

## Panama is paradise for retirees

Cheap real estate, a low cost of living, fabulous scenery and relaxed pace should put this gem at the top of the list for Americans on a fixed income.

By Kathleen Peddicord

Panama is one of the best places in the world for retirees today, combining a low cost of living, near-perfect weather and one of the world's best discount programs for retirees, with up to 50% off everything from public transport to movies, mortgage rates, doctor's visits, electricity, restaurants and airfares.

When you compare Panama with its neighbors, you'll see that it has more amenities than traditional retirement spots such as Mexico and Costa Rica, with lower costs and crime rates. In Panama, you'll encounter less red tape and less interference from local authorities.

To encourage long-term foreign investment, Panama requires no special authorizations, permits or prior registration for foreign investors. The Investment Stability Law, passed in 1998, protects foreign investors from any change in tax, customs, municipal and labor rules for a period of 10 years after an investment is registered. Major companies doing business in Panama include Federal Express, DHL, Sears, Price Costco, BellSouth, Kansas City Southern Railways, Continental and American Airlines, Warranty Company of the Americas and Hutchison Whampoa. Plus, you'll find just about every American franchise you can imagine on the streets of Panama City.

And there are other incentives for foreigners to spend time here, invest here ... or retire here. For example:

Newcomers who buy or build a new house won't owe any property taxes for 20 years.

Residents pay no taxes on foreign-earned income.

Tourism investments have 20-year exemptions from import duties, fees for construction materials and equipment, and income, real estate and other taxes.

The U.S. dollar is legal tender in Panama, which insulates its economy from global shocks. During the Asian monetary crisis of 1998, Panama became one of the healthiest economies in Latin America.

### **Panama's pensionado program**

Once you become a resident "pensioner" of Panama under the Tourist Pensionado Visa, you are eligible for the most appealing program of benefits for retirees available anywhere in the world right now.

Now, you may be thinking: "Pensioner? Retiree? That leaves me out."

Not necessarily. The rules for becoming a "pensioner" and qualifying for this visa program in Panama are probably not what you'd expect.

In fact, anyone over the age of 18 may apply and can qualify as a pensionado in Panama. All you need is a guaranteed pension income of \$500 per month (\$600 for a couple). It must be a pension from a government agency (e.g. Social Security, disability, armed forces, etc.) or a defined-benefit pension from a private company. Sorry, but an immediate, fixed annuity doesn't qualify.

As a qualified pensioner in Panama, you would be entitled to:

- 50% off entertainment anywhere in the country (movies, theaters, concerts, sporting events, etc.)
- 30% off bus, boat, and train fares
- 25% off airline tickets
- 50% off hotel stays Monday through Thursday, 30% off Friday through Sunday
- 25% off restaurant meals
- 15% off at fast-food restaurants
- 15% off hospital bills (if no insurance applies)
- 10% off prescription medicines
- 20% off doctors' consultations
- 15% off dental and eye exams
- 20% off professional and technical services
- 50% off closing costs for home loans and more

## Crossroads of the Americas

Panama is also perhaps the most accessible retirement haven for Americans.

There is a frequent nonstop service to Panama City's Tocumen International Airport. It's a 2½-hour flight from Miami on American Airlines and COPA, Panama's national airline, which also flies from Los Angeles and Orlando, Fla. Continental flies from Houston, and Delta flies from Atlanta. Aeroperlas and Mapiex Aero are two domestic carriers that offer daily flights throughout Panama.



Beware, however, that as accessible as Panama is to the U.S., it's still a foreign country. There are certain cultural differences that you can either accept and embrace . . . or try to ignore and become miserable and frustrated.

Time moves at a more leisurely pace in Panama. A one-hour wait might mean two, and a simple meal out with friends can turn into dancing "tipico" at a local disco until five in the morning. It takes a certain disposition not to lose your cool when, for example -- and this happened to a friend living in Panama City -- the computer repair man phones to say he is *estoy llegando* (on his way over to your house), only to arrive two days later without explanation . . . but ready to work.

## Cost of living

Panama has one of the lowest costs of living in all Central and South America: A U.S.-style home can be built for about \$40 per square foot; unskilled labor costs \$6.40 per day; a full-time live-in maid costs \$120 to \$160 a month; a beer at a bar costs 35 cents; a cup of coffee, 30 cents; a haircut and shave can cost as little as \$2; an afternoon at a beauty salon is \$8; electricity is about 10 cents per kilowatt-hour; water bills are \$18 per year; telephone service costs roughly \$30 a month; Internet access is \$14 a month; wireless is available for a bit more; cellular-telephone service costs about \$30 a month plus a per-minute charge of around 22 cents; and cable TV will cost you about \$30 a month.

As a foreign resident, if you buy or build a new house, you won't pay property taxes for 20 years, nor will you pay taxes on foreign-earned income. Personal income tax is based on a sliding scale from a minimum of 4% to a maximum of 30%. A Value Added Tax of 5% to 10% is charged on most products and services. Transfer taxes on real estate are paid by the seller, and there is no inheritance tax or gift tax.

## Mountains, beaches or the big city?

The three best places to buy real estate in Panama are: the mountains of Boquete, the beaches of the Pearl Islands, and the First World metropolis of Panama City.

**Boquete:** Boquete sits in Panama's mountainous Chiriqui region at an elevation of about 3,500 feet. It's quiet, unspoiled, uncrowded. Mountains, rivers, waterfalls. Lush green hills and great masses of red and purple flowers. This is coffee country, and in harvest season the Indians come down from the hills to find work. The men call and sing to each other as they pick. Their children run through the fields and play in the streams.

The climate in Boquete is ideal, spring like year-round with reasonable daytime temperatures, cool breezes, and chilly nights. Beachfront living is nice, but the mountains of Boquete are hard to beat. If you like Colorado, you'll love Boquete.

Three-bedroom custom-built houses start at \$138,000 and ocean-view lots are under \$30,000.

**Pearl Islands:** If you're searching for sand and sun, Panama has that in abundance.

The island of Contadora, the seventh biggest of the 90 named islands in the Pearl Islands archipelago, is in the Bay of Panama, just off the coast of Panama City.

This is the stuff of travel-magazine cover photos: turquoise waters, 13 white-sand beaches, secluded coves, bright red and yellow fishing boats, swaying palm and cashew trees, giant coral reefs, coconuts, mangoes, parrots, hummingbirds, pelicans, sea turtles and bright tropical flowers . . . with occasional sightings of gray and orca whales just off the island's shores.

Today the island is a closely guarded secret playground for wealthy and famous political leaders, writers, entertainers and businessmen -- not just from Panama but from all over the world.

Renovated beachfront villas start at \$160,000.

**Panama City:** Panama City is probably the least expensive place in the world to live in a First World city. Here you'll find world-class restaurants, every imaginable luxury, hundreds of multinational businesses . . . all at about half the price you'd pay in Miami, or any other U.S. city for that matter.

Furnished studios start at less than \$60,000, beachfront condos from \$77,000. A two-bedroom, 1,300-square-foot apartment in the banking district in a building with a pool and gym costs around \$150,000. A two-bedroom apartment with views of the bay and maid's quarters costs \$160,000 (and rents for \$1,100 per month).