AIO FINANCIAL

EXPAT PLANNERS

Expat Financial Guide

2026 EDITION

Investment and financial planning for Americans living abroad

Taxes · Investing · Residency · Healthcare · Estate Planning

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EXPAT PLANNERS PRESENTS

Expat Financial Guide

2026 Edition

Investment and financial advice for Americans living abroad

AIO Financial, LLC · aiofinancial.com · expatplanners.com

Figures in this guide are current as of September 2026.

Important Disclosures

This guide provides general educational information about investing, taxation, and financial planning for U.S. citizens and permanent residents living outside the United States. It is not personalized investment, tax, or legal advice, and it is not a substitute for advice from a qualified professional who knows your specific circumstances.

AIO Financial, LLC is a registered investment advisor. Registration does not imply a certain level of skill or training. Nothing in this guide should be construed as an offer to buy or sell any security, or as a recommendation of any particular investment, product, or strategy.

Tax and immigration rules referenced here change frequently, and several changed materially between the previous edition of this guide and this one. Amounts and thresholds are stated as of September 2026 and are drawn from public sources including IRS Revenue Procedure 2025-32, the One Big Beautiful Bill Act (P.L. 119-21), the Social Security Administration, and published consular requirements. While every effort has been made to be accurate, no guarantee is made as to accuracy or completeness, and figures should be re-verified before you act on them.

Cross-border tax and estate matters are highly fact-specific. Statements about categories of products or situations are general and are not a determination about your particular holdings, accounts, or circumstances.

> Consult a qualified cross-border tax professional, attorney, and financial advisor before making decisions based on the information in this guide.

Contents

> *New in this edition: Section 2 (What Changed for 2026), Section 12 (PFICs), and Section 18 (Your First Year Abroad checklist). Sections 7, 15, and 16 were substantially revised.*

1. 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 building a life outside the United States. Whether it is for retirement, remote work, a slower pace, family, or simply a love of adventure, moving abroad is an exciting and deeply personal decision.

Living internationally offers a chance to reimagine your lifestyle. It also hands you a new set of financial, legal, and logistical problems that nobody warns you about until you are already in the middle of them. Taxes, banking, health insurance, residency, investment accounts, estate planning — each one works differently once you cross a border, and each one interacts with the others.

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

Why Americans Are Choosing to Live Abroad

The motivations vary, 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 retirement savings or live more comfortably on a fixed income.
- **Climate and environment.** Better weather, cleaner air, or easier access to nature and the outdoors.
- **Healthcare access.** Quality care is often more affordable and more accessible in countries like Portugal, Mexico, or Thailand than in the United States.
- **Work flexibility.** Remote work and digital nomad visas have made it easier than ever to live abroad while staying connected professionally.
- **Adventure and lifestyle.** New foods, languages, traditions, and communities.
- **Family and relationships.** Joining a partner, reuniting with family, or giving children a more global education.
- **Retirement planning.** Many retirees find they can maintain a high quality of life in countries with favorable residency options and solid public services.

Whatever your reason, this guide will help you plan your financial life with clarity. It covers the issues expats actually run into — tax reporting, investment accounts, banking, residency requirements, healthcare, and cross-border estate planning.

Your decision to live abroad is not just a relocation. It is a reinvention of how you live, work, spend, and plan for the future. Let's make it a successful one.

How to Use This Guide

Read Section 2 (What Changed for 2026) first, even if you have read an earlier edition of this guide. Several of the rules in this space moved significantly in the last eighteen months, and at least one of them — the new excise tax on cash-funded international transfers — costs money if you do not know about it.

After that, the guide is written to be read in order or dipped into by topic. Section 18 is a first-year checklist you can work through in sequence.

2. What Changed for 2026

> *"In this world nothing can be said to be certain, except death and taxes — and the annual inflation adjustment."*
> *— with apologies to Benjamin Franklin*

If you have been reading expat content written before 2025, some of it is now wrong. Here is what moved, and where in this guide to find the detail.

1. A new 1% tax on cash-funded transfers abroad

The One Big Beautiful Bill Act added Internal Revenue Code §4475, a 1% federal excise tax on remittance transfers sent from the U.S. to a recipient in another country, effective for transfers made after December 31, 2025. It applies when you fund the transfer with cash, a money order, a cashier's check, or a similar physical instrument. It generally does not apply when you fund the transfer from a bank account or with a U.S.-issued debit or credit card.

> Practical takeaway: how you fund an international transfer now changes what it costs. Fund electronically. See Section 9.

2. WEP and GPO are gone

The Social Security Fairness Act, signed January 5, 2025, repealed the Windfall Elimination Provision and the Government Pension Offset. December 2023 was the last month those rules applied; the repeal is retroactive to January 2024. If you receive a foreign pension from work not covered by U.S. Social Security, your U.S. benefit is no longer reduced for that reason. Much of the expat content still online describes WEP as if it were in force. It is not. See Section 7.

3. The estate tax "sunset" did not happen

For years, planning content warned that the federal estate and gift tax exemption would fall by roughly half at the end of 2025. It did not. The One Big Beautiful Bill Act set the basic exclusion amount at $15,000,000 per person for 2026 and made it permanent, indexed for inflation beginning in 2027. If your estate plan was built around a feared reversion, it is worth a second look. See Section 15.

4. Portugal is no longer a tax play

Portugal's Non-Habitual Resident regime — the one that taxed foreign pensions at a flat 10% — closed to new applicants, with the transitional window ending March 31, 2025. Its replacement, IFICI, is aimed at qualifying professionals in research and innovation and explicitly excludes pensions and passive income. A retiree moving to Portugal today is taxed on pension income at standard progressive rates that reach 48%. Existing NHR holders keep their status for the remainder of their ten-year term. See Section 16.

5. Mexican residency requirements roughly doubled

Mexican consulates shifted their financial solvency calculations from the minimum wage to the UMA, and the 2026 UMA update raised the bar again. Temporary residency now runs around US$4,400 per month in income, against roughly US$2,600 a couple of years ago. Government fees also increased for 2026. See Section 16.

6. The “9 million Americans abroad” figure has been retired

The State Department's long-quoted 9 million estimate dates to 2016 and has been withdrawn. Independent estimates now cluster between roughly 4.4 million (Federal Voting Assistance Program) and 5.5 million (Association of Americans Resident Overseas). The population is still large, still growing, and still undercounted — but the number you see repeated in most articles is not current. See Section 4.

2026 figures at a glance

Item	2026 amount
Foreign Earned Income Exclusion	$132,900 per qualifying person
Foreign housing — base amount	$21,264
Foreign housing — standard expense limit	$39,870 (higher in high-cost locations)
Standard deduction — married filing jointly	$32,200
Standard deduction — single	$16,100
Estate and gift tax exemption	$15,000,000 per person
Annual gift tax exclusion	$19,000 per recipient
Annual gift exclusion — non-citizen spouse	$194,000
U.S. estate tax exemption — nonresident alien	$60,000 of U.S.-situs assets
FBAR filing threshold	$10,000 aggregate, any time in the year
Remittance excise tax (cash-funded)	1%

> *Sources: IRS Rev. Proc. 2025-32; One Big Beautiful Bill Act (P.L. 119-21); FinCEN. Figures verified as of September 2026. Every one of these numbers changes; re-verify before you rely on it.*

3. 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™ professional (CFP®), an Accredited Investment Fiduciary (AIF®), and a 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 registered investment advisor specializing in the needs of U.S. expats and cross-border households. The firm provides personalized, comprehensive services including:

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

He also works with clients on an hourly or project basis for specific issues or one-time questions.

