EXPAT FINANCIAL GUIDE

INVESTMENT AND FINANCIAL ADVICE FOR AMERICANS LIVING ABROAD

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1.0 Introduction

“When you move from one country to another you have to accept that there are some things that are better and some things that are worse and there is nothing you can do about it.” Bill Bryson

More Americans than ever are choosing to live outside the United States. Whether it’s for retirement, remote work, a slower pace of life, or simply a love of adventure, moving abroad is an exciting and deeply personal decision.

Living internationally offers a chance to reimagine your lifestyle — but it also presents a new set of financial, legal, and logistical challenges. From taxes and banking to health insurance, residency, and estate planning, navigating life as an expat takes careful planning and informed decision-making.

This guide was created to help Americans live well abroad — and to do it responsibly, with clarity and confidence.

Why Americans Are Choosing to Live Abroad
The motivations for relocating abroad are diverse, but most people move for one or more of the following reasons:

- **Cost of Living:** Many countries offer a lower cost of living than the U.S., allowing Americans to stretch their retirement savings or live more comfortably on a fixed income.
- **Climate and Environment:** Some move in search of better weather, cleaner air, or easier access to nature and outdoor activities.
- **Healthcare Access:** Quality healthcare is often more affordable and accessible in countries like Portugal, Mexico, or Thailand than in the United States.
- **Work Flexibility:** The rise of remote work and digital nomad visas has made it easier than ever to live abroad while staying connected professionally.
- **Adventure and Lifestyle:** Some simply seek the richness of other cultures — new foods, languages, traditions, and communities.
- **Family and Relationships:** Others move to join partners, reunite with family, or give their children a more global education.
- **Retirement Planning:** Many retirees find they can maintain a high quality of life in countries that offer favorable residency options and robust social support systems.

No matter your reason for moving abroad, this guide will help you plan your financial life with clarity. It covers the key issues expats must understand — from tax reporting and investment accounts to choosing where to live and how to immigrate respectfully.

Your decision to live abroad is not just a relocation — it’s a reinvention of how you live, work, spend, and plan for the future.

Let’s make it a successful one.

2.0 About the Author

"Making a big life change is pretty scary. But know what's even scarier? Regret."

Bill Holliday is a fee-only financial advisor dedicated to helping individuals achieve their financial goals with transparency, integrity, and impact.

He is a Certified Financial Planner™ (CFP®), Accredited Investment Fiduciary (AIF®), and Chartered SRI Counselor (CSRIC™). Bill is a member of the National Association of Personal Financial Advisors (NAPFA), US SIF (The Forum for Sustainable and Responsible Investment), Green America, and the First Affirmative Financial Network.

Bill is the founder of AIO Financial, a fee-only financial planning firm specializing in the needs of U.S. expats. His firm provides personalized, comprehensive services that include:

- Investment management
- Tax planning
- Retirement planning
- Insurance review
- Estate planning

He also works with clients on an hourly basis for specific issues or one-time projects.
In addition to his client work, Bill runs the AIO Financial blog, where he writes about practical financial topics ranging from investing and retirement to tax strategies, estate planning, and debt management.

Bill's commitment to social impact led him to found ProMex Group, a 501(c)(3) nonprofit supporting economic development and migrant communities in northern Mexico. As the current volunteer director, he organizes site visits to project partners in Nogales and speaks regularly about the organization's mission. He is fluent in Spanish and deeply connected to life on both sides of the U.S.-Mexico border.

From 2002 to 2004, Bill served with the Peace Corps in Nicaragua, an experience that continues to shape his worldview. He currently lives between Tucson, Arizona, and Hermosillo, Sonora, and is the proud father of two daughters.

Bill Holliday, CFP®, AIF®, CSRIC™

3.0 Expat Financial Planning Overview

"Instead of wondering when your next vacation is, maybe you should set up a life you don't need to escape from."

