

The PanamaMundo Newsletter

The Quest that Finally Ended

For more than 25 years my wife and I have traveled the world as veritable "global nomads" seeking the optimal place for early retirement.

We resided in many countries including Canada, the USA, the UK, France, Thailand, Singapore, Germany and Mexico.

We have "checked out" Costa Rica, Switzerland, Italy, Puerto Rico, Portugal, Greece, Romania and Austria, Chile, (among other places) on frequent business/ pleasure trips.

"Is this a "suitable" place for an early retirement?" Would it be possible to live here forever while maintaining our standard of living and life style?

On three occasions (Boca Raton, Florida, Kata Beach, Phuket and Puerto Vallarta, Mexico), we thought we had everything figured out.

In each case we were "wrong" for various reasons but also we discovered an even more "optimal" location.

This saga is not about indecision rather it is about gradually understanding our real needs and concerns. Particularly the looming long term risks of retiring in North America or Europe for that matter.

The main objective was to maintain and enhance our standard of living and reduce retirement anxiety.

We wanted some sort of "guaranteed standard of living insurance policy" without having to pay an outrageous price for an annuity or take out a risky "reverse mortgage.

The only locations that could provide such a "policy" were several "low cost" tropical countries where we could maintain and enhance our standard of living on 25% of our budget in North America.

Having "failed" three times, we finally checked out Panama. "International Living" had ranked Panama as the "best place in the world to retire" for 5 years running (including 2005).

Amazing! Panama had never even been on our radar screen.

To shorten a long story, we visited Panama twice and purchased a 4 bedroom, 4.5 bathroom, 2000 square foot house in Coronado in early 2005. We looked most everywhere from Panama City, to Taboga, and in the the mountains. The beaches won..

Our property is located just across the street from a spectacular Pacific Ocean beach. It backs onto an 18 hole PGA, Fazio designed



golf course and Country Club with full membership at \$145 per month and no initiation fee.

We paid about one third the value of a smaller 4 bedroom house in New Jersey. Our Coronado lot size is five times larger.

Our ANNUAL municipal property taxes EQUAL our NJ municipal taxes for ONE WEEK.

The same size house with similar access to a beautiful beach in Boca Raton Florida or at the Jersey Shore would cost in the \$1,000,000+ range and municipal taxes plus insurance would total about \$20,000 per annum.

We are fully convinced that our efforts have paid off big time.

No more Mr. Nomad.

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Special points of interest:

- *Looking for an optimal retirement location.*
- *A new ebook on Panama*
- *Understanding your worst case retirement scenario*
- *Construction costs in Coronado*
- *Health Insurance*
- *Teleseminars*

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Retirement Planning: Worst Case Scenario

On reflection, my primary strategy towards retirement planning over the years has been the "worst case scenario" approach.

At various times, I would try to sketch out my "worst case retirement scenario" given my expected long term cash flow and other personal preferences. As our fortune would change, I could quickly adjust the worst case scenario to accommodate an enhanced standard of living.

This approach was not based on a "pessimistic" attitude towards retirement, rather it was a realistic effort to consider a wide range of retirement risks given that I worked as an independent consultant and that I did not have a large "corporate pension plan" waiting for us on retirement.

Here are several scenarios that provide "bookends" to my range of possibility planning.

Scenario One

Imagine a couple average age 60.

They have managed to accumulate net liquid assets of one million dollars. They expect to have a total pension income of \$60,000 per annum from a corporate pension plan and Social Security.

For this couple, retirement planning has become a "defensive" exercise.

Their financial advisor has probably invested them in a balanced portfolio with 75% bonds and 25% stocks for long-term stability and capital protection.

While they must still make retirement decisions, their "worst case scenarios" include issues such as:

- What length and type of sailboat to purchase,
- How many weeks to spend in Europe each year, and

- Which country club to join .

Such retirement planning "problems" afflict approximately 2-3% of the American population today.

Scenario Two

Imagine a second couple with an average age of 60. They have acquired net liquid assets of "almost" \$150,000 and they expect to receive a total of \$15,000 per year in two years time from a small company pension plan and Social Security payments.

This second financial profile roughly fits about 50% of the American population. Apparently 65% of Americans approaching retirement age intend to continue working because they have to for ends to meet.

The average Financial Planner has little time or interest in such a client even if



they were prepared to pay the high initial consultation fees. With only a few years left before retirement, the financial planning options are rapidly diminishing.

This is where the "worst case retirement scenario" strategizing comes into play.

The limiting factor for Couple #2 is clearly the amount of liquid assets for investment and their anticipated long-term cash flow from pensions and SS.

What are the available choices, on the assumption that this second couple wishes to retire as quickly as possible while not wanting to outlive their assets

or reduce their present standard of living.

