



# AMERICA'S EMIGRANTS

US RETIREMENT MIGRATION TO MEXICO AND PANAMA

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US Retirement Migration to Mexico and Panama

*The Migration Policy Institute*



## **ACKNOWLEDGMENTS**

Report prepared by David Dixon, Julie Murray, and Julia Gelatt, under the direction of Demetrios Papademetriou, president, Migration Policy Institute.

This report was made possible by generous financial support from New Global Initiatives.

The Migration Policy Institute wishes to thank the many US retirees, independent experts, and government officials who graciously shared their time and experiences and offered comments on earlier drafts of this report. It would not have been possible without them.

We would also like to thank Michael Fix and Deborah Meyers for their helpful comments during the research design and writing process and Mary Helen Johnson, Aaron Erlich, and Megan Davy for their research assistance on this project.

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## EXECUTIVE SUMMARY

In recent years a steadily growing stream of Americans has been heading south to Latin America, particularly for retirement. And as the baby boom generation ages, that stream is expected to gain speed. It will be carried along by rising medical costs, a reduced ability to rely on Social Security and pensions, and cheaper transportation and communications technology. A growing body of literature examines international retirement migration, but comparatively little is known about Americans who have retired to Latin America, particularly outside Mexico; why or how they decided to retire there; and what their experiences are in their new communities.

The Migration Policy Institute (MPI) sought to add to this literature by investigating the US retiree population abroad and examining retirees' experiences. It focused on two countries—Mexico and Panama—that have exhibited dramatic growth in their US retiree populations in recent years. The Institute analyzed Mexican and Panamanian census and administrative data to determine the size and demographic characteristics of American seniors living there. It also conducted 17 interviews and nine focus groups with US retirees and key informants in these two countries, exploring the decision-making process retirees use to move abroad, their integration experiences in new communities, and their perceived social and economic impacts on local people.

The following seven key themes emerge from this analysis:

- **The size of the US-born senior population (those aged 55 or older) grew substantially in both Mexico and Panama between 1990 and 2000, and data suggest that these flows continue to increase rapidly.\*** According to census figures, Mexico saw the number of US-born senior residents increase by 17 percent, while Panama saw a 136 percent increase during this period. In Mexico, where more geographically specific information is available, some of the municipalities with the fastest growth of this population were established expatriate retiree communities: Chapala (increase of 581.4 percent), Los Cabos (308.3 percent), and San Miguel de Allende (47.7 percent). At sites in both Panama and Mexico, real estate agents, developers, attorneys, and insurance brokers pointed out repeatedly that this growth had continued locally in the post-2000 years, reaching what one called a “frenzy” in Panama. Visa statistics from

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\* We define the term “senior” in two main ways in this report. With regard to our quantitative analysis, “senior” means those aged 55 or older. When used in the description of our qualitative research, senior refers to self-defined retirees participating in focus groups, even though some participants may not have been 55 years old.

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Panama, likely to capture only a subset of people who live there part- or year-round, showed that the number of US citizens obtaining pensioner visas more than tripled between 2003 and 2005.

- **US retirees bring human and financial capital to their new communities. Analysis in Mexico indicates that the amount of this capital is substantial.** Mexican census data on US-born seniors indicate they are more likely to have advanced degrees and higher incomes, including retirement benefits, than Mexican-born seniors, particularly in states with known retirement communities. For example, while only 3.4 percent of Mexican seniors have a university degree, 38.8 percent of the US-born in Jalisco (state of Lake Chapala), 28.0 percent in Guanajuato (state of San Miguel de Allende), and 27.6 percent in Baja California Sur (state of Los Cabos) hold this credential. In contrast to the median total monthly income of \$133 that Mexican seniors receive, US-born seniors nationwide received \$477, about three and a half times that of Mexicans. Additionally, US-born seniors in some states received much more, such as in Jalisco, where the median monthly income was \$955.
- **State policies, both of the United States and destination countries, can promote or deter retirement migration.** In both Mexico and Panama, the national governments have taken a proactive approach to encourage retirement migration by creating special visa categories for foreign pensioners. While retirees often choose retirement destinations based on inherent characteristics of a place—climate or local culture, etc.—focus group respondents in both countries also indicated that visa, tax, and property policies had been important in their decision to move. Retirees also indicated other destination country policies, such as Panama’s use of the stable US dollar as its currency, had an impact on their choices. Some US retirees indicated that American policies had pushed them to move abroad, citing health policies that have not contained medical care expenses and post-9/11 policies that have curtailed civil liberties.
- **Economic factors appeared to weigh heavily on retirees’ decisions to move, both in the consideration of destination countries and in the initial decision to leave the United States.** Many retirees mentioned the lower cost of living as a key factor influencing their decision to retire in their country of settlement. Some also mentioned specific policies—such as low property taxes—as particularly attractive and thus influential in their moves. In Panama, where the government has instituted a wide range of discounts on airfare, restaurant meals, and other purchases by retirees, focus group respondents often said they had been both aware of and attracted to this offer when they were deciding where to retire. Some retirees noted that they could no longer afford health care or were not eligible for health insurance in the United States, which prompted their moves. These findings challenge the literature’s depiction of retirees abroad as “amenity-seeking” migrants, indicating that they may also move for more basic needs.
- **Retirees seek information about potential destination countries from a wide range of sources, particularly the Internet, and a sizable share considers multiple—and far-flung—retirement countries.** Focus groups with retirees in both Mexico and Panama indicate that many used the Internet as a tool to explore possibilities for retirement abroad. And while some retirees, particularly those in Mexico, considered only one or

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a few countries as retirement options, many considered multiple countries across continents. Their wide net—which encompassed countries such as Thailand, New Zealand, South Africa, and Malta—hints at the impact of globalization and technology advancements on retirement migration and may signal a growing trend toward multiple moves during retirement, as retirees “shop around” for the best conditions.

- **The degree to which retirees integrate in host countries varies by person and over time, and many retirees cite language as the primary challenge in adapting to their new communities.** Focus group findings echo earlier studies examining integration of foreign retirees into local communities. Respondents in Mexico and Panama varied in the degree to which they participated in local community organizations and lived in integrated neighborhoods with local people. Some retirees in San Miguel de Allende noted a trend toward the formation of retiree “enclaves.” By and large, focus group respondents did not speak Spanish very well, though many indicated they had taken lessons either in the United States or upon moving. Many retirees identified the lack of Spanish as a barrier to establishing local relationships and navigating government or official processes. Retirees did, however, cite strong support networks within the expatriate community itself.
- **Many retirees create jobs and opportunities for local people; they also drive up the costs of real estate significantly.** In all focus groups, respondents referred frequently to the number of people they hired, such as construction workers, home nurses, or maids. In addition, many retirees (particularly in San Miguel de Allende) perceived that their community involvement as volunteers and philanthropists had a significant economic and social impact on local people. But while many retirees noted the positive impacts that migration brought to new communities, each focus group highlighted the drawbacks for local people, primarily through increasing real estate costs. In all sites, respondents observed that the rise in housing prices had put pressure on local residents. In San Miguel de Allende, which had the most established retiree community of the focus group sites, participants said local people were moving to the periphery of the town, changing the demographic characteristics of the historic city center.