The U.S. State Department estimates that over **9 million American citizens** live outside the United States. According to consular data and research groups like the Migration Policy Institute, here are some of the countries with the largest U.S. expat populations:

- **Mexico** – over 1 million
- **Canada** – approximately 800,000
- **United Kingdom** – around 300,000
- **Philippines** – about 300,000
- **Germany** – over 150,000
- **Israel** – roughly 200,000

Americans move abroad for many reasons, including work, retirement, relationships, lower costs, and a desire for adventure. Regardless of the reason, expats face a unique set of financial challenges that require thoughtful planning.
Key financial issues for expats include:

- Navigating U.S. and foreign tax obligations
- Managing cost of living expectations and inflation
- Accessing reliable and low-cost banking and money transfers
- Understanding and selecting health insurance coverage abroad
- Maintaining and managing U.S.-based investment and retirement accounts
- Complying with U.S. reporting rules like FBAR and FATCA
- Planning for estate and inheritance issues across jurisdictions
- Avoiding high-fee or unsuitable investment products in foreign markets

The rest of this guide walks you through these topics to help ensure your financial life abroad is secure, efficient, and aligned with your long-term goals.

4.0 Choosing Where to Live Abroad

"You can't make a place perfect, but you can choose a place that fits you perfectly." — Unknown

This can be one of the hardest decisions because **no place is perfect**. You'll need to weigh trade-offs and prioritize what matters most to you. Consider factors such as:

- Cost of living
- Climate
- Proximity to family or friends
- Access to international airports
- Healthcare quality
- Preferred lifestyle (e.g., beach vs. mountains, urban vs. rural)
- Language and culture
- Community, religion, and values
- Taxes (e.g., low taxes, no wealth tax, capital gains tax)
- Visa Requirements

Here are some of the most popular cities among U.S. expats and the trade-offs they offer:

- **Mexico City, Mexico:** A cultural capital with world-class cuisine, healthcare, and strong expat communities. Downsides include air pollution and urban sprawl.
- **San Miguel de Allende, Mexico:** Offers colonial charm and a large English-speaking population. Costs are higher than in most of Mexico, and flight options are limited.
- **Lisbon, Portugal:** Safe, scenic, and friendly to digital nomads and retirees. English is common, but real estate prices have risen quickly.
- **Barcelona, Spain:** Great healthcare, public transportation, and coastal beauty. Bureaucracy can be slow, and tourism has driven up prices.
- **Medellín, Colombia:** Known for its eternal spring climate and affordability. Ideal for Spanish speakers, though safety varies by neighborhood.
- **Paris, France:** Unmatched walkability, healthcare, and cultural offerings—but also high taxes, dense bureaucracy, and expensive housing.
- **Buenos Aires, Argentina:** Elegant, vibrant, and surprisingly affordable. However, inflation and currency instability are major challenges.
- **Panama City, Panama:** U.S. dollar-based economy, popular retiree visa program, and good healthcare. Hot and humid climate year-round.
- **Chiang Mai, Thailand:** Popular among budget-conscious retirees and remote workers. Low costs, good healthcare, but long flight times and language barriers.
- **Cape Town, South Africa:** Stunning scenery, wine country, and English-speaking locals. However, crime and inequality are serious concerns.

Wherever you're considering, **spend at least a few weeks living like a local** before committing. Walk the neighborhoods. Visit the local hospital. Ride the buses. Shop where locals shop. These daily experiences offer insight that glossy real estate photos cannot.

You may want to rent for 6–12 months before buying or making long-term plans. Living in a place through different seasons will reveal the real rhythm of life—and help you decide if it's truly right for you.

5.0 Immigration and Respectful Integration

"When in Rome, do as the Romans do." — Proverb

There have been anti-gentrification protests in Mexico City and anti-tourism protests in Barcelona. These tensions are reminders that, as foreigners, we're guests in someone else's home. It's essential to show respect—not just for legal regulations, but for the culture, community, and people you are living among.

Respectful integration doesn't mean losing your identity. You can bring your personality, values, and experiences—just do so with awareness and humility. The goal is not to recreate your home country abroad, but to enrich your life by engaging with your new surroundings.
Key ways to integrate responsibly:

- **Learn the local language.** Even basic communication makes a big difference and shows effort.
- **Abide by local laws and customs.** Understand what's expected of you and follow local norms.
- **Support local businesses.** Contribute to the economy and avoid imported lifestyles that drive up prices for locals.
- **Avoid displacing locals.** Be mindful of how your housing and spending choices impact the community.

At the same time, remember that immigrants can be a positive force in a community. You bring:

- **Fresh perspectives** that promote cultural exchange
- **Support for the local economy** through entrepreneurship or local spending
- **Language and skill-sharing** opportunities
- **Volunteering and community involvement** that help build stronger neighborhoods

Respectful immigration is not just a moral obligation—it leads to deeper relationships, a stronger sense of belonging, and a more meaningful experience abroad.