In addition to his client work, Bill writes the AIO Financial blog, covering investing, retirement, tax strategy, 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 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 lives between Tucson, Arizona, and Hermosillo, Sonora, and is the proud father of two daughters.

Bill Holliday, CFP®, AIF®, CSRIC™

4. 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."*

Nobody knows exactly how many Americans live outside the United States, because there is no registration requirement and the Census does not count them. The State Department's frequently quoted figure of 9 million dates to 2016 and has since been retired. The more defensible current estimates come from the Federal Voting Assistance Program, which put the number at roughly 4.4 million as of 2022, and the Association of Americans Resident Overseas, which estimates about 5.5 million.

The direction of travel is not in doubt. In 2025 the U.S. recorded net negative migration for the first time in roughly ninety years, citizenship renunciations remain near record levels, and Gallup polling shows historically high interest in moving abroad permanently.

Mexico is consistently the largest single destination for U.S. citizens, followed by Canada, the United Kingdom, and a growing cluster in Portugal, Spain, and Southeast Asia. Portugal has been the fastest-growing destination over the past decade.

> *Country-level expat population figures vary widely depending on whether they count citizens, residents, or the U.S.-born. Treat any specific number you see — including the ones above — as an estimate with a wide error band.*

Key financial issues for expats

- Navigating U.S. and foreign tax obligations, including which country gets to tax what
- Managing cost-of-living expectations, inflation, and currency risk
- Accessing reliable, low-cost banking and international transfers — now with a new excise tax to consider
- Understanding and selecting health insurance coverage abroad, and what happens to Medicare
- Maintaining U.S.-based investment and retirement accounts, which usually requires a U.S. address
- Complying with U.S. reporting rules including FBAR, FATCA, and PFIC reporting
- Avoiding foreign mutual funds and insurance wrappers that trigger punitive U.S. tax treatment
- Planning for estate and inheritance issues across two or more legal systems

The rest of this guide walks through each of these in turn.

5. 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 will need to weigh trade-offs and decide what actually matters to you. Consider:

- Cost of living
- Climate
- Proximity to family and friends
- Access to international airports
- Healthcare quality and cost
- Preferred lifestyle — beach or mountains, urban or rural
- Language and culture
- Community, religion, and values
- Taxes — income, wealth, capital gains, and inheritance
- Residency and visa requirements, and how hard they are to renew

> Two of these move faster than the others. Tax regimes and visa thresholds can change between the day you start researching and the day you file your application. Portugal and Mexico both changed materially in the last two years. Verify current rules before you commit to a country.

Popular destinations and their trade-offs

- **Mexico City, Mexico.** A cultural capital with world-class food, good private healthcare, and strong expat communities. Downsides include air quality, sprawl, and — more recently — visible local frustration with gentrification in the neighborhoods expats favor.
- **San Miguel de Allende, Mexico.** Colonial charm and a large English-speaking population. Costs are higher than most of Mexico and flight connections are limited.
- **Lisbon, Portugal.** Safe, scenic, and welcoming to remote workers and retirees. Two important changes: real estate prices have risen sharply, and the tax advantage that drew many retirees is gone (see Section 16).
- **Barcelona, Spain.** Excellent healthcare, transit, and coastline. Bureaucracy is slow, tourism has driven up prices, and local sentiment toward short-term rentals and tourism has hardened.
- **Medellín, Colombia.** Eternal-spring climate and genuine affordability. Best for Spanish speakers. Safety varies significantly by neighborhood.

- **Paris, France.** Unmatched walkability, healthcare, and culture — alongside high taxes, dense bureaucracy, and expensive housing.
- **Buenos Aires, Argentina.** Elegant, vibrant, and often surprisingly affordable, but inflation and currency instability make budgeting genuinely difficult.
- **Panama City, Panama.** A U.S. dollar economy, a well-known retiree visa program, and good healthcare. Hot and humid year-round.
- **Chiang Mai, Thailand.** Popular with budget-conscious retirees and remote workers. Low costs and good healthcare, offset by long flights and a real language barrier.
- **Cape Town, South Africa.** Stunning scenery, wine country, and English-speaking locals. Crime and inequality are serious concerns.

Wherever you are considering, spend at least a few weeks living like a local before committing. Walk the neighborhoods. Visit the local hospital, not the private clinic on the tourist strip. Ride the buses. Shop where locals shop. These daily experiences tell you things that glossy real estate photography cannot.

Rent for six to twelve months before buying or making long-term commitments. Living somewhere through different seasons reveals the real rhythm of a place — and whether it is right for you.

6. 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 a reminder that, as foreigners, we are guests in someone else's home. It is worth showing respect — not only for legal regulations, but for the culture, community, and people you are living among.

Respectful integration does not mean losing your identity. Bring your personality, values, and experience, but do it with awareness and humility. The goal is not to recreate your home country abroad. It is to enrich your life by engaging with your new surroundings.

Ways to integrate responsibly

- **Learn the local language.** Even basic communication makes a real difference and signals effort.
- **Abide by local laws and customs.** Understand what is expected of you and follow local norms.
- **Support local businesses.** Contribute to the economy rather than importing a lifestyle that drives up prices for residents.
- **Be mindful of housing.** Consider how your housing and spending choices affect the neighborhood, particularly in cities where short-term rentals have squeezed local supply.

At the same time, immigrants are a positive force in a community. You bring fresh perspectives and cultural exchange, economic support through spending or entrepreneurship, language and skill sharing, and volunteering that helps build stronger neighborhoods.

Respectful immigration is not only a moral obligation. It leads to deeper relationships, a stronger sense of belonging, and a far more meaningful experience abroad.

7. U.S. Taxes for Expats

> *"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 most countries, which tax based on residency, the U.S. taxes based on citizenship. Your worldwide income — no matter where it is earned — must be reported to the IRS.

Managing this well is one of the most important parts of expat financial planning, and it should be a major factor in deciding where to live. Some countries impose wealth taxes, tax Roth IRA withdrawals, or levy inheritance and capital gains taxes on assets located in the United States.

Core U.S. obligations

- **Annual filing.** U.S. citizens and green card holders file every year, regardless of where they live and regardless of whether they owe anything.
- **Worldwide income.** Employment, self-employment, investment income, rental income, and capital gains — including from foreign property.
- **Self-employment tax.** If you are self-employed and there is no totalization agreement with your host country, you may owe U.S. self-employment tax on top of local social contributions.