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## INTRODUCTION

In just the past year, respected publications such as *The Economist*, *Fortune Magazine*, *Forbes*, *The Washington Post*, and *The Wall Street Journal* have highlighted a growing international migration stream: US retirees moving to Latin America. These articles have showcased retirement hotspots such as San Miguel de Allende and Baja California in Mexico and Boquete in Panama. Despite this recent attention, relatively little research has been conducted on emigration from the United States, and even less focusing on US international retirement migration specifically. Particularly sparse is the literature on the role of countries' immigration and economic policies in shaping patterns of retirement migration.

In light of this scarcity of reliable research, the Migration Policy Institute conducted a study of US retirement migration to Latin America. The study provides data on the size and characteristics of the US retiree populations in two of the most popular retirement destination countries—Mexico and Panama—until 2000. It also gives some estimates of the growth in the senior populations in Mexico and Panama since 2000.<sup>1</sup> Further, the study provides qualitative data from focus groups conducted with US retirees living in Panama, a relatively new, but quickly growing retirement haven, and Mexico, a more long-standing retirement destination, but one that is also experiencing growing inflows of US retirees. Focus groups with US retirees were conducted in Panama City, the nearby retirement community of Coronado, and the burgeoning retirement town of Boquete, as well as in San Miguel de Allende, Mexico. Retirees discussed the factors they considered while deciding to move abroad; the role that government policies in the United States and destination countries played in those decisions; their experiences with settlement in new, foreign communities; and their perceptions of the impacts that their migration had on the areas where they settled.

### Why Is Retirement Abroad Important?

Four trends point toward the growing importance of retirement abroad. The first is demographic: The large baby boom generation is on the cusp of retirement, meaning that the retirement-age US population will grow at unprecedented rates, and its proportion to the economically active population will rise dramatically. The US Census Bureau estimates that the US population over age 65 will more than double between 2000 and 2030, while the total

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population will only increase by 29 percent.<sup>2</sup> As this demographic shift occurs, the retiree “market share” will grow, and business and government interest in this segment of the population—here and abroad—will intensify.

Second, the skyrocketing cost of medical and nursing care paired with increasing life expectancies have led to growing doubts that Medicare, Social Security, and private retirement plans will be sufficient for a decent retirement living for all but the most fortunate of retirees. According to a recent Gallup poll, 40 percent of US residents are somewhat or very worried about not having enough money during retirement.<sup>3</sup> These doubts have already begun to push some retirees to “shop around” for a more affordable spot to retire. Some of the retirees we spoke with mentioned that covering their medical expenses in the United States or sustaining a comfortable lifestyle in the United States with only their retirement benefits and savings was infeasible, and they found moving abroad to be a solution to their economic quandaries.

Additionally, advances in communications technology and cheap direct transportation have lowered the social and economic costs of living abroad and have paved the way for retirees to look to other countries as alternatives. A lower cost of living in some other countries allows retirees to enjoy amenities that would be nearly impossible to afford in the United States, while communications technology and increasingly efficient air travel allow them to stay in touch with family and friends in the United States.

Finally, international retirement migration streams can affect the economies and communities of favored retirement destinations, sometimes profoundly so. Retirement abroad, much like tourism, can be a powerful form of direct foreign investment and thus contribute to development efforts in other countries. Retirees buy or rent homes, provide employment for local workers, consume goods and services, and may attract greater investments and more foreign visitors to retirement areas. While research on the economic impacts of US retirees in Latin America remains quite sparse, research on interstate migration in the United States has found that such migratory streams play a large role in redistributing wealth among states.<sup>4</sup> At the same time, some evidence suggests that retiree flows tend to inflate housing prices, which can push some native residents out of areas in which foreign retirees settle.

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2. US Census Bureau, Population Division, <http://www.census.gov/ipc/www/usinterimproj/>. Accessed May 2, 2006.

3. Gallup Poll, June 13–19, 2005. The margin of error was plus or minus 3 percentage points with a 95 percent confidence interval.

4. Charles F. Longino and William H. Crown, “Retirement Migration and Interstate Income Transfers,” *The Gerontologist* 30, no. 6 (1990): 784–789.

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## I. PRIOR LITERATURE ON RETIREMENT MIGRATION

While the phenomenon of retirement migration is gaining new attention, researchers have studied some aspects of this trend for many years. Since the 1970s, researchers from a variety of fields—primarily demography, geography, and gerontology—have examined this type of migration within the United States. As opposed to “labor” migrants, retirement migration studies often categorize people choosing to move for retirement as “amenity” migrants who move for reasons such as a search for a milder climate, areas of natural beauty, or interesting cultural experiences. US-centered analyses have focused on the reasons the elderly give for moving from state to state, the places where they reside and their experiences there, and to a lesser extent, the economic impact they have on receiving communities.

More recently, researchers have begun to examine international retirement migration (referred to here as IRM).<sup>5</sup> Much of this research has focused on Europe, where waves of northern migrants head south for retirement, but some have examined retirement hotspots around the world. Like comparable researchers studying retirement migration among US states, IRM researchers have looked at some of the factors pushing or pulling migrants as they decide to move and the experiences of retirees abroad in their new homes.

Below we highlight a selection of the existing literature as it relates to the guiding themes of the qualitative portion of our analysis. The literature also provides context for the quantitative data presented in this report.

### Reasons that Retirees Move

Within the United States, researchers have identified a wide variety of influences that push and pull people in their amenity migration decisions such as climate; cost of housing; population growth; access to needed services; and the accessibility of coastline and other recreational areas.<sup>6</sup> While confirming that many of these same reasons motivate international moves, researchers have also identified other factors at play in IRM. For example, two researchers examined how the economic and political characteristics of 65 host countries affected the number of

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5. For a more developed discussion of the pattern of international retirement migration, see Russell King, Anthony M. Warnes, and Allan M. Williams, “International Retirement Migration in Europe,” *International Journal of Population Geography* 4 (1998): 91–111.

6. For a more detailed review of push and pull factors, see e.g., William Duncombe, Mark Robbins, and Douglas A. Wolf, “Retire to Where? A Discrete Choice Model of Residential Location,” *International Journal of Population Geography* 7 (2001): 281–293.

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Americans living there.<sup>7</sup> They found that Americans appeared to be drawn to countries with a US military presence and to those in which residents spoke English. They were less likely to move to countries with a recent history of a coup or revolution or those with “poor political rights.”