6.0 Expat Taxes

"The only difference between death and taxes is that death doesn't get worse every time Congress meets." — Will Rogers

If you are a U.S. citizen or permanent resident living abroad, you are still required to file U.S. federal taxes. Unlike many countries that tax based on residency, the U.S. taxes based on citizenship. That means your worldwide income—no matter where it's earned—must be reported to the IRS.

Understanding and managing your tax responsibilities is one of the most important aspects of financial planning as an expat — and should be a major consideration when choosing where to live. Some countries may impose wealth taxes, tax Roth IRA withdrawals, or charge inheritance or capital gains taxes, even on assets located in the U.S. (See Section 7 and Section 14 for more details.)

U.S. Tax Obligations for Expats

- Annual Filing – U.S. citizens and green card holders must file taxes every year, even while abroad.
- Worldwide Income – Includes employment, self-employment, investment income, rental income, and capital gains—even from foreign property.
- Medicare Contributions – If you have U.S. income, you may still owe Medicare taxes.

Capital Gains May Be Taxed Differently

Selling a foreign home or investments may trigger U.S. capital gains taxes—even if the country you live in does not tax the sale. Some countries may also tax U.S.-based gains, especially if you're considered a resident for tax purposes.

- Primary Residence Exclusion – U.S. expats can exclude up to $250,000 ($500,000 married) in capital gains if they meet ownership and use tests.
- Local Taxation – Countries like Spain and France may also tax capital gains, even on U.S.-based investments.

Tax-Advantaged Accounts & Charitable Giving

- IRAs and 401(k)s – You can still contribute if you have U.S.-based earned income. A tax advisor can confirm eligibility.
- Roth IRA Withdrawals – Tax-free in the U.S., but many countries (e.g., Spain, France, Italy, Mexico) treat them as taxable income.
- Charitable Donations – Still deductible for U.S. taxes if you itemize and donate to U.S.-based charities.
- Estate & Gift Taxes – U.S. expats may still be subject to these taxes, even if living permanently abroad.

Business Taxes for Expats

- Owning a Business Abroad – You may owe taxes in both the U.S. and your host country.

- Self-Employment Taxes – Even abroad, you may owe U.S. Social Security and Medicare taxes unless your host country has a totalization agreement.

Social Security

- Earning Credits – Only U.S.-taxable income counts toward your Social Security eligibility.
- International Agreements – The U.S. has treaties with countries like Canada, Mexico, and Spain to avoid double taxation and coordinate benefits.

Bilateral Tax Treaties

The U.S. has treaties with many countries (e.g., Germany, France, Canada, Spain, U.K., Mexico) that help:

- Avoid double taxation
- Clarify tax treatment of pensions, royalties, and dividends
- Reduce foreign withholding rates

Foreign Earned Income Exclusion (FEIE)

You may be able to exclude up to $126,500 (2024) of earned income if you qualify through:

- Bona Fide Residence Test – Live in one country for a full calendar year.
- Physical Presence Test – Spend 330+ days outside the U.S. in a 12-month period. You may also qualify for a Foreign Housing Exclusion (up to $17,710 in 2024).

Foreign Residency & Local Taxes

If you're considered a tax resident of your host country (see Section 7), you may need to file and pay taxes there as well.

- Vital Interests Test – Where are your economic and personal ties strongest?
- Income Source – Local income may trigger local tax obligations.
- Wealth Taxes – Countries like Spain, France, and Italy may tax global assets annually.
- Inheritance & Gift Taxes – Some countries impose steep inheritance or gift taxes—even on U.S.-based wealth.

FBAR & FATCA Reporting

- FBAR (FinCEN 114) – Must be filed if your foreign accounts total over $10,000 at any time during the year.
- FATCA (Form 8938) – Required if you hold foreign financial assets over $200,000 (single) or $400,000 (married filing jointly).

State Taxes

Some U.S. states—especially California, New York, and Virginia—may still consider you a resident and expect tax filings unless you sever ties completely (no address, bank accounts, driver's license, or voter registration).

Deadlines & Extensions

- June 15 – U.S. expats receive an automatic 2-month filing extension.

- October 15 – File Form 4868 for an additional extension.

