas near the beach — *Punta Cana*, for example — with golf courses. Real estate prices in both urban and resort areas tend to be lower than in Costa Rica. A new development 20 minutes outside Santo Domingo, for example, is offering 1,700-square-foot homes with American-quality finishings for \$45,000.

Residency can be a bit complicated, though not prohibitively so. Applicants must go through a local medical exam, be guaranteed by a Dominican citizen (attorneys often fulfill this role) and have a letter of good conduct from their hometown police department. They also must prove they're economically solvent, which is usually done by getting a \$14,000 Dominican bank CD. Residency must be renewed at one- and then two-year intervals.

**Tip:** Convert \$50,000 into local currency and invest it through a local bank, advised Schroder. At current Dominican-peso interest rates (about 22 percent), he said you can generate enough income to live a comfortable, middle-class lifestyle with a doorman apartment and a private parking spot.

— JILL HAMBURG COPLAN

## Web exploring

#### Explore from your armchair

Without leaving your home computer, read pages of essays on retiring worldwide at [www.escapeartist.com](http://www.escapeartist.com).

For how some countries tax expats, see [www.ailo.org](http://www.ailo.org) (choose "Public Information," then "IFA sales aids").

The tourism-real estate company's site, [www.internationalliving.com](http://www.internationalliving.com), offers useful overviews of the latest retirement destinations on the radar (amid many sales offers).

For advice on choosing a mover, renting furniture and the like worldwide, try [www.expatsexchange.com](http://www.expatsexchange.com).

Finally, after completing initial research, visit the destination, many retirees say. Start with a holiday trip, then rent for a month or two. Ask the local expats to guide you if you decide to buy.

— JILL HAMBURG COPLAN



AJIJIC TOURISM BOARD/MEXICO TOURISM BOARD

#### Ajijic, which is in the cool highlands of Mexico