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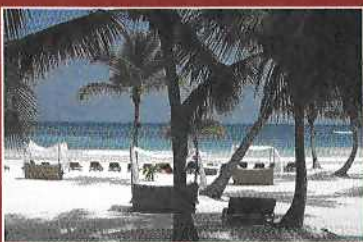
L I V I N G

SEPTEMBER 2006

VOLUME 26, NUMBER 5

REAL ESTATE

World-class beaches, signature golf courses, and affordable property: this Caribbean frontier is poised to boom...page 8



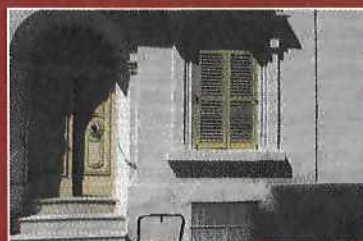
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2006 Annual Global Retirement Index

The world's top retirement havens

by Laura Sheridan

For the sixth year running...you guessed it... Panama comes out on top in our Annual Global Retirement Index.

Panama's top ranking again this year comes as no surprise to us...and shouldn't raise your eyebrows either if you've been reading these pages carefully in recent months and years. We remind you often of the advantages and attractions of the world's top retirement haven.

In brief: This country currently boasts the world's most appealing program of special benefits, discounts, and perks for foreign retirees (see below); it's easily accessible from the U.S.; its cost of living is low; its landscapes and coastlines are beautiful; its population is friendly and welcomes foreign residents and investors; and its capital city, Panama City, is without peer in the region. This is still the developing world, no question, but in Panama City you can enjoy all the amenities and convenience of First World living. A friend in the country for the first time as I write reports, "The grocery store where I shopped this morning is better than my grocery store back home in the States. It had everything... including special French cheeses...even French butter ...and an impressive selection of wines from around the world."



Photo courtesy of www.istockphoto.com

The idea of retiring overseas is not a new one. But the sheer volume of Americans due to retire is staggering. Today 38% of the U.S. population is over 50. By 2020, half the U.S. population will be over 50. Most Americans aged 41 to 59 say they'll move when they retire. In 1980 when Costa Rica introduced its famed *pensionado* program...U.S. retirees swooped in...and property prices began to soar. If you had bought a beachfront lot back then, that same slice of coast would be worth today 25 times what you paid for it. Today, the same thing is happening in Panama.

Panama's *pensionado* program is without serious competition worldwide. If you can document a minimum monthly pension of \$500 (plus another \$100 per dependent), you are eligible for a long list of perks, including:

- Import duty exemption for household goods
- Tax exemption to import a new car every two years

- 50% off entertainment anywhere in the country (movies, theaters, concerts, sporting events)
- 30% off in-country bus, boat, and train fares
- 25% off in-country airline tickets
- 50% off hotel stays Monday through Thursday

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Retirement Havens, continued from page 1

- 30 % off hotels stays Friday through Sunday
- 25 % off restaurant bills
- 15 % off at fast-food restaurants
- 15 % off hospital bills (if no insurance applies)
- 10 % off prescription medicines
- 20 % off medical consultations
- 15 % off dental and eye exams
- 20 % off professional and technical services
- 50 % reduction in closing costs for home loans
- 25 % discounts on utility bills
- 15 % off loans made in your name
- 1 % less on home mortgages for homes used for personal residence

But it's not just these benefits that are luring more and more retirees to this country every year. And it's not just *IL* staff singing Panama's praises. Most recently (June 2006), the *LA Times* reported: "Today, Panama doesn't seem at all like a banana republic. Visitors to Panama City will be instantly struck by the multimillion-dollar building boom that is transforming the capital's skyline with new office towers, hotels, condominiums and casinos."

Before I go further reviewing for you the final rankings of this year's Index, I want to make two points. First, no place is perfect. Every country, including Panama, has its drawbacks and downsides. We assume you realize this and point out particular disadvantages or challenges when appropriate but, generally, focus on the benefits each destination offers.

Second, numbers can be misleading... and ours, in cases, are subjective.

To prepare our annual survey each year, we begin by sourcing statistics on everything from Real Estate to Special Benefits, from Culture to Infrastructure, and from Climate to Health Care from official government websites and Interpol data.