Some studies have indicated that amenity retirement migrants may move to places where they have prior connections, perhaps through work or other experiences. Warnes and Patterson found nearly a quarter of the British retiree men in their sample in Malta had been stationed there while in the British Armed Forces or had worked there previously.<sup>8</sup>

While the field has a more developed understanding of some of the push and pull factors that affect retirement migration, researchers have examined the impact of policies—both in the host and so-called donor communities—on migration choices in much less depth. Using US Census data, researchers have determined that retirees who move to other US counties during retirement are not interested in places that have higher estate, property, and sales taxes and are drawn to counties with comparatively higher public spending on needed services, such as safety and recreation (but not public welfare or housing).<sup>9</sup> In an international context, Warnes and Patterson found that British retirement migration to Malta was also affected by economic policies in Malta: Low income tax rates and property tax exemptions for foreigners brought an influx of migrants to that country.<sup>10</sup>

## Decision-Making Process

For several decades, researchers have examined how seniors decide where to retire, including whether they consider staying in the same place upon retirement. Wiseman characterized the decision as a two-step process rather than a sudden event, often beginning with a decision to move that is followed by choice of destination.<sup>11</sup>

Other researchers have since argued that the process is far more complex than traditionally conceived. Litwak and Longino have suggested that retirees might actually make more than one move during retirement, perhaps moving to a new community when they are young retirees and making a second move upon the death of a spouse or the onset of a serious illness.<sup>12</sup> Cuba further expanded on the decision-making process by questioning the extent to which retirees actually consider all of their options; some retirees have only one place in mind, while those who consider more than one place often only consider several.<sup>13</sup>

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7. Bernt Bratsberg and Dek Terrell, “Where Do Americans Live Abroad?” *International Migration Review* 30, no. 3 (1996): 788–802.

8. Anthony M. Warnes and Guy Patterson, “British Retirees in Malta: Components of the Cross-National Relationship,” *International Journal of Population Geography* 4 (1998): 113–133.

9. Duncombe, et al., “Retire to Where?” (see n. 6).

10. Warnes and Patterson, “British Retirees in Malta” (see n. 8).

11. Robert F. Wiseman, “Why Older People Move: Theoretical Issues,” *Research on Aging* 2 (1980): 141–154.

12. E. Litwak and C. F. Longino, Jr., “Migration Patterns Among the Elderly: A Developmental Perspective,” *The Gerontologist* 27 (1987): 266–272.

13. L. Cuba, “Models of Migration Decision Making Reexamined: The Destination Search of Older Migrants to Cape Cod,” *The Gerontologist* 31 (1991): 204–209.

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Findings from King and Patterson’s study of British retirees in Tuscany suggest that the decision-making process of international retirement migration—often envisioned as one in which a person’s retirement in his home country is followed by a move to a new country abroad—is not uniform. British survey respondents often moved at times other than retirement; many rejected retirement altogether and continued working past retirement age; and many had moved to Tuscany from other countries besides Britain.<sup>14</sup>

## Integration into Local Communities

Researchers have conceived of the term integration as an evolving process of engagement between immigrant and host community, in which both sides make mutual adjustments to accommodate the other.<sup>15</sup> Rather than immigrants maintaining their own norms and cultures indefinitely, or aiming to assimilate completely into a host culture, integration implies that immigrants both change and are changed by their host communities. The degree to which retiree migrants integrate into new host communities has been a topic of interest for some researchers, both with an interest in interstate US migration and IRM.

While the research is rather limited, scholarship has revealed that the integration process is difficult for many retiree migrants. For example, in their study of interstate retirement migration to western North Carolina, Haas and Serow examined how migrants had been incorporated into new communities by measuring volunteerism, retirees’ number of native friends, and participation in churches. The researchers found that migrants tended to participate but not fully integrate in their communities, developing something “akin to a subculture.”<sup>16</sup>

An international study of Swedish part-time retirees in Spain found that while respondents had attachments to both countries, their attachments were usually deeper in Sweden. The authors also argued that while transnational life usually forced migrants to adapt to local culture, the privileged position of the Swedes, who (unlike labor migrants) moved out of choice rather than necessity, provided for a wider variation in the level of adaptation to local life in Spain.<sup>17</sup>

One primary indicator of integration is the extent to which immigrants learn the local language. A variety of researchers studying IRM have generally found that levels of local language ability are low among retiree migrants. Using data collected from European retirees who moved to Tuscany, Italy; Malta; Costa del Sol, Spain; and the Algarve in Portugal, one set of researchers found that, except in Tuscany, migrant respondents tended not to be fluent in

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14. Russell King and Guy Patterson, “Diverse Paths: The Elderly British in Tuscany,” *International Journal of Population Geography* 4 (1998): 157–182.
  15. Demetrios G. Papademetriou, “Policy Considerations for Immigrant Integration,” *The Migration Information Source* (Washington, DC: Migration Policy Institute, October 2003).
  16. William H. Haas III and William J. Serow, “Amenity Retirement Migration Process: A Model and Preliminary Evidence,” *The Gerontologist* 33, no. 2 (1993): 212–220.
  17. Per Gustafson, “Retirement Migration and Transnational Lifestyles,” *Ageing and Society* 21 (2001): 371–394.

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local languages.<sup>18</sup> In Malta, for example, nearly half of the retiree sample said they spoke only a “few words” of Maltese.

Other researchers have examined retirees’ participation in civic organizations in their local communities. Williams and Patterson studied British retirees in the Algarve and found that membership in predominantly Portuguese clubs was low; among successive cohorts of retirees, the highest share reporting membership in a predominantly Portuguese club was 13 percent (compared to 69 percent in mixed membership and 40 percent in expatriate-only clubs).<sup>19</sup> Williams and Patterson also noted that key interviews suggested that British retirees formed few real friendships with Portuguese locals.

Several researchers have nonetheless documented some retirees’ interest in adapting to local cultures. Gustafson explored how the act of migration and mobility shaped retirees’ perceptions of themselves.<sup>20</sup> Many Swedish retirees in Gustafson’s study linked mobility with a sense of adventure, open-mindedness, and new perspectives. In their discussions of Spanish culture, mentality, and bureaucracy, Swedish migrants who expressed a desire to find a “different” culture and way of life seemed proud of their ability to navigate new experiences in Spain.

In some cases, researchers have documented the intent of retirees to stay in their newly adopted communities. Williams and Patterson found that approximately 40 percent of their sample of British retirees in the Algarve said they would stay in the area if their spouse died (this figure excludes never married, divorced or widowed respondents). One-third said they would stay even if they were not mobile enough to do their own food shopping.<sup>21</sup> Through interviews with part-time Swedish retirees in Spain, Gustafson documented that most respondents said they would continue coming to Spain each year as their health permitted, but would stay in Sweden in the event of a serious illness or the death of their spouse.<sup>22</sup>

## Impact on Local Communities

The economic impact of retirement migration has been a topic of interest among US researchers studying interstate migration since the 1980s. In particular, the issue was of great interest as a mechanism of potential economic development for small, rural communities, which have seen their populations decline dramatically in the last 50 years.

Indeed, some researchers have found positive economic impacts for receiving states and communities. In their examination of US interstate migration, Longino and Crown documented overall benefits to states receiving elderly migration flows.<sup>23</sup> They found that some

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18. Russell King, Anthony M. Warnes, and Allan M. Williams, “International Retirement Migration in Europe,” *International Journal of Population Geography* 4 (1998): 91–111.