Foreign Earned Income Exclusion (2026)

For tax year 2026 you may exclude up to $132,900 of foreign earned income per qualifying person. A married couple where both spouses qualify and both have earned income can exclude up to $265,800 between them.

You qualify through one of two tests:

- **Bona fide residence test.** You are a bona fide resident of a foreign country for an uninterrupted period that includes an entire tax year. Green card holders generally cannot use this test.
- **Physical presence test.** You are physically present in a foreign country for at least 330 full days in any 12-month period.

You may also claim a foreign housing exclusion. For 2026 the base housing amount is $21,264 and the standard limit on qualifying housing expenses is $39,870, which are higher for designated high-cost locations. The exclusion is the qualifying expense above the base, subject to the limit.

> The FEIE is claimed on Form 2555, and it is form-driven. No Form 2555 filed with your return generally means no exclusion, however clearly you qualified. It also does not exempt self-employment tax.

Foreign Tax Credit

The Foreign Tax Credit (Form 1116) is often the better tool, especially if you live in a country with tax rates comparable to or higher than the U.S., or if your income exceeds the exclusion, or if it is investment income rather than earned income. You cannot use both the exclusion and the credit on the same dollar of income. Choosing between them is a genuine planning decision, not a formality, and revoking a FEIE election has consequences for future years.

Capital gains

Selling a foreign home or foreign investments can trigger U.S. capital gains tax even if your host country does not tax the sale.

- **Primary residence exclusion.** U.S. taxpayers can exclude up to $250,000 of gain ($500,000 married filing jointly) on the sale of a principal residence if they meet the ownership and use tests. This applies to a home abroad as well as a home in the U.S.
- **Currency creates phantom gain.** Your cost basis is fixed in dollars at the exchange rate on the purchase date, and the sale is translated at the rate on the sale date. You can owe U.S. tax on a gain even if, measured in local currency, you lost money. This surprises people every year.
- **Local taxation.** Countries including Spain and France may also tax capital gains, sometimes on U.S.-based investments, if you are a tax resident there.

Retirement accounts and charitable giving

- **IRAs and 401(k)s.** You can still contribute if you have U.S.-taxable earned income. Note that income excluded under the FEIE does not count as compensation for IRA contribution purposes — a common and expensive mistake.
- **Roth IRA withdrawals.** Tax-free in the U.S., but many countries — Spain, France, Italy, and Mexico among them — do not recognize Roth status and may treat withdrawals as ordinary taxable income.
- **Charitable donations.** Still deductible for U.S. purposes if you itemize and give to U.S.-qualified charities. Donations to foreign charities generally are not deductible.

FBAR and FATCA reporting

These are two separate filings with two separate thresholds, and people routinely confuse them.

	FBAR (FinCEN Form 114)	FATCA (IRS Form 8938)
Filed with	FinCEN, electronically — separate from your tax return	Attached to your Form 1040
Threshold (living abroad)	Aggregate foreign accounts over $10,000 at any point in the year	Single: over $200,000 on the last day, or over $300,000 at any time. Married filing jointly: over $400,000 on the last day, or over $600,000 at any time.
Deadline	April 15, with an automatic extension to October 15 — no request needed	Same deadline as your tax return, including extensions

> *The Form 8938 thresholds above apply to taxpayers whose tax home is abroad. If you live in the United States the thresholds are far lower. Many articles quote only one set of numbers without saying which.*

Both filings are informational — filing them does not create tax. Not filing them creates penalties, and the FBAR penalties in particular can be severe.

Foreign mutual funds and the PFIC problem

This deserves its own treatment, because it is the single most expensive avoidable mistake we see. Foreign mutual funds, foreign ETFs, and many foreign insurance-linked investment products are generally Passive Foreign Investment Companies for U.S. tax purposes, which triggers punitive taxation and Form 8621 filing. See Section 12.

Social Security

Two things changed here, and both matter.

WEP and GPO have been repealed

The Social Security Fairness Act, signed January 5, 2025, repealed the Windfall Elimination Provision and the Government Pension Offset. December 2023 was the last month those provisions applied, and the repeal is retroactive to January 2024. If you receive a pension from work not covered by U.S. Social Security — including a foreign pension — your U.S. benefit is no longer reduced on that basis.

If the GPO previously wiped out your spousal or survivor benefit entirely, you may never have applied for it. That benefit may now be available, but you have to apply for it.

Totalization agreements — and the Mexico exception

Totalization agreements prevent you from paying into two social security systems for the same work, and let you combine credits across countries to qualify for a benefit. The U.S. has roughly thirty of them in force.

> Mexico does not have one. An agreement was signed in 2004 and has never entered into force. This is worth stating plainly because a great deal of Spanish-language content online says otherwise. You cannot combine IMSS credits with U.S. Social Security credits, and a self-employed American in Mexico can face both U.S. self-employment tax and Mexican contributions on the same income.

Other significant destinations without an agreement in force include Thailand, Indonesia, Singapore, the UAE, India, China, and most of Central and South America. The current list is maintained by the Social Security Administration at ssa.gov — check it rather than relying on a secondary source.

Bilateral tax treaties

Tax treaties are separate from totalization agreements, and having one does not imply the other. The U.S. has income tax treaties with many countries — Germany, France, Canada, Spain, the U.K., and Mexico among them — that help avoid double taxation, clarify the treatment of pensions, royalties, and dividends, and reduce foreign withholding rates.

Note that virtually every U.S. treaty contains a saving clause, which preserves the U.S. right to tax its own citizens as if the treaty did not exist, with specific carve-outs. A treaty rarely removes your U.S. filing obligation.

Foreign residency and local taxes

If you are a tax resident of your host country, you will likely need to file and pay there as well.

- **Days-present rules.** Many countries treat 183 days in-country as the trigger, but not all, and some count differently.
- **Center of vital interests.** Where are your economic and personal ties strongest? This test decides residency in ambiguous cases and in treaty tiebreakers.
- **Wealth taxes.** Spain, and to a lesser degree France and Italy, may tax global net assets annually.
- **Inheritance and gift taxes.** Several countries impose steep inheritance or gift taxes, sometimes on U.S.-based wealth and sometimes on the recipient rather than the estate.

State taxes

Some states — California, New York, Virginia, and New Mexico are the usual examples — may continue to treat you as a resident unless you sever ties convincingly. That means address, driver's license, voter registration, bank accounts, and property. Moving abroad from a no-income-tax state is materially simpler than moving abroad from California.

Deadlines and extensions

Date	What happens
April 15	Standard filing deadline. Critically, this is also the payment deadline — interest and, in some cases, penalties accrue from this date even if you have an extension to file.
April 15	FBAR deadline, with an automatic extension to October 15. No request required.
June 15	Automatic two-month extension for taxpayers whose tax home is abroad. Attach a statement to your return explaining that you qualify.
June 15	Deadline to file Form 4868 if you want the extension to October 15.
October 15	Extended filing deadline.
December 15	A further discretionary extension may be requested in writing from the IRS. It is granted at the IRS's discretion, not automatic.