We use the numbers we search out on the web as a starting point. Then we move from the Internet to the streets... for the real-life story. We ask our correspondents and contributors living and spending time in each country included in the Survey to review our compiled data...and to give us the real scoop. Roving Euro Editor Steenie Harvey, for example, had this reaction to the original Climate numbers: "Poland has a better climate than Cyprus? Tell THAT to the Poles!"

We adjusted accordingly...not only the Climate figures for Poland and Cyprus...but nearly every figure we'd collected in our Internet research, based on feedback from our in-country

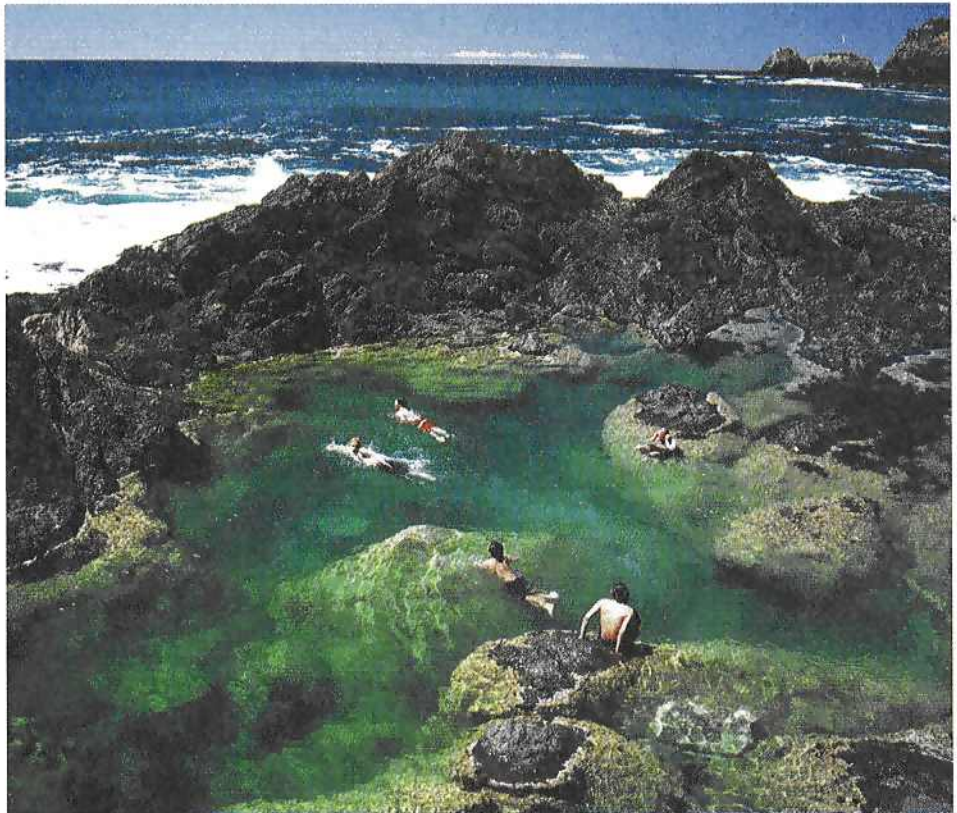


Photo courtesy of www.istockphoto.com

New Zealand's greatest downside is also its biggest draw. This place is remote. Some would never consider traveling this far from home and hearth; others cherish the opportunity to escape the real world, which is far away indeed. This is a small world. New Zealanders are proud of their rich natural and cultural heritage and like to call their land "Godzone," for "God's own country." In Maori mythology, the land is called Aotearoa, or the Land of the Long White Cloud.

experts. As I said, numbers can be misleading...and compiled numbers can be meaningless.

The numbers you see presented here, therefore, began as compiled, government-approved statistics...then went through our filters. We believe they are far more representative of real life in these places than any numbers you'll find on the State Department or World Bank websites.