19. Allan M. Williams and Guy Patterson, “‘An Empire Lost but a Province Gained’: A Cohort Analysis of British International Retirement in the Algarve,” *International Journal of Population Geography* 4 (1998): 135–155.

20. Gustafson, “Retirement Migration and Transnational Lifestyles” (see n. 17).

21. Williams and Patterson, “An Empire Lost” (see n. 19).

22. Gustafson, “Retirement Migration and Transnational Lifestyles” (see n. 17).

23. Longino and Crown, “Retirement Migration and Income Transfers” (see n. 4).

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states, such as Florida, gained economically from this process, although others experienced a net economic loss.

Other US-focused research suggests that retiree migrants can create new jobs in the areas where they move because of their demand for goods and services, such as construction or medical care. One researcher has suggested that retiree migrants, in the absence of established informal support networks of friends and family, tend to use formal support services; this usage pattern creates more jobs in the formal sector.<sup>24</sup> Also, since retirees typically do not work themselves, the jobs they create can be filled by local or in-migrating people of working age. Using a simulation model applied to the state of Maine, one researcher estimated that every 100 new in-migrating retirees created 14 new jobs in the retail sector and nearly seven in both the medical and construction sectors.<sup>25</sup>

In addition to their role as consumers of goods and services, retiree migrants may also bring additional benefits to local economies. Fagan and Longino have suggested that this population could bring new capital to an area, raise the level of local expertise, donate to churches and other charities, and contribute uncompensated labor as volunteers with local organizations.<sup>26</sup>

The sustainability of these economic benefits has been a topic of debate. Some research, such as one study of former Panama Canal Zone families who moved to Dothan, Alabama, suggests that migrating retirees may encourage other migrants to make the same move, perhaps perpetuating the positive effect of a particular migration flow on a local economy.<sup>27</sup> On the other hand, as retirees face increasing illness or disability, their need for assistance may necessitate a second move away from amenity destinations.<sup>28</sup> Additionally, other researchers have questioned the wisdom of retirement migration as a long-term economic development strategy. While the majority of baby boomers have yet to retire, the following generation—the baby bust generation—may not be numerous enough to replace the preceding cohort in retirement communities when they retire after 2030.<sup>29</sup>

Some IRM researchers have also suggested additional economic impacts of transnational retirement migrants on communities, but little rigorous research measuring causal impacts is available. Rodríguez et al. touched on this topic when they asked European retirees about their perceived impacts on the Costa del Sol.<sup>30</sup> Nearly 80 percent of the sample

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24. Emily Grundy, “Retirement Migration and its Consequences in England and Wales,” *Ageing and Society* 7 (1987): 57–82.

25. Steven C. Deller, “Economic Impact of Retirement Migration,” *Economic Development Quarterly* 9, no. 1 (1995): 25–38.

26. Mark Fagan and Charles F. Longino, Jr., “Migrating Retirees: A Source for Economic Development,” *Economic Development Quarterly* 7 (1993): 98–106.

27. Study performed by Fagan in 1991, as cited in Fagan and Longino, “Migrating Retirees” (see n. 26).

28. M. Lakshminarayan Sastry, “Estimating the Economic Impacts of Elderly Migration: An Input-Output Analysis,” *Growth and Change* (Winter 1992): 54.

29. Judith Stallman and Paul Siegel, “Attracting Retirees as an Economic Development Strategy: Looking into the Future,” *Economic Development Quarterly* 9 (1995): 372–382.

30. Vicente Rodríguez, Gloria Fernández-Mayoralas and Fermina Rojo, “European Retirees on the Costa del Sol: A Cross-National Comparison” *International Journal of Population Geography* 4 (1998): 183–200.

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(albeit non-representative) said that the retiree community had stimulated the area's economy, and nearly half said that retirees had stimulated the housing market.

Using preliminary evidence from her survey of retirees in the Lake Chapala area in Mexico, Otero noted that US retirees may create new jobs, donate to charities in their local communities, and speed the rate of modernization. On the other hand, she suggested their presence may significantly drive up the cost of living for local people.<sup>31</sup>

Using data from Tuscany, Malta, Costa del Sol, and the Algarve, several researchers also note that IRM raises questions about the capacity of host communities to provide social services to aging retirees and the fiscal challenges created if central government funding to municipalities is predicated on formally registered population totals.<sup>32</sup> The authors used Spain as an example, where more than half of the total populations of two municipalities—Mijas and Alfaz del Pi—were composed of foreigners.

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31. Lorena Melton Young Otero, "U.S. Retired Persons in Mexico," *American Behavioral Scientist* 40, no.7 (1997): 914–925. Note that this is a report of preliminary findings and analyses.

32. King, Warnes, and Williams, "International Retirement Migration in Europe" (see n. 18).



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## II. INTRODUCTION TO MEXICO AND PANAMA: BACKGROUND AND POLICIES

As discussed in Section I, scholars on international retirement migration have noted that international ties between countries influence flows of retirees abroad.<sup>33</sup> Understanding the political and economic ties between the United States and Mexico and Panama, as well as US ties to the communities we studied, provides valuable context for US retirees' decisions to move there. Retirees in our study noted the influence of major political or economic events in Mexico and Panama on their considerations of moving abroad. The following section provides a brief introduction to the bilateral relationships between the United States and Mexico and the United States and Panama, as well as an overview of relevant historical events and government policies in each location.

### Background on Mexican–US Ties

Ties between Mexico and the United States are likewise strong, bound by substantial flows of people, goods, and capital between the two countries. In recent years, Mexico has been the largest source of legal and unauthorized migration to the United States. Currently, about 5 million Mexican-born legal immigrants, and an estimated 6 million unauthorized Mexican immigrants, reside in the United States. Great opportunity differentials between Mexico and the United States bring hundreds of thousands of new Mexican immigrants to the United States each year.

Economic ties between the United States and Mexico are as strong as migration ties, particularly since the passage of the North American Free Trade Agreement (NAFTA) in 1994. NAFTA called for the immediate elimination of duties on about half of all US imports to Mexico and the gradual phasing out of other tariffs by 2008. The United States is Mexico's largest trade partner, and Mexico is the second largest trade partner to the United States.<sup>34</sup> Trade between the two countries reached \$290 billion in 2005.<sup>35</sup> Throughout the past 12 years, foreign direct investment (FDI) from the United States has comprised between 40 and

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33. See, e.g., King and Patterson, "Diverse Paths" (see n. 14); Warnes and Patterson, "British Retirees in Malta" (see n. 8).
  34. Megan Davy and Deborah Meyers, "United States-Canada-Mexico Fact Sheet on Trade and Migration" (Washington, DC: Migration Policy Institute, October 2005).
  35. US Census Bureau, "Foreign Trade Statistics," <http://www.census.gov/foreign-trade/statistics/country/index.html>, accessed April 19, 2006.