> *The June 15 automatic extension extends the time to file, not the time to pay. If you expect to owe, pay an estimate by April 15.*

Children

- **Social Security numbers.** Children born abroad to U.S. parents need an SSN to be claimed on your return. Start this at the consulate along with the Consular Report of Birth Abroad; it takes longer than you expect.
- **Filing.** Children may need to file on unearned income above the applicable threshold.
- **Child Tax Credit.** May be available depending on the child's SSN, residency, and your income. Note that claiming the FEIE can reduce or eliminate the refundable portion.

If you are behind on filings

Many expats discover their obligations years late, usually when a foreign bank asks about their U.S. status. The IRS has procedures for coming into compliance, including the Streamlined Filing Compliance Procedures for non-willful failures and separate delinquent FBAR submission procedures. Eligibility rules are specific and the willfulness question is consequential.

> If this is your situation, talk to a cross-border tax professional before you file anything. The order in which you file, and which program you enter, materially affects the outcome. Do not quietly file a few back years and hope for the best.

Renouncing citizenship

Renunciations have run near record levels for several years. It is worth knowing that renunciation is not a clean exit from the U.S. tax system. If you meet the definition of a covered expatriate — based on net worth, average annual net income tax over a look-back period, or failure to certify five years of tax compliance — you may be subject to a mark-to-market exit tax under §877A, and your U.S. heirs may face a succession tax on later gifts and bequests from you. This is a decision to model carefully with a professional well before you act.

8. Cost of Living

> *"What makes expat life so addictive is that every boring or mundane activity you experience at home is, when you move to a foreign country, suddenly transformed into an exciting adventure."*
> *— Reannon Muth*

Moving abroad offers exciting new experiences, and it also comes with financial surprises. Many expats underestimate the true cost of living in their host country, which leads to stress and to plans that have to be rebuilt in year two.

Understanding your expenses before you move — and tracking them carefully once you are there — is what makes the difference. Here is where people miscalculate.

The novelty problem

Everyday tasks feel new and exciting in another country, and that novelty masks rising expenses. The constant thrill of new experiences works against routine budgeting. Expect an adjustment period and budget for it explicitly rather than pretending it will not happen.

Where the surprises come from

- **Daily expenses.** Groceries, transport, and utilities vary dramatically from U.S. prices, in both directions. Imported goods are often far more expensive than at home.
- **Urban versus rural.** Mexico City or Barcelona can cost several times what a smaller town in the same country costs.
- **Living like a tourist.** Frequent dining out, weekend trips, and entertainment add up fast when everything feels like a vacation.
- **Lifestyle creep.** Higher-end groceries, a better apartment, regular leisure — these start as treats and become baseline.
- **Socializing.** Expat social life is often more expensive than the equivalent at home, because it centers on restaurants and organized activities.
- **Housing.** Rent may look cheap but be high in expat-heavy neighborhoods. Budget for utilities, deposits, agency fees, and repairs.
- **Healthcare.** Some countries offer genuinely affordable care; others do not. U.S. insurance usually will not cover you (see Section 14).
- **Education.** International school tuition, uniforms, and extracurriculars add up quickly for families and are frequently the largest single line item.
- **Transportation.** Car ownership abroad can include import taxes, higher insurance, and expensive parts.
- **Trips home.** Almost universally underestimated. Budget for at least one and often two per year, plus emergency travel.

- **Visa and legal fees.** Residency permits, renewals, apostilles, certified translations, and immigration attorneys. Mexico's government fees roughly doubled for 2026.
- **Settling-in costs.** Deposits, utility connections, furniture, and household basics almost always exceed the estimate.
- **Cultural learning curve.** Language classes, and occasionally fines for not understanding a local rule.

Currency risk

If you earn or draw income in dollars and spend in another currency, exchange rate movement changes your cost of living without you doing anything. A 15% move against you is an ordinary event, not a crisis scenario. Consider holding a buffer in local currency, and think about timing larger transfers rather than converting a fixed amount every month regardless of rate.

Useful tools

Numbeo and Expatistan give reasonable ballpark comparisons. Local expat Facebook groups and forums are better for the specifics — what a decent apartment in a particular neighborhood actually rents for, what people actually pay for health insurance. Weight recent posts over old ones; these numbers move quickly.

9. Banking and Money Transfers

> *"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."*
> *— David Sedaris*

Moving money to and from your host country can be one of the more frustrating parts of expat life. Understanding the fees, the exchange rates, and — new for 2026 — the excise tax will save you real money.

New for 2026: the 1% remittance excise tax

The One Big Beautiful Bill Act added §4475 to the Internal Revenue Code, imposing a 1% federal excise tax on remittance transfers sent from the United States to a recipient in a foreign country. It applies to transfers made after December 31, 2025.

The tax turns on how you fund the transfer, not on the amount or the destination:

Funding method	1% tax applies?
Cash handed to a transfer provider	Yes
Money order or cashier's check	Yes
Similar physical payment instruments	Yes
Transfer funded from a U.S. bank account (ACH, wire)	Generally no
U.S.-issued debit card	Generally no
U.S.-issued credit card	Generally no

Legally the sender owes the tax, but the provider collects it at the time of the transfer and remits it to the IRS on Form 720. Treasury and the IRS issued proposed regulations in April 2026 that include anti-avoidance rules aimed at structures designed to disguise cash-funded transfers.

> Practical takeaway: if you regularly send money abroad, fund transfers electronically from a bank account or with a U.S.-issued card. On $2,000 a month, the difference between cash-funded and account-funded is $240 a year, before the provider's own fees.

Comparing transfer services

- **Compare on total cost, not fee.** Banks, online platforms such as Wise, Remitly, and Revolut, and payment services like PayPal all differ in cost, speed, and rate.
- **Watch the spread.** A “free” bank transfer often carries a poor exchange rate. Check the mid-market rate — what you see on a currency site — and measure the margin you are actually paying. A 2% spread on a $20,000 transfer is $400.
- **Online services usually win.** Wise, Remitly, and Revolut typically beat banks on both speed and total cost, and are transparent about the margin.
- **Large cash exchanges.** Local exchange houses sometimes offer better rates for large amounts, but carry security risk and now, if the funds move onward as a cash-funded remittance, potentially the excise tax.

Local bank accounts

Opening a local account helps you avoid foreign transaction fees, simplifies paying local bills, and is often required for a residency or visa application. Many countries have banks that specialize in serving foreigners with English-language support.

Remember that a local account is a foreign financial account for U.S. reporting purposes. It counts toward your FBAR threshold from the day you open it, including a low-balance account you opened just to pay the electric bill.

Using U.S. cards abroad

- **Foreign transaction fees.** Some U.S. cards charge 3% per transaction. Others charge nothing and reimburse global ATM fees. Choose deliberately before you go.
- **Decline dynamic currency conversion.** When a terminal offers to charge you in dollars instead of the local currency, say no. The rate is always worse.
- **Keep U.S. cards.** They generally offer better fraud protection, dispute rights, and rewards than local cards, and are useful for large purchases and travel.
- **Tell your bank.** Notify institutions of your travel and residence to avoid frozen cards.
- **Monitor your credit.** Keep an eye on your U.S. credit file. Maintaining at least one active U.S. card helps preserve your credit history for a future return.