Valley of flowers and eternal spring

Back to Panama. Panama City is lively, sophisticated, cosmopolitan, and historic. It's also hot. This is reflected in its low score in the Climate category (28 points). But the good news is that it's not hot and humid countrywide. If you don't like the heat, no problem. Get out of the city. For mild, spring-like temperatures year-round, escape to the interior of this country, to the mountainous Chiriqui region. Specifically, we recommend the little town of Boquete, at the base of the tallest peak in Panama, an extinct volcano called Baru. The surrounding mountains are covered with coffee, banana, mango, palm trees, and wildflowers of every tropical color. This is a lush and verdant hideaway; the Panamanians call it the "Valley of flowers and eternal spring." It's the place for the outdoorsman in you. You can hike, bike,

watch the birds, ride horseback in the hills, take a raft down the white water, fish for trout, even tend your own little coffee plantation.

On May 31 of this year, Boquete was featured in a *Reuters* report ("Pensioners seek paradise in Panama mountain idyll"). *Reuters* wrote: "Politically and economically stable, its turbulent history all but forgotten by visitors, Panama is luring U.S. and European retiree baby-boomers dreaming of a millionaire lifestyle on the cheap."

The article included an interview with Michigan-born Casey Koehler, who moved to Boquete last year. The reporter also interviewed others who had moved to Boquete, attracted by its temperate climate and low cost of living.

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What cost our world's top retirement havens?

In February, we asked *IL*'s correspondents in key destinations to price the following basket of goods and services: a bottle of wine, a cup of coffee, a meal for two; a movie ticket; a taxi ride; a doctor's visit; monthly utilities; a full-time maid. See how the contenders compared here: www.internationalliving.com/expatriation/basket.html.

How our Global Retirement Index is scored

- **Real estate.** Countries where real estate prices are low and the purchase of real estate is relatively easy receive the highest scores. We use our own experiences plus reports from our contributing editors and real estate contacts around the world to rate each country. Weight: 15%
- **Entertainment, Recreation, and Culture.** This category considers the number of newspapers per 1,000 citizens, the number of museums and cinemas per capita, the number of university students, the literacy rate, and the variety of cultural and recreational offerings. Weight: 10%
- **Cost of living.** This score is based on statistics from the Indexes of Living Costs Abroad, Quarter Allowances, and Hardship Differentials, published by the United States Department of State, and on data published by Business International. We also use our firsthand experiences living and traveling in these countries. The lower the score, the higher the cost of living. Weight: 20%
- **Safety and stability.** This measure of unrest in each country is based primarily on Interpol data and State Department statistics. It also takes into account the civil liberties and political rights granted by each government. Our own experiences and reports from expatriates living in these countries also influence the safety scores. Weight: 5%
- **Health care.** Considered in this category are the cost of a typical visit to a general practitioner and the cost and coverage particulars of health insurance. Weight: 20%
- **Climate.** Countries with temperate weather throughout the year, moderate rain fall, and little risk of natural disaster come out on top in this category. We use data representing each country as a whole instead of favoring one region over another. Weight: 5%
- **Special benefits.** This category considers government provisions that make moving to and living in each country easier and more affordable for foreigners. Taken into account are property rights for foreign residents, property tax rates, duty-free imports on personal belongings, currency controls, employment restrictions, voting rights, and transportation discounts for seniors. Weight: 20%
- **Infrastructure.** This section considers the number of cars and telephones per 1,000 residents, the length of railroad track in usable condition, the number of airports, the quality of the country's road and highway network, and the availability of telecommunications. Weight: 5%

Retirement Havens, *continued from page 3*

The conclusion in the article was resounding—all interviewees agreed that they are living in Paradise, and spending far less than they would back in the States. In Koehler's case, \$3,800 a month less.

Escape to the beaches

Or perhaps you're dreaming of a home at the beach...and don't mind the heat. Cross the Canal from Panama City, continue over the Bridge of the Americas, then onto the Pan American Highway for 50 miles, and you are beach bound. The beaches here are wide and perfect for surfing, snorkeling, swimming, and fishing. We recommend, in particular, the beaches at Chame, Gorgona, Coronado, Rio Mar, Santa Clara, Playa Blanca, and Farallon. This part of Panama is known as Arco Seco (dry arc), because it is an arc-shaped region along the Pacific Coast where it rains significantly less than it

does in the rest of the country.