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80 percent of all FDI in Mexico.<sup>36</sup> In addition, in 2005, Mexican migrants sent home \$20 billion in remittances, an amount greatly exceeding the FDI in Mexico that year.<sup>37</sup>

In the recent past, the United States has signaled that it values the strength of the Mexican economy. Macroeconomic mistakes led to the devaluation of the peso and the economic crisis of 1994. Almost overnight, the value of the peso dropped by half. The United States quickly granted \$50 billion in loans to Mexico, which Mexico repaid with interest. Mexico's economy recovered greatly by the late 1990s, and the economy continued to grow, albeit unevenly, driven by exports and the growth in factories known as *maquiladoras* near the US-Mexico border. Economic growth has not reached all Mexicans, however. In 2004, 37 percent lived below the poverty line, and the top 10 percent received 35 percent of all income in the country.<sup>38</sup>

## Background on Panama–US Ties

Panama's domestic policies and its relationship with the United States have been strongly influenced for over 100 years by the Panama Canal. In 1903, the newly formed Republic of Panama signed a treaty giving the United States permanent control over the Canal Zone, which included the canal itself and a strip of land from the Pacific to Atlantic Oceans five miles wide on either side of the waterway. Panama also adopted the US dollar as its national currency, although it refers to it as the balboa. The United States administered the Canal Zone as a de facto US territory, with a civilian Canal Zone government and its own infrastructure of mail service, police, courts, and commissaries. The US government Panama Canal Company—later Panama Canal Commission—operated the canal until the end of 1999. Canal Zone government, Panama Canal employees, and to a lesser extent US civilian employees of the military, and their families made up the “Zonian” community. This community was generally socially divided between US and Panamanian nationals. The more transient US military personnel and their families on the many military bases made up the non-Zonian US citizen communities. Although Panamanian citizens had free access to the public areas of the Canal Zone and transit through it, they were subject to US law while within the zone's boundaries.

Following escalating acrimony over US control of the canal and Canal Zone, President Jimmy Carter and Panamanian leader General Omar Torrijos signed a treaty in 1977 that ceded control of the former Canal Zone to Panama in 1979 and complete authority over the operation of the Panama Canal and former US military bases effective December 31, 1999.

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36. Instituto Nacional de Estadística Geografía e Informática, *Inversión Extranjera Directa por País de Origen* [National Institute of Geographic Statistics and Computing, *Foreign Direct Investment by Country of Origin*] <http://dgcnesyp.inegi.gob.mx/cgi-win/bdieintsi.exe/Consultar>, accessed March 25, 2006.
  37. Inter-American Development Bank, “Remittances 2005: Promoting Financial Democracy” (Washington, DC: IADB, March 2006).
  38. Comisión Económica para América Latina y El Caribe [Economic Commission for Latin America and the Caribbean] (ECLAC), “Social Panorama of Latin America 2005” (Santiago Chile: United Nations, 2005), <http://www.eclac.cl/cgi-bin/getProd.asp?xml=/publicaciones/xml/4/24054/P24054.xml&xsl=/dds/tpl-i/p9f.xsl&base=/tpl-i/top-bottom.xslt>.

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The treaty also justified US military intervention in Panama if free transit through the Panama Canal was endangered. In 1989, the United States invaded Panama, citing a US narcotics trafficking warrant against Panama's then leader, military strongman General Manuel Noriega, accusing him of endangering US citizens in Panama. Following the December invasion, US authorities removed Noriega to Miami, where he was found guilty and incarcerated.

The United States closed its military bases in Panama following the complete handover of the canal in 1999. More than 10,000 US troops had been stationed in Panama through the mid-1990s, though troop presence was highest during World War II when about 65,000 US military personnel were based in the country.

The canal, and the attached Colon Free Zone, generate a major part of Panamanian economic activity and draw businesses from around the globe. The Free Zone, which began operation in 1948, is the second largest free trade zone in the world. Companies located within the walled zone area may import goods free from duties and pay very low taxes. Companies also obtain favorable immigration benefits for executives and other employees.

## Government Policies

Both Mexico and Panama have government policies with strong potential to influence individuals' decisions about migrating to these countries. These policies range from visa issuance to tax laws to rights of foreign ownership. Below we examine some of these policies and analyze their implications for migration flows, particularly among US retirees.

### Visa and Citizenship Policies

Mexico and Panama do not require US citizens to have a visa to visit as tourists. US citizens receive a tourist card at a port of entry; individuals can stay for a maximum of 90 days as tourists after each entry.

Both countries have visa categories for foreign retirees. Mexico has both immigrant and non-immigrant *rentista* visas for persons of any age who do not work in Mexico and are economically self-sufficient; applicants must have income from investments and/or pensions of \$1,000 a month for an individual or \$1,500 a month for a couple. Immigrant visas are intended for those wishing to remain permanently in the country, while non-immigrant visas are available to those intending to stay in the country for a limited duration. Both types of visas are valid for one year, and they may be renewed for another four years. After that point, non-immigrant visa holders may apply for an immigrant visa, and immigrant visa holders may apply for *inmigrado* (lawful permanent resident) status to remain in the country.

Panama has two visas—the *pensionado* and *rentista*—that specifically target retirees; in addition, some retirees may qualify for *economic self-sufficiency* visas. Panama's *pensionado* visa was modeled on that of Costa Rica, which implemented policies favorable to international retirees and drew large flows of foreign pensioners in the 1980s. (However, Costa Rica significantly scaled back the incentives associated with its *pensionado* visa, and our qualitative research indicates that some retirees who were interested in retiring to Costa Rica have moved

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to Panama instead as a result). Applicants for a *pensionado* visa in Panama do not need to be of traditional “retirement age,” but they must be retired (no longer employed, at least in Panama) and receive government or private pensions of \$500 per month, or \$600 per month for a couple. The *pensionado* visa allows retirees to remain in the country indefinitely, although they are not eligible for citizenship with this visa type.

Retirees who do not receive regular pensions may instead apply for Panama’s *rentista* visa. *Rentista* applicants must place an amount of money—now hovering around \$225,000—in a five-year certificate of deposit at the National Bank of Panama in order to yield at least \$750 in interest per month. The *rentista* visa, unlike the *pensionado*, allows its holders to obtain a special Panamanian traveling passport, though like the *pensionado*, it does not confer Panamanian nationality. The *rentista* visa must be renewed every five years.

Both Mexico and Panama offer investor visas for those investing large sums in the country, but these are a much less common choice for US retirees. Unlike in the United States, where the majority of immigrant visas are capped, the most common visa categories for US retirees are not subject to numerical limits in either Mexico or Panama.

In both countries, retirees applying for visas may apply while in the country. In the case of Mexico, an individual applies and submits documents on his own behalf. The Panamanian application must be submitted by a lawyer licensed in Panama.

Immigrants on those visas that offer a path to citizenship generally must be permanent residents in Panama for five years (three years if the applicant is the spouse or parent of a Panamanian citizen) or in Mexico for five years before they are eligible to apply for naturalization. Mexico requires that US-born retirees who wish to naturalize there renounce their other citizenship unless they were born to Mexican nationals abroad, in which case they may claim dual Mexican-American citizenship. Panamanian naturalization also requires renunciation of other citizenships.