Emergency funds

Keep part of your emergency reserve accessible in both U.S. dollars and your host country's currency. Multi-currency accounts such as Wise or Revolut give you access to both, though they may themselves be reportable foreign accounts depending on how they are structured — check before you assume otherwise.

Taxes on transfers

- **Moving your own money is not income.** Transferring funds between your own accounts does not create U.S. taxable income. It may create reporting obligations.
- **Host country rules differ.** Some countries scrutinize incoming funds that look like income. Keep documentation showing the source of large transfers.
- **Gifts from abroad.** If you receive more than $100,000 in gifts or bequests from a nonresident individual or foreign estate in a year, you must report it on Form 3520. The report is informational, but the penalty for missing it is not.

10. Keeping a U.S. 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 to maintaining access to U.S. financial services. Without one you risk losing your investment accounts, getting locked out of retirement plans, or triggering restrictions that are difficult to reverse.

Why it matters

Purpose	With a U.S. address	Without one
Brokerage accounts	Stay open and fully functional	May be closed or restricted to liquidation only
Mutual funds and ETFs	Continued access	Often blocked, especially in the EU under PRIIPs rules
Retirement accounts	Eligible for contributions and rollovers	Often frozen or flagged
Account verification	Straightforward	May be rejected

How to maintain one

Best options:

- **A trusted friend or family member's residential address.** It must be a real home, not a mailbox or commercial address. This is the easiest and most reliable option for most expats.
- **Rent or own U.S. property.** Even a small rental or shared ownership establishes a legal domicile and supports keeping a driver's license, voter registration, and state residency.

Risky or generally rejected:

- **Virtual mailboxes.** Services such as iPostal1 and Traveling Mailbox are frequently flagged by financial institutions as Commercial Mail Receiving Agencies.
- **PO boxes and UPS Store addresses.** Generally not accepted for financial or legal purposes.

> *Using an address you do not actually have a connection to, in order to obtain financial services you would otherwise be denied, carries its own risks. Discuss your situation with your advisor and your custodian rather than improvising.*

Which state matters

Some states are more workable for expats than others, because of income tax, driver's license reciprocity, and how aggressively they pursue departing residents.

- **No state income tax:** Texas, Florida, Nevada, Washington, Wyoming, South Dakota, Alaska, and Tennessee.
- **Aggressive on residency:** California, New York, New Mexico, and Virginia are known for scrutinizing whether a departure was genuine.
- **Practical considerations:** Look for states with remote driver's license renewal, straightforward absentee voting, and reciprocity with your destination country for license exchange.

If you are still in the planning stage and have flexibility, establishing residency in a no-income-tax state before you leave can save years of argument later.

11. 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*

For nearly every American living abroad, keeping investment accounts in the United States is the more efficient approach. Here is why.

Why keep your accounts in the U.S.

- **Lower costs.** U.S. index funds and ETFs commonly carry expense ratios of 0.03% to 0.10%. Foreign mutual funds frequently charge 1% or more annually, sometimes with front-end loads on top.
- **Better choice.** Access to thousands of low-cost funds across every sector and strategy.
- **Far simpler tax reporting.** U.S.-domiciled funds avoid PFIC classification, which is the single biggest tax trap in expat investing. See Section 12.
- **Regulatory protection.** U.S. brokerage accounts are regulated by the SEC and FINRA and carry SIPC coverage up to $500,000, including up to $250,000 for cash. SIPC covers custodial failure, not investment losses.
- **Retirement account access.** Only U.S. platforms support IRAs, Roth IRAs, and 401(k)s.

Maintaining U.S. accounts from abroad

Most U.S. brokers require a valid U.S. residential address. If your account shows a foreign address — particularly in the EU, where PRIIPs regulation restricts the sale of U.S. funds to retail investors — it may be restricted or closed. Some brokers will let you hold existing positions but not buy more.

Firms vary a great deal in how they handle expat clients. Before you assume your current custodian will work, ask them directly what happens to your account if your address changes to your destination country. Get the answer in writing.

Types of accounts

- **Brokerage accounts.** Flexible access to stocks, bonds, ETFs, and mutual funds. No contribution limits; capital gains and income are taxable as realized.
- **Retirement accounts.** IRAs and 401(k)s if you have qualifying U.S.-taxable earned income. Note the FEIE interaction described in Section 7.
- **529 college savings plans.** Tax-free growth and withdrawals for qualified U.S. education expenses. Be aware that some countries do not recognize 529 tax treatment and may tax the growth annually.

Managing currency risk

If you earn or withdraw in dollars and spend in another currency, you carry currency risk whether or not you choose to. Holding a mix of U.S. and international investments provides some natural hedging, and matching a portion of your assets to your spending currency reduces the risk that a bad year in the exchange rate becomes a bad year in your standard of living.

Fees and fiduciary advice

- **Watch for high-fee products.** Commission-based salespeople in expat hubs push expensive products, sometimes with multi-year surrender penalties. See Section 13.
- **Prefer low-cost funds.** ETFs and no-load mutual funds, and institutional share classes where you are eligible.
- **Fee-only fiduciaries.** A fee-only advisor does not earn commissions and is obligated to act in your interest. That matters most precisely where the products are most opaque, which is exactly the expat market.

Geographic restrictions

- **Usually workable:** You can generally open or maintain U.S. brokerage accounts while living in Mexico, Colombia, Panama, most of Latin America, and many countries in Asia.
- **More difficult:** Canada and most of the EU, where local regulation and PRIIPs restrict what U.S. firms may offer to residents. Some households address this with a U.S. trust or entity, which introduces its own complexity and cost.

12. PFICs: The Foreign Fund Trap

> *"It is not the return on my investment that I am concerned about; it is the return of my investment."*
> *— Will Rogers*

If you take one technical point from this guide, make it this one. It costs expats more money than any other single mistake, it is almost entirely avoidable, and most people find out about it years too late — usually from a tax preparer, after the money is already invested.

What a PFIC is

A Passive Foreign Investment Company is a non-U.S. corporation that meets either an income test (75% or more of gross income is passive) or an asset test (50% or more of assets produce passive income). The definition was written to stop offshore deferral structures. In practice it captures ordinary retail investment products.

Things that are commonly PFICs:

- Foreign mutual funds and unit trusts
- Foreign-domiciled ETFs, including UCITS funds sold across Europe
- Many foreign insurance-linked investment and savings products
- Some foreign pension and retirement vehicles, depending on structure and treaty treatment
- Foreign money market funds

> The trap is that these look completely normal. A local bank in Mexico, Spain, or Thailand recommends a perfectly ordinary domestic mutual fund to a perfectly ordinary customer. Nothing about the product is exotic. It is only a problem because the customer happens to be a U.S. person.

Why it hurts

Absent an election, PFIC income falls under the excess distribution regime. In broad terms: gains and large distributions are allocated back across your holding period, taxed at the highest ordinary income rate in effect for each year — not at capital gains rates — and then charged interest as though the tax had been underpaid all along. A long-held, successful investment can produce an effective rate that exceeds the gain in extreme cases.