These beach towns are quiet and restful during the week, then often jam-packed and lively on the weekends, when the city folk arrive. These aren't rustic fishing villages. Still, it's possible to find a little beach house to call your own, with all the modern conveniences, for less than \$100,000. For more information on living in Panama, in retirement or otherwise, *e-mail: panama@internationalliving.com*.

The heart of the Med

Malta, which is, in fact, twin islands of Malta and Gozo, together promoted as "the heart of the Mediterranean," takes silver in this year's Retirement Index. Steeped in history and tradition, these small islands, with near-perfect climates year-round, offer a simple, relaxed lifestyle.

The cost of living remains low on these islands, and permanent foreign residents can take advantage of a 15% tax rate. Plus, property taxes don't exist. Crime, too, is practically non-existent. The locals are helpful and friendly—and everyone speaks English. You can fill your days with golf, tennis, sailing, and horse riding.

The climate and opportunities for recreation should keep you fit and healthy, but, should you require medical care, you'll find yourself in good hands. The World Health Organization ranks Malta 10th in the world for its medical standards.

Don't be embarrassed if you can't pinpoint Malta on a map. It's not on everyone's radar. However, its tiny sister island of Gozo is even less well-known. Only a mile of sea separates Malta from Gozo, but the two islands are distinctly different, each appealing to a different type of retiree. If you enjoy people, choose Malta—this bursting-at-the-seams island is effectively a city-state.

Home to about 30,000 inhabitants, a minuscule 26 square miles in size, tranquil Gozo, on the other hand, provides a nostalgic escape. This is a world of deep-blue seas and hidden

Seven things you may not know about Malta

- 1 Malta has limited natural water resources—there are no lakes or rivers, and most of the water used is desalinated.
- 2 The University of Malta is one of the oldest universities in the world, founded in 1592.
- 3 The Maltese drive on the left, like the British, but a little more recklessly.
- 4 The second-oldest theater in Europe is the Manoel Theatre, in the capital of Malta, Valletta. In the cooler months, October through May, you can see opera, theater, music, and ballet there.
- 5 Malta has perhaps one of the best examples of a bilingual population in Europe, with English and Maltese commonly spoken. Maltese is fundamentally a Semitic language, but it's written using the Latin alphabet.
- 6 Every Sept. 8, in the Grand Harbor, a regatta is held to celebrate Malta's survival during the Great Siege of 1565, and, later, World War II. There's a brightly colored local sea craft, parades, a water carnival, boat races, and a fireworks display.
- 7 Although the most visible traces of Malta's history date from 1800, coinciding with the British occupation, and the 16th century, the time of the Order of the Knights of St. John, there is evidence of human life dating back 7,000 years on the islands.

coves...green fields and scattered windmills...church spires and ancient, sleepy villages.

Home prices on Gozo are cheaper than in most parts of Malta, but word is getting out about slow-paced Gozo. Increasingly sought-after by foreign buyers, its flat-roofed, honey-hued stone farmhouses today are changing hands for around \$150,000.

In third place...

Our third-place winner has a fly in its retirement soup. In fact, New Zealand isn't in the market of attracting foreign retirees. Instead, this country is looking for younger, professionally qualified immigrants. To obtain full-time residency here, you must qualify through a point system... with points awarded the younger and more qualified for particular types of work you show yourself to be.

No problem unless you're looking only for a full-time overseas retirement haven. For, though it's not easy to become a permanent resident in retirement in New Zealand...you'll have no trouble spending up to six months a year in the country. And the reasons to want to spend time here are many. Indeed, New Zealand scores well in every category in our Survey...except Special Benefits for Retirees.

In addition to its magnificent scenery and an array of activities to keep you busy and fit, New Zealand has a favorable exchange rate (US\$1 equals 1.62 NZ dollars), a low cost of living, an English-speaking population, great infrastructure, and one of the world's highest "healthy longevity" figures.

As *Lord of the Rings* showed the world, perhaps New Zealand's greatest asset is the country itself. Not only can you go from the beach to the mountains, swimming and skiing in the same day—seeing tropical forests and snowy scapes in the same island—but when it's winter in the U.S., it's summer in New Zealand. Divide your time right between the two, and you could enjoy an endless summer.