Children's Tax Responsibilities

- SSNs – Children born abroad to U.S. parents need a Social Security number to be claimed on taxes.
- Filing – They may also have to file taxes on unearned income.
- Child Tax Credit – May be available depending on residency and income level.

7.0 Cost of Living

"What makes expat life so addictive is that every boring or mundane activity you experience at home (like grocery shopping, commuting to work or picking up the dry cleaning) is, when you move to a foreign country, suddenly transformed into an exciting adventure. When abroad, boredom, routine, and 'normal' cease to exist. And all that's left is the thrill and challenge of uncertainty." Reannon Muth

While moving abroad can offer exciting new experiences, it often comes with unexpected financial challenges. Many expats underestimate the true cost of living in their host country, which can lead to financial stress and missed opportunities for better planning.

Understanding your expenses before moving abroad—and carefully tracking them once you're there—can help ensure a more successful and sustainable financial plan. Here are key areas where expats often miscalculate costs:

Excitement of Expat Life

- Mundane Becomes an Adventure: Everyday tasks like grocery shopping and commuting feel new and exciting in another country. However, this novelty can sometimes mask rising expenses.
- Living Beyond Routine: The constant thrill of new experiences can lead to overspending and lack of routine budgeting.

Importance of Understanding Expenses

- Get a Clear Picture: To successfully manage your finances abroad, it's essential to understand the real cost of living in your new home—from rent and groceries to health insurance and transportation.
- Planning Requires Insight: Without a realistic understanding of your expenses, it's easy to underestimate how much you'll need to save or spend.

Lack of Preparation

- Not Enough Research: Many expats move without fully researching local costs, leading to surprise expenses.
- Helpful Tools: Websites like Numbeo and Expatistan, and forums like expat Facebook groups, offer valuable insight into real-life costs.

Underestimating Daily Expenses

- Routine Costs Add Up: Groceries, transportation, and utilities can vary dramatically from U.S. prices.
- Urban vs. Rural: Living in cities like Mexico City or Barcelona can be significantly more expensive than in smaller towns.

Living Like a Tourist

- Extended Vacation Mentality: Frequent dining out, weekend trips, and entertainment can strain your budget.
- Watch for Tourist Traps: Treating everyday life like a vacation can rapidly inflate your cost of living.

Lifestyle Creep

- Luxuries Become Habits: Higher-end groceries, better apartments, and regular leisure activities may start to feel essential.
- Review and Adjust: Monitor your spending to stay aligned with your financial goals, especially if you're on a fixed or reduced income.

Socializing and Networking

- Costs of Socializing: Expats often find themselves spending more on networking events, dinners, and outings.
- Balance Social and Financial Life: Be mindful of your budget while enjoying a vibrant social life.

Housing and Accommodation

- Surprise Housing Costs: Rent may seem cheaper in some countries but can be high in expat-heavy cities. Don't forget utilities, deposits, and repairs.
- Local Market Dynamics: Adjust expectations based on city and neighborhood pricing.

Healthcare and Insurance

- Variable Healthcare Costs: Some countries offer affordable care, others don't. U.S. insurance often won't cover expats.
- Uncovered Emergencies: Even with insurance, some specialized or emergency treatments can be costly.

Education and Schooling

- International School Costs: Tuition, uniforms, and extracurriculars can add up quickly for families.
- Local Options: Consider public schools, homeschooling, or bilingual programs—but be aware of cultural and language differences.

Transportation and Travel

- Owning a Car: Car ownership abroad can include unexpected costs like insurance and import taxes.
- Travel Costs: Budget for trips home or regional travel, which many expats underestimate.

Currency Fluctuations

- Exchange Rate Risk: Earning in one currency and spending in another can impact your budget.
- Hold Multiple Currencies: Keep some funds in U.S. dollars or another stable currency if your host country's currency is volatile.

Unexpected Costs

- Visa and Legal Fees: Residency permits, taxes, and documentation costs add up.

- Settling-In Costs: Housing deposits, utility setup, and home essentials are often more expensive than planned.

Cultural Adaptation

- Learning Curve Costs: Language classes, cultural events, and navigating local systems can involve fees.
- Cultural Missteps: Fines or penalties can arise from not understanding local rules—take time to learn the basics.