### **Property Law**

Foreigners can own most land in both Mexico and Panama, although both countries make some exceptions. Mexico’s Constitution prohibits foreigners from owning property on its coasts or borders. However, while foreigners may not own property outright within the restricted region, they can set up a trust (or *fideicomiso*) with a credit institution, such as a bank. In this arrangement, the credit institution owns the deed to the land, but the foreigner is the beneficiary to the trust for 99 years. He or she may collect any benefits or profits from the use or sale of the land. More generally, foreigners must register any property purchase with the Foreign Relations Ministry. They must also sign a document called a Calvo Clause, which states that they will not seek foreign jurisdiction in dealings relating to the property transaction.

Panama’s Constitution limits foreigners’ ability to own property on its coasts and borders—although this limitation has seldom been enforced—and limits the ownership of land on most islands. A 2005 law allowed right-of-possession “concessions” on property on islands and other areas—chiefly tourist or other areas designated to be of special national interest. These concessions are essentially equivalent to long-term leaseholds. Elsewhere, in addition to

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formally titled property, some untitled land may be purchased in a manner that grants indefinite right of possession and, in some cases, the possibility of later titling. Panama maintains a comprehensive property registry.

### **Access to Public Medical Services**

Except in very limited cases, foreign retirees cannot join the Panamanian Social Security program, which provides health care benefits to Panamanians. Anecdotally, most US retirees in Panama purchase private health insurance or self insure. Mexico's social security system (*Instituto Mexicano del Seguro Social*, or IMSS), which provides medical care, is available to foreign retirees who choose to purchase it. However, as detailed later in this report, only one-third of US-born seniors in Mexico use public health coverage.

### **Tax Policies and Other Economic Benefits**

US retirees moving to Panama with *pensionado* or *rentista* visas receive a one-time import tax exemption on household goods up to \$10,000 in value. *Pensionado* and *rentista* visa holders may also import or purchase a car every two years free of import duties. US retirees with a Mexican *rentista* visa may import household goods without paying import duties within the first six months of their visa status.

Since 1990, Panama has exempted newly constructed properties from national property taxes for a period of 20 years. The remaining time on a tax exemption is transferable, so if foreign retirees (or Panamanians) buy homes built after 1990, or build new homes themselves, they do not have to pay property taxes until 20 years after the house was built. Other properties worth at least \$20,000 are subject to a maximum annual tax of 2.1 percent of the property's value. Mexican property taxes are also very low. In Mexico, property taxes, called *predial*, are local taxes. They vary by location, but tend to range from 0.01 to 0.4 percent of the assessed value of a property.

### **Other Benefits**

Panama maintains an additional set of benefits for retired women over age 55 and men over age 60, foreigners and Panamanian citizens alike, as well as any holder of a *pensionado* visa, regardless of age. These benefits include: discounts of 50 percent off prices for movies, theater, sporting events, and other public shows; 25 percent off meals in restaurants; 15 percent off medical care for hospital and private clinic services; 10 percent off prescription medications; 20 percent off fees for medical consultations, including specialists; 15 percent off dental services; 15 percent off optometry services; 25 percent off monthly energy and telephone bills; 50 percent off regular prices at hotels and resorts during the week, and 30 percent off on weekends; 15 percent off fast food; and 20 percent off prostheses and accessories.

Mexico also has a series of discounts available to Mexican nationals and foreigners over the age of 60, but foreign-born seniors must hold a permanent immigrant visa (called an

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FM2 visa) to be eligible. All seniors wishing to receive the discounts must obtain a special card from the Institute for Elderly Adults (*Instituto Nacional de las Personas Adultas Mayores* or INAPAM). This card can be used at nearly 20,000 locations in Mexico and includes discounts on pharmacy purchases, airfare and local transportation, optician and general medical visits, and supermarkets. The level of discount varies by business and is left to the discretion of business owners.

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### III. METHODOLOGY

This study was completed in two phases—a quantitative portion and a qualitative one. The quantitative portion examined available governmental statistics to assess the size and characteristics of the US senior population in Mexico and Panama, as well as the rest of Latin America. This portion of the study then provided a roadmap for the qualitative fieldwork, which examined US retirees’ experiences abroad.

#### Quantitative Methods: Data Collection and Analysis

The bulk of the quantitative analysis in this report is based on the census data from Mexico and Panama. We used these data to examine the size of the US-born population 55 years of age and older over time. Data on Mexico was gathered through the National Population Council (*Consejo Nacional de Población*, or CONAPO). Data for Panama were obtained from Panama’s Census and Statistics Directorate (*Dirección de Estadística y Censo*) and accessed through the United Nation’s Latin American and Caribbean Demographic Center (*Centro Latinoamericano y Caribeño de Demografía*, or CELADE) Web site using REDATAM software.

Social and economic profiles of retirement-age US-born residents of Mexico and Panama use census microdata. The Mexican analysis uses the University of Minnesota’s Integrated Public Use Microdata Series International (IPUMS) for the years 1960, 1970, 1990, and 2000.<sup>39</sup> All these data are from CONAPO’s Census of Population and Housing, but they have been harmonized by IPUMS to more easily allow comparisons over time and between countries. Most of the analysis for Mexico is based on a 10.6 percent sample of the total population. Panama’s Census and Statistics Directorate provided individual records of the foreign-born population in the country from the 2000 National Census of Population and Housing (*Censo Nacional de Población y Vivienda*).

The limitations of the 2000 census data are described in the quantitative section of this report. However, we would like to emphasize that they likely create a lower-bound for estimating the current US retiree population abroad, rather than an accurate count. This is especially true for Panama, where much of the retiree population reportedly came into the country after 2002. Furthermore, it is likely that many part-time residents were not captured by the censuses.

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39. Matthew Sobek, Steven Ruggles, Robert McCaa, et al., *Integrated Public Use Microdata Series-International: Preliminary Version 1.0*. Minneapolis: Minnesota Population Center, University of Minnesota, 2002, <http://www.ipums.org/international>.

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## Qualitative Methods: Focus Groups and Interviews

After completing the statistical analysis, we conducted ethnographic research in several retirement communities in Panama, including Panama City, Coronado, and Boquete, and in San Miguel de Allende, Mexico, in February 2006. The sites were chosen from a list of locations with the largest- and fastest-growing US retiree populations, according to census data from both countries and anecdotal reports from Internet sites, news articles, and persons familiar with retirement communities in Panama and Mexico. In Mexico, we also considered whether prior research had been done in a retirement community when selecting a site. In each site, we conducted focus groups with US retirees and structured interviews with key informants who had professional experience serving the retirement community.

We conducted two focus groups in Coronado, two in Panama City, one in Boquete and four in San Miguel de Allende. Each group consisted of six to ten self-defined US retirees. The focus groups allowed us to gauge the views of retirees in response to open-ended questions. For each location, volunteers were divided according to participation as an individual or as a married pair in order to ensure comfortable participation and a chance for all to voice their opinions. In Boquete, where we held only one focus group, couples were asked to select one spouse to participate. All participants in Boquete and San Miguel de Allende lived in those communities, while some participants in Panama City and Coronado had traveled from other nearby communities to participate.