Food lovers are catered for with innovative cuisine; thrill-seekers can enjoy bungee jumping, skydiving, and rafting; and nature-lovers are spoiled for choice with all the national parks, bird sanctuaries, and stunning natural phenomena, from geysers to snowfields to primeval forests.

In fact, *Conde Nast Traveler* named New Zealand "The Best Country In The World" in 2005.

Furthermore, New Zealand hides some of the best real estate bargains in the world. According to the Real Estate Institute of New

Zealand (www.reinz.co.nz), the average house prices as of June 2006 is \$190,000. In addition, the country imposes no capital gains tax.

The downside (besides the residency requirements)? The country's proximity to the States. It's a 12-hour flight away from Los Angeles.

Moving up five places

From ninth position last year to fourth place this year, Uruguay is a paradox. South America's second-smallest country—about the size of Missouri—looks like Europe and feels like Europe...but its price tags will remind you that this is the Third World. Wedged between Brazil and Argentina, Uruguay has the lowest poverty level in Latin America, the longest life expectancy, and (as of October 2004) the second lowest level of corruption. The literacy rate is 98%.

Uruguay sits in the Southern Hemisphere at about the same location that North Carolina occupies in the

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English-language radio stations

- **In Panama:** Ultra Stereo plays only music in English and has some voice-overs in English. Tune in to 98.9 FM.
- **In Malta:** Central FM Radio has a broad range of programs: music (local, golden oldies, and pop), sports, talk shows, and news. Find them on 93.3 FM; [website: www.centralfmradio.com](http://www.centralfmradio.com).
- **In France:** Paris Live Radio broadcasts music, news, and chat shows, all in English but with French panache. Tune in to 963 AM; [website: www.parislive.fm](http://www.parislive.fm).
- **In Mexico:** If you are near the U.S. border, you should be able to receive a number of U.S. stations, including NPR. Otherwise, World Talk Radio has a daily "Baja Talk Radio" program, accessible on [website: www.worldtalkradio.com/show.asp?sid=126](http://www.worldtalkradio.com/show.asp?sid=126).
- **In Malaysia:** Try Red FM 104.9, which offers lively music, chat, and interviews; [website: www.red1049.com/about/](http://www.red1049.com/about/).

2006 GLOBAL RETIREMENT INDEX

Country	Real Estate	Special Benefits	Cost of Living	Culture	Health	Infra-structure	Safety /Stability	Climate	Total
Panama	91	100	95	63	43	21	100	28	75
Malta	71	65	78	66	89	8	100	100	74
New Zealand	91	36	62	95	86	79	100	80	73
Uruguay	100	30	100	71	54	60	100	93	71
Mexico	93	62	72	63	54	58	100	96	71
France	75	60	14	100	100	100	100	84	70
Romania	100	65	81	79	36	17	100	80	69
Argentina	90	29	95	62	68	60	100	83	69
Malaysia	97	61	85	84	39	17	100	0	66
Ecuador	90	60	90	47	36	4	100	99	65
Cyprus	88	66	57	72	50	25	100	70	65
Greece	75	49	55	55	82	33	100	74	64
Portugal	76	23	71	66	79	38	100	93	64
Nicaragua	97	68	98	37	29	4	100	30	64
Chile	91	47	83	55	46	33	100	32	63
Italy	39	68	26	89	82	58	100	84	62
Belize	46	88	88	47	31	21	100	33	61
Spain	75	49	50	71	46	71	100	78	60
Slovenia	84	46	50	82	46	29	100	78	60
Poland	88	23	55	76	68	25	100	35	58
Honduras	71	35	98	0	29	10	100	78	52
Croatia	71	0	57	63	54	55	100	94	52
Ireland	0	79	2	74	82	29	100	68	50
Dominican Rep.	43	55	71	37	36	0	100	43	50
U.K.	0	55	0	97	75	79	100	69	48
U.S.	10	27	80	82	18	79	100	80	48
Thailand	84	5	67	55	25	34	100	26	46
South Africa	92	23	33	39	0	21	100	99	40

