

The PanamaMundo Newsletter

Writing a Book

It has not been that easy!

More than eight months of hard work, interspersed with a number of busy projects, were needed.

But it is finally "published" and available for sale.

Although I have written research papers and policy documents all of my life, as a consultant, I have never undertaken a "full sized" book.

The hardest part was trying to write everyday. There were always a million reasons why I had to delay or procrastinate. Once a full week passes, it is difficult to remember what you wrote. So you start to re-write.

I think that the first 50% of the book was rewritten 10 times.

Writing about a subject that you think you know well is a very humbling experience.

You start to question your knowledge and understanding of every fact and so you are drawn into additional research on the internet and at the local book store.

This activity usually uncovers more information and views of value that have to be interwoven into the book's fabric. This often means more rewriting.

You start to question whether writing a book was such a great idea.

You continue to have difficulty settling on the "best title" even after the book has been written.

You send the book out to friends for their comments and suggestions but soon realize that not everyone enjoys reading or that people are really busy.

The best commentaries came from the least expected places.

But again, these insightful comments require more rewriting and restructuring.

But then you finally realize that writing the book was the easy part!

Now the hard work of marketing the book begins. You need to attract "book reviews" by influential persons.

You need endorsements from well known people.

You need to develop a "marketing plan" and an advertising budget.

You have to figure out how to print the book without going broke since this particular book has about 100 color photos.

When I first approached a



major company associated with Amazon, they said that my 250 page book would cost about \$100 per copy to print with their "print on demand" service.

Considering that the average distributor keeps 50% of the retail price, I would break even at \$200 per copy ... but of course then I would sell zero copies at that price.

So I found a good deal on a "wide format", laser 1200 dpi, printer and became my own publisher.

Now I have to learn a bit about the printing trade. How difficult could that be???

Also I need to purchase a "perfect binding" machine and a commercial "trimmer".

So ... that is why my flow of newsletters had all but "dried up" since last fall.

But ... I am back

Volume 2, Issue 2

Date: September 2005

Special points of interest:

- *Writing a book.*
- *Making your "number"*
- *Retirement Planning for Offshore Living*
- *Construction Costs*
- *Health Insurance Costs*
- *Turning \$41,000 into \$1,500,000*

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Making your "Number"

Did you make your "Number"?

If you do not even know what your number is then you may have to browse the latest best-seller book by Lee Eisenberg entitled "The Number".

This is the amount of money that you have to acquire to ensure that you will be able to enjoy a long and happy retirement without suffering a "lifestyle relapse".

Most financial advisers suggest that a minimum of \$1,000,000 is required in addition to your house equity.

They often fail to mention that only about 2% of the entire North American population reaches this level.

If you happen to be in the "lower 98%" by net assets, then making your number becomes a deadly serious matter.

My book "Retirement Planning for Off-shore Living" is dedicated to this 98%.

One alternative to working until you are 75 years of age is to "offshore" your retirement.

With an "offshoring" solution you will be able to easily trim 75% or even more from your required "net liquid assets". That should save some time!

Imagine how that would surprise your financial planner, let alone your spouse!

Offshoring your retirement means moving to another country.

Simply moving to a smaller town in your own country will only save you a maximum of 25% from your present budget.

This is a good beginning but it may not be radical enough for those people who have delayed their savings and/or who did not always make the most prudent investments.

This is the ultimate "start late, finish rich"

scheme. Could you deal with it?

In fact, Eisenberg's book suggests that you may have to save considerably more than a measly \$1,000,000 in liquid assets to have a life that is even remotely approaching one of indolence.

The "millionaire lifestyle", that many might aspire to, now costs more like \$3-4 million in "liquid assets" plus an extra pension plan.

Sorry about that, but the bar has been raised!

What do you think has been happening to the price of real estate along the best beaches of North America?

But don't despair. It is still possible to live this lifestyle on a pauper's income but not

liquid assets without house equity. We did not even come near this number WITH our house equity.

In fact we barely approached half of this number with our house equity.



in North America or in Europe.

If you are still hoping to have a membership in a private Golf and Country Club then read on.

My wife and I did not come anywhere near the suggested \$1,000,000 in net

Yet, we will be living in our fully paid for, 6 year old, 2000 square foot, air conditioned, 4 bedroom house on a half acre of land right beside a beautiful sandy Pacific Ocean beach with water that remains at about 80 degrees all year long.

The beach is a 400 foot walk from our front gate.

Speaking of "gates" this is also a "gated resort community".

We will belong, as "full members", to a Tom Fazio 18 hole PGA Golf and Country Club.

We will be able to dine out several times a week in a "fancy" restaurant and then go home and swim in our own new in-

ground pool (the pool photo shown is NOT ours but belongs to a neighbor about 2 blocks away)!

That works for us.

The book gives you all the details and analytical tools.