8.0 Banking and Money Transfers

"Life might be difficult for a while, but I would tough it out because living in a foreign country is one of those things that everyone should try at least once. My understanding is that it completed a person, sanding down the rough provincial edges and transforming you into a citizen of the world." David Sedaris

Moving money to and from your host country can be one of the most frustrating parts of expat life. Understanding the fees, exchange rates, and tools available can help you avoid unnecessary costs and delays.

Research Money Transfer Options

- Compare Services: Banks, online platforms (like Wise, Remitly, and Revolut), and payment services (like PayPal or Zelle) all vary in cost, speed, and exchange rates.
- Watch for Hidden Costs: A "free" transfer from a bank may come with a poor exchange rate, while a small fee from an online service could save you more overall.

Bank Transfers and Exchange Rates

- Bank Transfers: Some banks offer fee-free transfers to specific countries, but their exchange rates may be worse than online alternatives.
- Exchange Rate Gaps: Even a small percentage difference can add up over time. Always check the mid-market rate to see how much margin you're paying.

Alternative Transfer Methods

- Online Transfer Services: Wise, Remitly, and Revolut usually beat banks in both speed and cost. They're reliable and transparent about fees.
- Large Cash Exchanges: Local currency exchange offices sometimes offer better rates for large amounts but come with security risks.

Local Bank Accounts

- Open a Local Account: Helps avoid foreign transaction fees, simplifies payments, and is often required for residency or visa processes.
- Expats Welcome: Many countries have banks that specialize in serving foreigners and offer English-language support.

Using U.S. Credit & Debit Cards Abroad

- Foreign Transaction Fees: Some U.S. cards charge 3% per transaction. Others (like Capital One or Chase Sapphire) have no foreign transaction fees and offer global ATM fee reimbursement.
- Use Wisely: U.S. credit cards often have better protections, fraud support, and rewards than local cards. They're great for big purchases and travel bookings.

Managing U.S. Credit Cards

- Simplify Your Wallet: Close unused cards to avoid fees and simplify your finances.
- Notify Your Bank: Let them know you're abroad to avoid cards being flagged or frozen.
- Check Your Credit: Keep monitoring your U.S. credit score using tools like Credit Karma or your bank's alerts.

Currency Fluctuations

- Know the Risk: If your income is in one currency and your expenses in another, your cost of living can suddenly spike.
- Strategic Transfers: Consider transferring larger amounts during favorable exchange rates to build a buffer.

Emergency Funds

- Accessible Savings: Keep part of your emergency fund in both U.S. dollars and your host country's currency.
- Global Access: Digital accounts like Wise or Revolut can give you access to both.

Taxes on Transfers

- U.S. Tax Rules: Money transfers are not taxable, but income is. Be sure you're not triggering reporting requirements for large sums.
- Host Country Rules: Some countries tax incoming funds if they look like income. Talk to a tax professional.

9.0 Keep your US Address

"Home is not where you are born; home is where all your attempts to escape cease." — Naguib Mahfouz

Many expats are surprised to learn that keeping a U.S. residential address is essential for maintaining access to U.S. financial services. Without one, you risk losing your investment accounts, getting locked out of retirement plans, or triggering costly restrictions.

Why It Matters

Purpose	With a U.S. Address	Without One
Investment Accounts	Stay open and fully functional	May be closed or restricted
Mutual Funds & ETFs	Continued access	Blocked (especially in EU due to PRIIPs)
Retirement Accounts	Eligible for contributions/rollovers	Often frozen or flagged
Account Verification	Smooth process	May be rejected

How to Maintain a U.S. Address

Best Options:

- Use a trusted friend or family member's residential address
  - Must be a real home, not a mailbox or commercial address
  - Easiest and most reliable option for most expats
- Rent or own U.S. property
  - Even a small rental or shared ownership provides a legal domicile
  - Helps you maintain a driver's license, voter registration, and state residency

Risky/Rejected Options:

- Virtual Mailboxes (like iPostal1, Traveling Mailbox)
  - These often get flagged by financial institutions as CMRA (Commercial Mail Receiving Agency)
- PO Boxes and UPS Store Addresses
  - Generally not accepted for financial or legal use

Why the State You "Live In" Matters

Certain U.S. states are more favorable for expats due to tax rules, driver's license reciprocity, and other financial considerations.