There are two elections that can improve the outcome:

- **Qualified Electing Fund (QEF).** Generally the best treatment, but it requires the fund to provide an annual PFIC information statement. Most foreign funds have no reason to produce one for a handful of American shareholders, and simply do not.

- **Mark-to-market.** Available for marketable stock. You recognize gains annually as ordinary income. Better than the default regime, but it means paying tax on paper gains every year.

Either way, each PFIC generally requires its own Form 8621 each year. If you hold six foreign funds, that is six forms. Preparation costs alone often run into four figures annually.

What to do instead

- **Hold U.S.-domiciled funds in U.S. accounts.** You can get global and emerging-market exposure through U.S.-domiciled funds. A U.S.-domiciled international equity fund is not a PFIC; a foreign-domiciled fund holding U.S. stocks is.
- **Be careful what you buy locally.** A local bank's investment desk is not thinking about your U.S. filing obligations, and will not warn you.
- **Check foreign pensions and insurance products carefully.** Treatment varies by country, by product, and sometimes by treaty. This is worth a professional review before you contribute, not after.
- **If you already hold PFICs, get advice before selling.** The timing and manner of disposition affects the tax. Selling in a panic can be worse than holding for another few months.

> *PFIC treatment is fact-specific and product-specific. General statements about a category of product are not a determination about the one you own. Have your specific holdings reviewed.*

13. Investment Products and Local Businesses

> *"An investment in knowledge pays the best interest."*
> *— Benjamin Franklin*

Be wary of financial product salespeople

In popular expat areas — the Costa del Sol, Lake Chapala, Dubai, Southeast Asia — commission-based salespeople actively target new arrivals with high-fee investment products, often insurance wrappers with long surrender schedules. Some are suitable. Many benefit the salesperson considerably more than the client.

Warning signs worth taking seriously: a product you cannot exit for five to ten years without penalty, commission that is not disclosed in writing, a pitch that emphasizes tax-free growth without addressing your U.S. filing obligations, and any product introduced socially rather than professionally. Many of these wrappers are also PFICs (Section 12), which compounds the damage.

Local business investments: high potential, high risk

Expats often consider investing in local small businesses — a restaurant, a bar, a rental property venture — particularly in developing countries. These can work. They also carry political, legal, currency, and enforcement risk that is difficult to assess from the outside, and foreigners frequently have limited practical recourse when a deal goes wrong.

Invest only what you can afford to lose entirely, and have a written exit strategy before you write the check.

Do your homework

Understand the market, the competitors, the legal environment, and the cultural norms. Foreign business success takes careful planning and local knowledge, and the reasons a business is available to a foreign buyer are worth investigating carefully.

Also understand the U.S. side. Owning a foreign business can trigger Form 5471, Form 8865, or Form 8858 filings, GILTI inclusions, and other reporting with substantial penalties for non-filing. The compliance cost of a small foreign business is often larger than people expect.

Diversify and protect yourself

Do not concentrate your net worth in one venture in one country in one currency. Know your legal rights and obligations in the host country, and get advice from local professionals as well as experienced expats — they will tell you different and equally useful things.

Be culturally aware, and play the long game

Adapting to local business culture matters, and missteps derail otherwise good ideas. Foreign ventures generally take longer to reach profitability than the projection says. Monitor performance, adjust to changing conditions, set realistic expectations, and commit for the long term or not at all.

14. Health Insurance and Medicare

> *"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 usually falls short abroad

Most U.S. health and life insurance policies do not cover care outside the country. Travel insurance is designed for trips, not residence, and typically excludes anyone who has established a home abroad. Without proper coverage you are exposed to significant out-of-pocket costs.

Tell your insurer

Notify your insurance providers if you move abroad. Policies may need to be updated, and some become invalid without notice. This applies to life and disability coverage as well as health.

Local insurance is often better

Local health insurance usually aligns better with the care system you will actually use, and is frequently far more affordable than a global plan. It typically includes routine care and satisfies local residency requirements. The trade-off is portability — a local plan generally does not follow you if you move again.

Medicare does not travel

Medicare generally does not cover care outside the United States. That leaves a decision:

- **Keep Part B and pay the premium.** You have no coverage abroad, but you avoid the late-enrollment penalty, which is permanent and increases the longer you wait. This is insurance against returning to the U.S. later, whether by choice or necessity.
- **Drop Part B and accept the penalty risk.** Cheaper now, potentially expensive later. Reasonable only if you are confident you will not return, and many people are less confident than they think.
- **Some Medicare Advantage plans** offer limited emergency coverage abroad. Read the actual terms rather than the marketing.

This is worth modeling with your advisor rather than deciding by instinct. The math depends on your age, your health, your assets, and the realistic probability that you come back.

Many countries require coverage

Health coverage is often a condition of a visa or residency permit. Germany, Australia, Portugal, and Spain all have specific mandates, and Spanish consulates in particular have tightened their standards — policies with annual limits below €30,000 or significant co-payments are increasingly rejected. Research this before you apply, not after.

Other things to check

- **Life insurance.** Confirm your policy remains in force while you live abroad and that your beneficiary designations still work across borders.
- **Policy exclusions.** Many policies exclude pre-existing conditions, high-risk activities, and emergency evacuation. Understand what is not covered before you need it.
- **Evacuation coverage.** In remote areas or countries with limited specialist facilities, medical evacuation is essential. Transport to a major hospital can cost tens of thousands of dollars.
- **How the local system works.** Public, private, or both? Will you pay upfront and claim, or bill directly? The answer changes how much cash you need on hand.
- **Compare plans properly.** Do not accept the first quote. Compare emergency care, outpatient services, pre-existing condition treatment, prescriptions, and renewal terms — including whether premiums rise with age or claims.
- **Use a specialist broker.** A broker who works specifically in expat insurance will know the local and international options and the practical differences between them.

15. Estate Planning Across Borders

> *"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*

Estate planning is the topic expats most often postpone, because it is complicated and unpleasant and there is always something more urgent. It is also the one where a mistake is discovered only by the people you leave behind, at the worst possible moment, in a foreign legal system.

The 2026 numbers

Item	2026
Federal estate and gift tax exemption	$15,000,000 per person; $30,000,000 for a married couple with portability
Top federal estate tax rate	40%
Annual gift tax exclusion	$19,000 per recipient ($38,000 with gift splitting)
Annual gift exclusion to a non-citizen spouse	$194,000
U.S. estate tax exemption for a nonresident alien	$60,000 of U.S.-situs assets

The One Big Beautiful Bill Act set the $15,000,000 exemption in statute and made it permanent, with inflation indexing beginning in 2027. The reversion to roughly half that amount, which was scheduled for the end of 2025 and which drove a great deal of planning activity, did not happen. If your documents were drafted in anticipation of it, have them reviewed.

The non-citizen spouse problem

This catches a lot of cross-border households, and the numbers in the table above understate how sharp the edges are.