1. They could keep working until they are able to save enough money to provide the required net assets and/or their house appreciates and sell could sell it for the required cash.
2. They could stop working in two years and hope for the best and take part-time employment to supplement cash flow as needed.
3. They could move into a considerably smaller and cheaper house or apartment on the other side of town or perhaps further "down south" and plan to significantly reduce their living expenses
4. They could sell the house and move to a low cost country with "easy residency requirements" and where the costs of living are only 25% of their current budget for an identical standard of living.

These are all tough choices to make and this is not an exclusive list of solutions. Couple #2 could, for example, win the state lottery tomorrow and then their "retirement problem" would be just like that of couple #1. Bonne chance!

For my money, Option #4 has a great deal of merit because of its certainty.

It has an immediacy which is the essential aspect of "worst case" approaches. It is focused on the "here and now" and not on what might occur in several years. There is no room for hope or disappointment based on fantasy or dreams. That is why it is a worst case..

In a nutshell, if you were Couple #2 and you could identify a country that just happens to be very pleasant and enjoyable, safe, stable, and convenient and if this country were able to offer you a standard of living and lifestyle equal to or better than your current standard but with a 75% discount.

What would you do?

Construction Costs in Coronado

In the summer of 2005, I engaged an average of 10 construction and trades people for two months for a total of 3000 hours. In the past, I have completed a great deal of construction project management so I felt comfortable even though my Spanish was minimal.

My average cost for excellent construction workers was \$20 per day. I know that I overpaid but I was in a hurry and I did not want people leaving the project because they found a better job.

I estimate that I was able to save about 50% of the overall cost by acting as my own "project manager".

An \$11,000 pool cost me \$5,000.

The contractor price per square foot for a new, average quality house is in the \$45 to \$50 range and this estimate sometimes includes area that is not



entirely enclosed such as a porch or a terrace.

When I return to Coronado, next year, I will construct (as PM) a 1200 SF house

centered around the "backyard" pool. My budget is \$25 per square foot. It may even be less than this amount as I am now more aware of the best prices available and how to buy materials in bulk using a "builder's discount".

The costs per square foot of building a house in the mountains is probably more expensive than in Coronado although land is generally cheaper.

Medical and Dental Costs in Panama

In my opinion, medical and health care costs represent the greatest risk for people retiring in North America.

While health care may be "free" in Canada the high marginal tax rates more than compensate. In the USA, a prudent couple on Medicare should budget about \$15,000 per annum.

In Panama City, there are at least 5 excellent hospitals with first class facilities, the latest equipment. A brand new "Johns' Hopkins" hospital will open this year.

The average cost for most medical and

The total cost of my visit to a medical clinic in Coronado and consultation with an excellent English speaking doctor was FIVE DOLLARS for 15 minutes.

dental procedures is about 20-25% of the price in the USA with many being cheaper.

A very good medical policy for two with an average age over 60 would be in the

\$300-\$400 range per month depending on the "deductible" amount chosen.

Be sure to sign up BEFORE age 65.

Medications are generally cheaper than in the USA and often available over the counter without prescription.



Teleseminars and Live Seminars

Initial plans have been made to conduct a monthly teleseminar for people interested in retiring or investing in Panama. Cost will be \$49 per person.

I have now obtained preliminary agreement from 6 top professionals in Panama City representing large two real estate companies, a major legal firm, the top security firm, and experts in the full range of insurance and mortgage brokering.

Each teleseminar would be scheduled for a maximum of two hours and provide a great deal of time for participants to ask questions of the panelists.

I would moderate each session and ask panelists about their services and investment products offered before the question period would begin.

Interested participants could attend a "live" seminar in Panama City in January.



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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**

“Must Read” eBook on Panama Available Shortly

“How to Conquer Retirement Anxiety. A Guide for Living in a Low Cost Country Using Panama as a Comparison”

This ebook will be available in the month of September.

The book provides extensive country comparative information for people thinking about retiring in a low cost location.

While it does not focus exclusively on Panama it establishes Panama as the

best available “benchmark” today for comparison purposes for low cost retirement..

The book is entirely based on the author’s personal experiences having lived in many countries around the world while seeking an ideal retirement location.

Emphasis is given to the full range of “retirement anxiety” issues and the options available to deal with these issues while preserving your standard of living and enhancing your lifestyle.

The ebook will more than 200 pages of text plus at least 100 pages of new photographs. It will be available for downloading from the internet on the author’s website as well as from www.ClickBank.com.

Secure payment can be made by credit card through “PayPal”.

A hard copy of the book is planned for the end of the year and will be available through Amazon, Barnes and Noble among other book sellers.