“Retirement Planning for Offshore Living”

Check out my “book promo” at:

[http://](http://www.panamamundo.com/book_promo.htm)

[www.panamamundo.com/
book_promo.htm](http://www.panamamundo.com/book_promo.htm)

It is a 248 page book (8.5”x11”) focused on the advantages of living and retiring “offshore”. It uses Panama as a standard for comparison.

The book does NOT recommend that everyone should move to Panama. Rather it suggests that most people should have a contingency plan just in case they discover that their best laid financial plans are not working out as well as expected.

Or perhaps they have encountered a “bump in the road” and their future source of income is at risk for whatever reason.

The book talks about Panama as a



great place to start a “second dream career” at much less risk than in a developed country such as the USA or Canada because of lower costs for rent and labor.

There are many other countries where one could retire at even lower cost than in Panama such as Ecuador, Uruguay

or Thailand. Every country has its advantages and disadvantages.

The main message is that struggling to save \$1,000,000 in liquid assets in addition to house equity is a target achieved by less than 2% of the North American population.

If you are having difficulty joining this “elite group” then consider the alternatives!

Relax

Retire and live offshore at 25% (or even 10%) of the cost with the same lifestyle in a developed country and with fewer financial and medical risks.

This worked for myself and my wife and has for at least another million or so “expats” living in low cost developing countries around the world.

International Health Insurance Costs

Medical and health care costs represent the greatest risk for people retiring in North America.

I recently signed up for an international health care insurance that is good in any country of the world, including North America (because I am still living in the USA).

Once I move permanently to Panama, I will drop the “North American” coverage ... since hospitals are just as good in Panama ... and my premiums will drop by 50%.

I decided to take a “high deductible”

policy (\$5000) because I have always been in good health.

The difference in premium costs (between a \$250 deductible and the \$5000 policy) can be invested in a mutual fund and pay for any “extras” or unexpected health events that could occur.

This insurance is good until I die although I had to take it out before age 65.

My monthly cost is less than \$200. After age 65 the premiums go up substantially, but by dropping the North

American coverage, my monthly premiums will remain at \$200 plus another \$100 for my wife.

Remember, a visit to the local doctor costs \$5 and most proprietary medicines cost about 25% to 40% less than in the USA. The local clinic is open 7 days a week. The local pharmacy, where we will live, is open 24x7.

Dental costs in Panama are about 20% of the average North American prices.

This compares well with an estimated budget of \$15,000 in the USA or higher marginal taxes in Canada.

The Costs of Construction

As reported earlier, the cost of good residential construction in Panama is about \$25 per square foot if you supervise it yourself. It is almost double this amount if you engage a “contractor” which will still require some supervision and often extra cost if you change the plans.

It costs an average of \$20 per day for a skilled construction worker.

I purchased 3000 hours of labor of

which about 75% was “skilled” for an amount of \$7000 in the summer of 2005.

I was extremely impressed by the quality of work and the “dedication” of the workers. I have engaged construction teams all over the world and the Panamanians were in the top 5 percentile without any doubt.

Plan your dream house and build it yourself!



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PanamaMundo will provide a variety of information on living and retiring in Panama.

This information will be available through this Newsletter, our web site, ebooks, videos, teleseminars and live seminars.

If you have any questions that you would like answered do not hesitate to give me a call ...preferably in the evening.

**More information on my new Website at
www.PanamaMundo.com**

How to Turn a \$42,000 Investment into \$1,500,000

If you take \$1,000,000 and invest it in an "annuity" in the USA you will receive \$50,000 per year (at 5%).

After normal income taxes of about 25% you are left with \$37,500.

After provision for inflation at an average rate of 2.5% you will have \$12,500 per annum or just slightly more than \$1000 per month left as "spendable" cash flow.

If you spend more, you will erode your capital base for future years.

Keeping this in mind, we are thinking about expanding our property in Panama.

We could take our existing house and close in the large roofed in "veranda". We could add a small private swimming pool of possibly 10'x20'. Total cost \$6,000

We could take the existing, detached, 500 square foot, open "studio" and add interior walls for a bedroom and add a private "dipping pool" of about 8'x12' and a large tiled outside terrace. Plus a small kitchenette, a shower and pri-



vacy walls for \$6,000 also.

Both of these buildings already have "central air".

Then we could construct a new house of about 1300 to 1500 square feet for

flow guaranteed against inflation (from appreciation and rental increases).

We would still have privacy on the back 50% of the property which backs onto the Golf Club.

The expected total cost of all additional construction and needed renovations would be \$42,000.

In this way, a \$42,000 investment is equal to the returns of an annuity costing \$1,500,000. Not bad!!!

It may even be better.

One dollar in Panama buys three times what a dollar in New Jersey buys..

Therefore, one could make the reasonable case that a \$42,000 investment in Panama is worth about the same as having a \$4.5 annuity and living on the Jersey Shores.



our own use, at the rear of the property. Our house would surround the swimming pool. \$30,000.

Using average rents, the annual income from long-term renters in the two available independent units would be about \$1800 per month or about \$1500 per month net net net.

This would be a "passive" cash