Best States for Expats:

- No State Income Tax: Texas, Florida, Nevada, Washington, Wyoming, South Dakota, Alaska
- License Reciprocity with France: Texas, Florida, Pennsylvania, New Hampshire
- Friendly DMV and voter rules for remote renewals

10.0 Investment Accounts

"When you travel, remember that a foreign country is not designed to make you comfortable. It is designed to make its own people comfortable." Clifton Fadiman

Keeping your investment accounts in the U.S. is generally the most efficient approach. Here's why:

Why Keep Your Accounts in the U.S.?

- Lower Costs
  - U.S. index funds and ETFs often have expense ratios as low as 0.03%. In contrast, foreign mutual funds may charge 1% or more annually.
- Better Investment Choices
  - Access thousands of low-cost ETFs, mutual funds, and stocks across a broad range of sectors and strategies.
- Simpler Tax Reporting
  - U.S.-domiciled funds help you avoid PFIC (Passive Foreign Investment Company) classification, which requires filing IRS Form 8621 and may trigger punitive taxation.
- Stronger Regulatory Protection
  - U.S. brokerage accounts are regulated by the SEC and FINRA and usually include SIPC insurance coverage up to $500,000.
- Retirement Account Access
  - Only U.S.-based platforms support IRAs, Roth IRAs, 401(k)s, and other tax-advantaged retirement accounts.

Maintaining U.S. Investment Accounts Abroad
Most U.S. brokers require a valid U.S. residential address to maintain investment accounts. If your account shows an international address—especially in Europe due to PRIIPs regulation—it may be frozen or closed.

Use a trusted friend or family member's U.S. home address (not a P.O. box or virtual mailbox).

Types of Investment Accounts

- Brokerage Accounts
  - Provide flexible access to stocks, bonds, ETFs, and mutual funds. No contribution limits, but taxes apply to capital gains and income.
- Retirement Accounts
  - If you qualify based on income, you can contribute to IRAs and 401(k)s. These accounts provide powerful tax benefits and are central to long-term planning.
- 529 College Savings Plans
  - Great for U.S. education expenses—offering tax-free growth and withdrawals for qualified costs.

Managing Currency Risk

- Currency Exposure
    - If you earn in one currency (e.g., USD) and spend in another (e.g., euros), you're exposed to currency fluctuations.
- Diversification
    - A mix of U.S. and international investments (like global ETFs) helps hedge currency risk.

Investment Fees and Products

- Watch for Fees
    - Commission-based advisors may push high-fee products. Stick to low-cost ETFs and no-load mutual funds.
- ETFs and Institutional Funds
    - ETFs and institutional share classes (if eligible) provide broader access and lower costs than actively managed funds.

Fiduciary Advice Matters

- Fee-Only Advisors
    - Fiduciaries don't earn commissions and are legally obligated to act in your best interest. This is especially important when coordinating U.S. and foreign investment strategies.

Geographic Restrictions

- Where You Can Open Accounts
    - You can still open or maintain U.S. brokerage accounts if living in countries like Mexico, Colombia, Spain, Germany, Argentina, and many others.
- Where You May Face Issues
    - In countries like Canada and most of the EU, you may face restrictions due to local regulations. You might need to open a trust or LLC in the U.S. to keep your account compliant.

Get Help

- Expat-Aware Advisors
    - A financial planner who understands cross-border issues can help you manage both U.S. and host country investment laws, currencies, and tax coordination.
    - Let us know if we can help: aiofinancial.com

11.0 Investment Products and Small Businesses

“Instead of wondering when your next vacation is, maybe you should set up a life you don’t need to escape from.”

Be Wary of Financial Product Salespeople
In popular expat areas, commission-based salespeople often pitch high-fee investment products. Some may be suitable, but many benefit the salesperson more than you.

Local Business Investments: High Potential, High Risk
Expats often consider investing in local small businesses, especially in developing countries. These can offer opportunities but also come with political, legal, and currency risks. Always invest only what you can afford to lose and have a clear exit strategy.

Do Your Homework
Understand the market, competitors, legal environment, and cultural norms. Foreign business success requires careful planning and local awareness.

Diversify and Protect Yourself
Don’t put all your money into one venture. Diversify across assets and regions to reduce risk. Know your legal rights and obligations in the host country, and seek advice from local experts and experienced expats.

Be Culturally Aware
Adapting to local business culture is key. Missteps due to cultural misunderstandings can derail even the best business ideas.

Play the Long Game
Foreign ventures may take longer to grow. Monitor performance regularly and adjust to changing conditions. Set realistic expectations and stay committed for the long term.