- **No unlimited marital deduction.** Transfers to a U.S. citizen spouse are unlimited and tax-free. Transfers to a non-citizen spouse are not. During life, the annual exclusion is $194,000 for 2026. At death, the unlimited marital deduction does not apply.
- **QDOT.** A Qualified Domestic Trust is the standard mechanism for deferring estate tax on assets passing to a non-citizen spouse. It has to be drafted correctly and it has ongoing administrative requirements.

- **The $60,000 cliff.** If your spouse is a nonresident alien and holds U.S.-situs assets — U.S. real estate, U.S. stock — their U.S. estate tax exemption is $60,000, not $15,000,000. Estate tax treaties modify this for some countries. Many households do not discover this until it is too late to plan around.

Key components of a plan

- **Will.** It must work under both U.S. and host country law, which frequently means separate wills for separate jurisdictions, carefully drafted so that neither revokes the other.
- **Powers of attorney.** For healthcare and financial decisions. A U.S. power of attorney may not be honored abroad; many countries require a locally executed document.
- **Living will or advance directive.** States your medical preferences. Again, may need a local equivalent.
- **Beneficiary designations.** Keep them current on every account and policy. These override your will, and they are the most commonly neglected part of any plan.

Cross-border complications

- **Forced heirship.** France, Spain, and much of Latin America and continental Europe restrict who you may disinherit. A will that leaves everything to a spouse may be partially unenforceable where children have a statutory claim.
- **Trusts may not be recognized.** A revocable U.S. living trust is a familiar and useful tool at home. Many civil law countries do not recognize trusts at all, and some tax them punitively. Do not assume your U.S. trust solves your foreign property.
- **Probate varies enormously.** The process, timeline, and cost differ by country, and foreign probate can take years.
- **Situs rules.** Which country taxes an asset usually depends on where the asset is located, not where you live. Real property is nearly always taxed where it sits.

Foreign inheritances and gifts received

If you receive more than $100,000 during the year in gifts or bequests from a nonresident individual or a foreign estate, you must report it on Form 3520. The threshold is much lower for gifts from foreign corporations or partnerships. Receiving an inheritance from abroad is generally not U.S. taxable income, but the reporting is mandatory and the penalties for missing it are calculated as a percentage of the amount received.

Digital assets

Leave instructions for email, cryptocurrency, social media, cloud storage, and any account holding value or memories. Use a password manager and make sure your executor can access it. Cross-border, this matters more than usual: an executor in another country may have no practical way to recover an account they cannot log into.

Review triggers

Revisit your estate plan after any of the following: moving to a new country, marriage or divorce, the birth of a child, a change in residency or citizenship for you or your spouse, acquiring foreign real estate, or a significant change in the law — such as the one that happened in 2025.

Get professional help

Work with attorneys experienced in both U.S. and host country law. A U.S. estate attorney working alone, or a local attorney working alone, will each produce a document that is correct in their own system and potentially harmful in the other. The coordination is the value.

16. Residency and Visa Requirements

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

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

> Every figure in this section moves. Most are tied to a local index — a minimum wage, a benchmark income indicator, a cost-of-living unit — that updates annually, and consulates apply them with some variation. Treat these as a planning range and confirm with the specific consulate where you will apply. All amounts here are current as of September 2026.

What countries typically require

- Minimum monthly income, from a pension, investments, or remote work
- Proof of assets or savings, usually over a look-back period of 6 to 12 months
- Local investment or property purchase, for some programs
- Health insurance meeting local standards
- A clean criminal record, with background checks and apostilled documents
- Certified translations of most supporting documents

Consulates increasingly look for stability rather than a snapshot. A large deposit made shortly before you apply typically will not satisfy a savings requirement — they want to see a consistent balance or consistent deposits across the whole look-back period.

Mexico

Mexico changed substantially. Consulates shifted their financial solvency calculations from the Mexico City minimum wage to the UMA (Unidad de Medida y Actualización), and the annual UMA update on February 1 now drives the thresholds. The 2026 UMA is 117.31 pesos per day. Government fees also roughly doubled for 2026.

Status	Monthly income	Savings alternative
Temporary residency (1–4 years)	Approximately US$4,300–4,650	Approximately US$73,000–78,000
Permanent residency (direct)	Approximately US$7,300–7,800	Approximately US$292,000–313,000

You show either income or savings, not a combination. The look-back is generally six months for income and twelve months for savings. Amounts vary by consulate and shift with the peso, and each dependent adds to the requirement.

After four consecutive years as a temporary resident you can generally convert to permanent residency without meeting the higher direct-entry threshold — which makes the temporary track the sensible route for most people, even those who could qualify directly.

> *Older guides, including the previous edition of this one, quote roughly US$2,600 per month for temporary residency. That figure reflected the minimum-wage basis and is no longer accurate.*

Portugal

Portugal remains attractive, but the financial case changed and the citizenship timeline lengthened.

- **D7 (passive income) visa.** €920 per month for the main applicant in 2026, pegged to the Portuguese minimum wage — roughly €11,040 per year. Add 50% for a spouse and 30% per dependent child. Consulates also expect savings equivalent to about one year of the required income.
- **D8 (digital nomad) visa.** For remote work with non-Portuguese clients or employers, at a substantially higher income threshold that also tracks the minimum wage.
- **NHR is gone.** The Non-Habitual Resident regime, which taxed qualifying foreign pension income at a flat 10%, closed to new applicants. The transitional window ended March 31, 2025. Its replacement, IFICI, covers qualifying professionals in research, innovation, and certain high-value activities, and explicitly excludes pensions and passive income.
- **What that means for retirees.** A retiree arriving in Portugal today is taxed on foreign pension income at standard progressive rates reaching 48%, not 10%. Existing NHR holders keep their treatment for the balance of their ten-year term, with some running as late as 2033 or 2034.
- **Citizenship timeline.** A revised nationality law came into force May 19, 2026, extending the general naturalization requirement to 10 years for most non-EU nationals (7 for EU and CPLP nationals), and starting the clock from the issuance of the residence permit.

> Portugal is now a lifestyle decision rather than a tax decision. That is not an argument against it — it is an argument for redoing the math with current rates before you commit.

Spain

- **Non-lucrative visa.** Requires 400% of the IPREM, Spain's official income benchmark. The IPREM has been frozen at €600 per month since 2023 and remains there for 2026, putting the requirement at €2,400 per month, or €28,800 per year, plus €600 per month (€7,200 per year) for each dependent. You may not work in Spain on this visa, and consulates have grown stricter about evidence that you have genuinely stopped working.
- **Digital nomad visa.** Income requirement tracks the Spanish minimum wage and rose in 2026, unlike the non-lucrative threshold.
- **Golden visa.** The residency-by-property-investment route was terminated in April 2025 and is no longer available.
- **Permanent residency.** After five years of legal residence, with a requirement to be physically present at least 183 days per year.
- **Health insurance.** Comprehensive private coverage with no co-payments and an adequate annual limit. Consulates are rejecting policies that fall short.