We employed a variety of purposive sampling techniques to recruit focus group participants, utilizing personal networking and targeted announcements and advertising. We disseminated announcements of our study through the formal and informal networks of several initial contacts, including the study's funder and others who were identified through Internet research on the communities under study. We also targeted announcements to social and charitable organizations and online forums frequented by US retirees, as well as one English-language newspaper in Panama. Several subsequent volunteers used their own networks to spread word of the study. Some moderators of blogs and Web sites related to retirement in Panama or Mexico posted our study's description on their sites.

Readers should keep a few factors in mind about the resulting sample of retirees when reviewing the results of this study. First, the sample should not be considered representative of the larger US retiree population in each community. To be representative, a sample must be selected probabilistically from a known "universe"; in this case, the lack of data on the size and characteristics of US retirees living in each community meant that the universe was not quantifiable. However, the variety of recruitment techniques allowed us to reach a diverse group of participants in each area, and the experiences they shared shed light on some of the broader issues and challenges facing retirees in these two countries.

Another caveat is that the use of the Internet, online discussion groups, and e-mail in recruiting focus group participants may have skewed the sample toward retirees who are more familiar and comfortable with conducting research or communication online. Additionally, some focus group participants may have decided to join one of our focus groups at least partly because of some self interest in continued tourism and migration to the focus group locations. Some participating retirees owned or were starting businesses or online discussion groups, several of which were intended to cater to other US retirees or expatriates. Other retirees in



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Panama disclosed that they had invested substantial funds in real estate. While the opinions and experiences revealed in the focus groups and surveys seemed honestly expressed, those with financial interests in migration to their country of residence may have had reason to emphasize positive aspects of their communities and downplay negative qualities.

And finally, because some participants participated with their spouses and likely shared very similar experiences with their partners, their viewpoints may have been unduly magnified. This is particularly important to note in viewing responses to our voluntary survey that would likely be shared by a couple.

Focus-group participants were offered a free meal at the time of the discussion and US\$25 or the equivalent in pesos for their participation in the one and a half hour groups. All participants signed informed consent agreements. We held the focus groups in the meeting rooms of hotels or in community meeting spaces, and we tape recorded the group discussions with the permission of participants. We invited focus group participants to fill out a brief, confidential survey at the beginning of the meeting.

In addition to the focus groups, we conducted structured, face-to-face interviews with key informants—nine in Panama City, two in Boquete, and four in San Miguel de Allende—including real estate agents, immigration attorneys, insurance brokers, government officials from both municipal and national levels, and one former high-level US official with extensive hands-on knowledge of the issues of concern to the study. We also conducted one phone interview with a professional from San Miguel de Allende. These informants were identified through a Web search, postings on Internet forums, background interviews with retirees, and suggestions from Panamanian Embassy officials in Washington, DC, and the study's funder. We screened potential interviewees for the length and depth of their experience working with the US retiree population. Interviews were conducted in the offices of the interviewees, with the exception of the phone interview and two interviews conducted at a local restaurant at the request of the interviewees. The interviews lasted between 20 minutes and two hours, and covered the professional's views about the growth in the population of US retirees, characteristics of the retiree population, and government policies relevant to retirement migration.

### ***Focus Group Sites***

San Miguel de Allende, the site of our focus groups in Mexico, has a strong history of settlement by US expatriates. After World War II, many US veterans found that they could stretch their education grants further in Mexico than in the United States, and they came to attend the US-accredited art school, Instituto Allende, in the town. The mild climate, colonial architecture, and dynamic cultural community continued to draw expatriates, including a substantial number of hippies in the 1960s and, beginning in the 1970s, US and Canadian retirees. San Miguel de Allende has also long been a tourist spot for wealthier Mexicans, with substantial numbers of professionals from Mexico City owning weekend homes in the town or visiting for vacations and festivals.

Panama City, the site of two of our focus groups, is a modern metropolis with a population of about 700,000. Participants in our Panama City focus groups also resided in the nearby town of La Chorrera. Coronado, the site of two more focus groups, is a beach town about 50 miles outside of Panama City that hosts a planned retirement community and resort

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area. Some participants in the Coronado focus groups lived in Altos del Maria, another planned community located nearby, or in El Valle, both located in the cooler mountain climate. Boquete, the site of our last focus group in Panama, is a small mountain town in the northern province of Chiriquí. The town was founded in 1911 by migrants from other regions of Panama, as well as expatriates from Switzerland, the former Yugoslavia, Sweden, Germany, and North America.

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## IV. ESTIMATES OF THE US POPULATION IN LATIN AMERICA

### Overview of Data Sources

Despite the growing importance of US retirement abroad, data about the numbers of US citizens abroad, much less numbers of retirees, their settlement locations, or their effects on and interactions with local communities, are meager and incomplete. The US Census Bureau does not collect this information, and while the Department of State (DOS) used to issue estimates of US citizens abroad, it no longer does so, citing security concerns. Data from the last time the DOS released estimates in 1999 paint an unreliable picture of US citizens residing in Latin American countries, particularly those with recent growth in inflows (See Table 1).<sup>40</sup> These DOS estimates are often several times greater than the US population measured by the census of a particular country. As pointed out by analysts from the US Census Bureau, these DOS counts are no more than “best guess estimates” and are intended more to plan for potential evacuation of US citizens than to precisely measure the number of US citizens in the country.<sup>41</sup> The numbers are partly based on self-registration at US embassies abroad and, according to a study by the Organization for Economic Co-operation and Development (OECD), are likely overcounts given that short-term visitors may register with the embassy, and few visitors or residents ever “de-register” themselves.<sup>42</sup>

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40. The Migration Policy Institute attempted to update this information in 2005 by calling US embassies in Mexico and Central and South America. However, the data we obtained and those published in 1999 were often irreconcilably different, and embassies in different countries employed different methods in making their estimates. The Department of State does, however, have estimates of the US population in Panama and Mexico on its Web site. One, in the Department of State’s “Post Report,” cites the number in Panama as over 20,000 (see [http://foia.state.gov/MMS/posrpt/pr\\_view\\_all.asp?CntryID=116](http://foia.state.gov/MMS/posrpt/pr_view_all.asp?CntryID=116)). Another, in “Background Notes” on Panama, puts the number at “about 25,000” (see <http://www.state.gov/r/pa/ei/bgn/2030.htm>), while the estimate for Mexico is conservative at “more than a half million” (see <http://www.state.gov/r/pa/ei/bgn/35749.htm>).
  41. See Jason P. Schachter, “Estimation of Emigration from the United States,” (Washington, DC: Sabre Systems, Inc., 2004), <http://www.sbresys.com/whitepapers/IDSEM6-4.pdf>; and James Gibbs, et al., “Evaluating Components of International Migration: Native-Born Emigrants,” (Washington, DC: US Census Bureau, 2003), <http://www.census.gov/population/www/documentation/twps0062.pdf>.
  42. Jean-Christophe Dumont and Georges Lemaître, “Counting Immigrants and Expatriates on OECD Countries: A New Perspective” (Paris: OECD, June 2005), <http://www.oecd.org/dataoecd/34/59/35043046.pdf>.