12.0 Health Insurance

"People take different roads seeking fulfilment and happiness. Just because they're not on your road doesn't mean they've gotten lost." Dalai Lama XIV

U.S. Insurance Often Falls Short Abroad
Most U.S. health and life insurance policies don't cover care outside the country. Travel insurance may not apply to expats, and without proper coverage, you risk major out-of-pocket expenses.

You Must Inform Your Insurer
Let your insurance provider know if you move abroad. Your policy may need updates or could become invalid without notice. What worked in the U.S. may not be enough overseas.

Local Insurance May Be Better
Local health insurance often aligns better with the care system in your host country—and can be more affordable. It usually includes routine care and meets local requirements.

Medicare Doesn't Work Abroad
Medicare doesn't generally cover foreign care. Consider keeping Medicare to avoid penalties if you return to the U.S., or explore Advantage plans that may offer some international coverage.

Many Countries Require Insurance
Health coverage is often a requirement for visas or residency. Countries like Germany, Australia, and Portugal have specific mandates. Research this before your move.

Check Your Life Insurance
Make sure your life insurance covers you while living abroad. Update your beneficiaries and confirm the policy works across borders.

Watch for Policy Exclusions
Read the fine print—many policies exclude pre-existing conditions, high-risk activities, or emergency evacuations. Understand what's not covered before you need it.

Consider Evacuation Coverage
In remote areas or countries with limited facilities, medical evacuation coverage can be essential. Without it, transport to a major hospital could cost tens of thousands of dollars.

Know the Local Healthcare System
Public? Private? Both? Understand how the system works and whether you'll need to pay upfront or can bill through insurance.

Compare International Plans
Don’t settle for the first quote. Compare plans for emergency care, outpatient services, pre-existing conditions, and prescription coverage. Some global insurers cater specifically to expats.

Stay Legal
Make sure your policy complies with local laws. Some countries have strict requirements for expats—especially if you're working or applying for residency.

Talk to an Expert
A broker who specializes in expat insurance can help you find the right local or international policy. They’ll understand the nuances of your situation—and where you’re going.

13.0 Estate Planning

“Because in the end, you won’t remember the time you spend working in the office or mowing your lawn. Climb that goddamn mountain.” Jack Kerouac

Often Overlooked by Expats
Many expats overlook estate planning due to its complexity, but it's essential—especially when you have assets or family in multiple countries.

Key Components of an Estate Plan

- Will: Make sure it complies with U.S. and host country laws.
- Powers of Attorney: Appoint someone for healthcare and financial decisions if you're incapacitated.
- Living Will: States your medical preferences.
- Beneficiaries: Keep them updated across all accounts and policies to avoid probate issues.

Cross-Border Complications

- Legal Differences: U.S. documents may not be valid abroad. You may need a separate will for each country.
- Inheritance Laws: Some countries, like France and Spain, impose forced heirship rules and high inheritance taxes.
- Probate Issues: The probate process can vary significantly between countries and delay asset distribution.

International Families

If your heirs live in different countries, it can trigger tax, legal, and inheritance issues in each jurisdiction. Some countries may even restrict foreign inheritance.

Tax Implications

- U.S. Estate Tax: Applies to worldwide assets for U.S. citizens.
- Foreign Inheritance Taxes: Countries like Spain and France can impose high taxes.
- Gift Tax: Large gifts may trigger taxes in either country.

Ownership Structures and Trusts

- Trusts: Useful for avoiding probate and maintaining control over distribution.
- Revocable U.S. Trusts: May not be recognized abroad, so consult with a cross-border expert.
- Asset Management: Trusts can also manage ongoing responsibilities for complex estates.

Digital Assets

Include instructions for your digital assets—email, crypto, social media, cloud storage. Use a password manager and ensure your executor has access.

Regular Updates
Review and update your estate plan after:
- Moving to a new country
- Marriage or divorce
- Birth of a child
- Changes in residency or citizenship

Get Professional Help
Work with attorneys experienced in both U.S. and foreign law in your host country. They can help you:
- Ensure legal compliance
- Minimize taxes
- Prevent delays and disputes

14.0 Visa Requirements

“The world is a book, and those who do not travel read only one page.” —St. Augustine

When moving abroad, immigration and visa requirements are a critical factor in deciding where to live. Most countries allow 30 to 90 days visa-free for tourism, but staying longer typically requires a visa, temporary residency, or permanent residency.