> *Spain also has a wealth tax and, in some regions, a solidarity tax on large fortunes. Factor these into the decision alongside the visa threshold.*

Italy

- **Elective residency visa.** For those living on passive income, with a substantial annual passive income requirement set by consular practice. Employment income and remote work generally do not qualify. Requirements vary meaningfully between consulates.
- **Digital nomad visa.** Launched in 2024 for qualified remote workers, with income and qualification requirements.
- **Citizenship by descent.** This changed dramatically. Law 74/2025 restricted jure sanguinis eligibility to the children and grandchildren of Italian citizens, ending the previously unlimited generational chain. Italy's Constitutional Court upheld the law in March 2026. A residency-based route remains available for those with Italian ancestry.

Other popular destinations

- **France.** Long-stay visitor visa requires demonstrated financial self-sufficiency and a commitment not to work; renewable annually. Talent Passport and freelancer options exist for professionals.
- **Panama.** The Pensionado program remains one of the more accessible retirement routes, with a modest guaranteed lifetime pension requirement and meaningful resident discounts.
- **Costa Rica.** Pensionado for those with guaranteed pension income; separate digital nomad route at a higher income threshold.
- **Colombia.** The retirement (pensionado) visa is pegged to a multiple of the Colombian minimum wage, which is adjusted every January — confirm the current figure rather than relying on a dollar amount from an older article.

- **Thailand.** Retirement visa options for those 50 and over based on savings or monthly income, plus the Destination Thailand Visa introduced in 2024 for remote workers and long-stay visitors.
- **Georgia.** One of the most flexible: U.S. citizens may stay up to one year visa-free.
- **Argentina.** Comparatively low income requirements and a relatively accessible temporary residency, offset by inflation and currency volatility.
- **Indonesia (Bali).** Second Home Visa requires substantial savings; other options continue to evolve.
- **Australia.** A points-based skilled migration system, plus student, working holiday, and investor routes. Not designed for retirees.

A note on timing

Residency thresholds are usually applied as of the date your application is assessed, not the date you started gathering documents. If a country updates its index in January or February and your appointment falls after that, the new number applies. Build a 10–20% cushion above the stated threshold to absorb both index changes and exchange rate movement.

17. Moving with Pets

> *“Until one has loved an animal, a part of one's soul remains unawakened.”*
> *— Anatole France*

Moving abroad with pets takes far more planning than booking a flight, and the requirements have specific timing windows that cannot be compressed.

Plan ahead

Start several months in advance. Most countries require:

- Microchipping, done before the rabies vaccination in most jurisdictions — the order matters
- Current rabies and core vaccinations
- A health certificate from an accredited veterinarian, often endorsed by the USDA
- Rabies titer blood tests in some cases, which may require a waiting period of several months after the draw

Understand country rules

Each country sets its own import rules. Some require quarantine, some restrict specific breeds, and some have documentation that must be issued within a narrow window before travel. Check the destination government's own site and the U.S. embassy resources, not a summary on a pet relocation blog.

Airline and travel preparation

Airlines set rules on breed, size, crate specification, and weather. Many will not carry snub-nosed breeds at all, and some suspend animal transport in summer heat. Book direct flights when possible and confirm the animal's booking separately from your own.

Arrival and life abroad

- Find pet-friendly housing before you arrive — it is more restrictive in some countries than in the U.S.
- Identify local veterinarians, including an emergency option, in advance
- Check availability of your pet's medications and prescription food
- Budget for costs that vary widely by country

Relocating with pets is absolutely doable. It takes time, patience, and attention to sequence. Their comfort and safety depend on how well you prepare.

18. Your First Year Abroad: A Checklist

> *"A goal without a plan is just a wish."*
> *— Antoine de Saint-Exupéry*

Work through these in roughly this order. Most of the expensive mistakes in this guide come from doing one of them late.

Before you go

- Confirm the current residency financial threshold with the specific consulate where you will apply, and build in a 10–20% cushion
- Establish or confirm a U.S. residential address you can legitimately use for financial accounts
- If you have flexibility, establish residency in a no-income-tax state before you leave, and document the move
- Ask your brokerage and bank, in writing, what happens to your accounts when your address changes to your destination
- Consolidate accounts. Fewer institutions means fewer address problems and a shorter FBAR
- Get a U.S. credit card with no foreign transaction fees, and keep at least one U.S. card active
- Review health insurance, and make the Medicare Part B decision deliberately
- Gather apostilled documents — birth certificate, marriage certificate, background check — before you leave the U.S.
- Start the pet process at least four to six months out if a titer test is required

First 90 days

- Complete the in-country immigration step within the required window — in Mexico, that is 30 days from arrival
- Open a local bank account, and note the date for FBAR purposes
- Register with the local health system or activate local coverage
- Enroll in the State Department's STEP program
- Set up an international transfer method funded from a bank account, not cash — see Section 9
- Establish a document-storage system your spouse or executor can actually access

First tax year

- Determine whether you are a tax resident of your host country, and from what date

- Decide between the Foreign Earned Income Exclusion and the Foreign Tax Credit, deliberately and with advice
- Track your days in and out of the country from day one — the physical presence test needs 330 full days and nobody reconstructs this accurately from memory
- File the FBAR if your foreign accounts exceeded $10,000 in aggregate at any point
- Determine whether Form 8938 applies at the abroad thresholds
- Review every investment you hold outside the U.S. for PFIC exposure before the next contribution
- Confirm your state filing position, and file a final part-year return if required

Within the first year

- Have your estate documents reviewed against host country law, including forced heirship and trust recognition
- Execute local powers of attorney and an advance directive if your U.S. versions will not be honored
- Update beneficiary designations on every account and policy
- Reassess currency exposure, and consider holding a buffer in local currency
- If you have a non-citizen spouse, get the QDOT and situs analysis done — not at retirement, now
- Diarize the annual date your host country updates its residency index, so renewals do not surprise you

19. Thank You

> *"Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do."*
> *— H. Jackson Brown Jr.*

Thank you for reading. I hope this guide has given you clarity, encouragement, and a set of concrete next steps.

A closing thought about how to use it. Almost everything in these pages is a rule that changes — an inflation-adjusted threshold, a consular requirement, a tax regime that a legislature can rewrite in a single budget. The 2026 edition exists because six significant things moved since the last one. Set a reminder to re-verify the numbers that matter to you each January, or work with someone who does that for a living.

Where we can help

AIO Financial is a fee-only registered investment advisor. We do not sell products and we do not earn commissions. We work with U.S. expats and cross-border households on:

- Investment management structured to avoid PFIC exposure and keep reporting manageable
- Retirement planning across two countries, including Social Security timing and foreign pensions
- Tax planning coordination — the FEIE versus foreign tax credit decision, and the sequencing that follows from it
- Estate planning coordination for mixed-nationality households
- Currency and cash-flow planning for people earning in one currency and spending in another

We also work on an hourly or project basis if you have one specific question rather than an ongoing need.

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Your feedback improves the next edition. If something in this guide was unclear, out of date, or missing, I would genuinely like to know.

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Wishing you the best on your journey.

Bill Holliday in Bogotá, Colombia