Types of Requirements to Expect
Long-term stay options often require one or more of the following:

- Minimum Monthly Income (e.g., pension or remote work)
- Proof of Assets or Savings
- Local Investment or Property Purchase
- Health Insurance
- Clean Criminal Record
- Background Checks and Apostilled Documents

Some countries also offer digital nomad or retirement visas with reduced requirements.

Countries with Lower Barriers to Entry

- **Georgia**: One of the most flexible—U.S. citizens can stay for up to 1 year visa-free.
- **Argentina**: Low-income requirement (~$2,000/month), relatively easy temporary residency.
- **Colombia**: $800/month in 2025 for retirement visa.

Residency in Mexico

- Temporary Residency (up to 4 years):
    - Income: ~$2,600/month or
    - Savings: ~$43,000 for the past 12 months
- Permanent Residency:
    - Income: ~$4,400/month or
    - Savings: ~$180,000

Mexico remains an accessible option for Americans since there’s no health insurance requirement, and consulates often apply income and savings rules flexibly.

Spain

- Non-Lucrative Visa:
    - Income: €2,400/month (2025) or equivalent savings
    - No local employment allowed
- Digital Nomad Visa:
    - Remote work for foreign company
    - €2,700–€3,000/month income
- Permanent Residency:
    - After 5 years of legal residency
    - Must live in Spain at least 183 days/year

Portugal

- D7 Visa:
  - Income: ~€820/month (or more for couples/families)
  - Popular for retirees or passive income earners
- Digital Nomad Visa:
  - Income: ~€3,200/month
- Path to Permanent Residency/Citizenship:
  - After 5 years of residency

Italy

- Elective Residency Visa:
  - Passive income required (~€3,000/month)
  - Must show housing, insurance, and income
- Digital Nomad Visa:
  - Launched in 2024 with ~€2,500/month income requirement
- Permanent Residency:
  - Available after 5 years; citizenship after 10

France

- Long-Stay Visitor Visa:
  - Must show financial self-sufficiency (~€1,500–2,000/month)
  - Can be renewed annually
- Talent Passport or Freelancer Visa also available for professionals

Additional Popular Destinations

- **Thailand**:
  - Retirement Visa: 50+ years old, ~$25,000 in savings or $2,000/month
  - Digital Nomad Visa launched in 2024
- **Indonesia** (Bali):
  - Second Home Visa: Requires ~$130,000 in savings
  - More flexible options under development
- **Australia**:
  - Points-based work and skilled migration system
  - Student, working holiday, and investor visas available
- **Costa Rica**:
  - Digital nomad visa: $3,000/month income
  - Pensionado program: $1,000/month retirement income

15.0 Moving with Pets

"Until one has loved an animal, a part of one's soul remains unawakened." – Anatole France

Moving abroad with pets takes careful planning—far more than booking a flight.

Plan Ahead:
Start several months in advance. Most countries require:

- Microchipping
- Up-to-date rabies and core vaccinations
- Health certificates from a certified vet
- Blood titer tests for rabies (in some cases)

Understand Country Rules:
Each country has its own pet import rules—some require quarantines, others have breed restrictions. Check government websites and embassy resources well in advance.

Airline and Travel Prep:
Airlines have rules around breed, size, crate type, and weather conditions. Some don't allow certain snub-nosed breeds. Book direct flights when possible.

Arrival and Life Abroad:

- Find pet-friendly housing
- Locate local vets before arrival
- Check availability of your pet's medications or special food
- Expect varying costs depending on the country

Bottom Line:
Relocating with pets is absolutely doable—but it takes time, patience, and empathy. Their comfort and safety depend on how well you prepare.

16.0 Thank You

"A goal without a plan is just a wish." Antoine de Saint-Exupery

Thank you for your interest in retiring abroad and for taking the time to read this guide. I hope it has provided clarity, encouragement, and actionable steps to help you plan with confidence.

If you're interested in more financial tips and updates for expats, I invite you to subscribe to our newsletter or explore our blogs and podcasts at aiofinancial.com.

Your feedback helps us improve this guide for future readers. If you have suggestions, questions, or ideas, I'd love to hear from you.

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Wishing you the best on your journey.

Bill Holliday in Bogota, Columbia