**TABLE 1. US Department of State  
Estimates of US Citizens Living  
in Mexico and Central and  
South America, 1999**

Country	Number
Argentina	27,600
Belize	2,700
Bolivia	3,000
Brazil	40,640
Chile	11,790
Colombia	30,680
Costa Rica	19,800
Ecuador	13,824
El Salvador	10,000
French Guiana	Not reported
Guatemala	10,000
Guyana	1,500
Honduras	10,500
Mexico	1,036,300
Nicaragua	5,000
Panama	19,700
Paraguay	2,368
Peru	14,143
Suriname	425
Uruguay	3,500
Venezuela	25,000

Host country censuses from 2000 are another source of data on US citizens abroad, and the following analysis is based on census data from Panama and Mexico. For the purposes of this report, census data have several advantages: They can provide specific information about where US citizens live within a country and include information about individuals' ages to focus on US citizens of retirement age, which we define in our quantitative research as 55 and older.

Unfortunately, one drawback of destination countries' censuses is that most classify individuals based on their place of birth rather than their citizenship, making census data a close but imperfect measure of US citizens abroad. Also, as noted above, census counts may miss part-time residents not present at the time that the census is conducted. Further, census data from 2000 miss the most recent flows of retirement migrants, who likely make up a large portion of the US retiree population in Mexico and Panama.

### Recent US Emigration Growth

The overall magnitude of the US population—not just retirees—living in Mexico grew steadily between 1970 and 2000, while the growth of the same population in Panama was less consistent (see Table 2). Mexico saw the greatest proportional increase between 1970 and 1980 (57.6

percent) and between 1990 and 2000 (84.3 percent). The story was slightly different in Panama, where the number of US-born individuals living in the country declined from 1970 to 1990 before increasing 57.8 percent between 1990 and 2000. The earlier declines may reflect increasing political instability and the decreasing presence of US Canal Zone residents after the United States agreed to hand over the canal in the late 1970s. The growth between 1990 and 2000 is likely to have been caused by two factors: growing US migration to Panama during the period following the overthrow of Manuel Noriega in 1989, and an increasing number of former US military personnel and canal workers settling in the country permanently.

### Age and Gender Distributions of the US Population

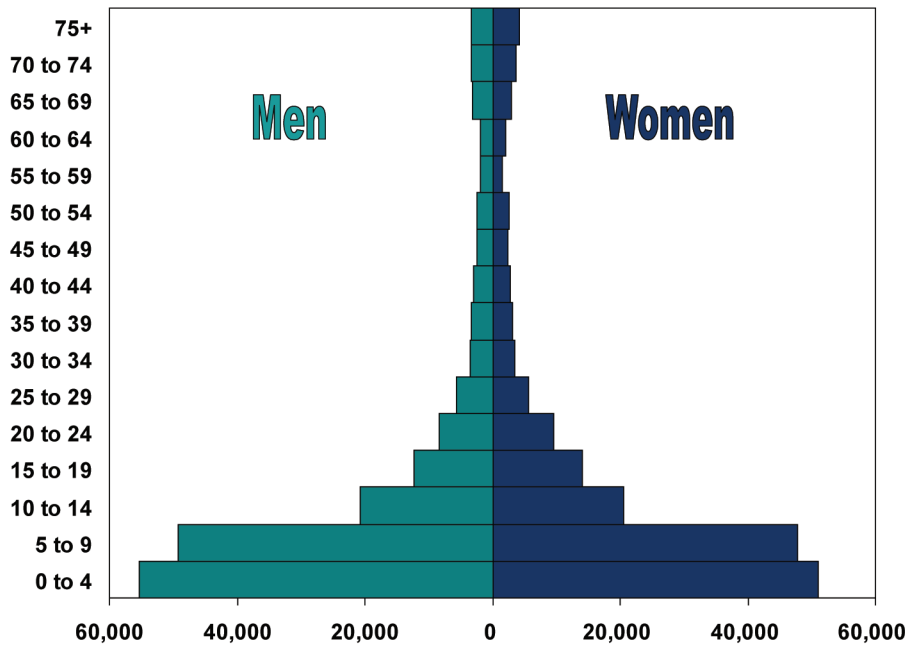
As noted above, aggregate measures of the US-born in the two countries do not necessarily depict the US retiree population. In fact, the vast majority of the US-born in Mexico in 2000 were children, 90 percent of whom had at least one parent born in Mexico (see Figure 1). The

**TABLE 2. Census Counts of the US-Born Population in Panama and Mexico, 1970 to 2000**

Country and year	Total population	Foreign-born	US-born
<b>Panama</b>			
1970	1,352,344	57,275	6,894
1980	1,824,796	47,722	4,293
1990	2,329,329	61,394	3,241
2000	2,839,177	82,097	5,113
<b>Mexico</b>			
1970	48,225,238	191,159	97,229
1980	66,846,833	268,900	157,117
1990	81,249,645	340,824	194,619
2000	97,014,732	519,707	358,614

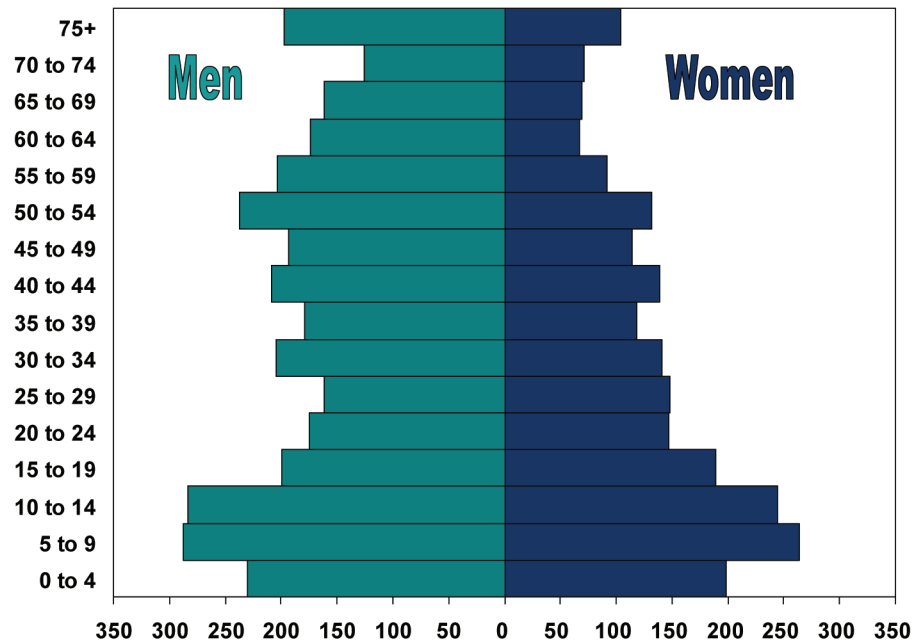
Source: 2000 counts for Mexico are from IPUMS; counts for Panama are from CELADE.

**FIGURE 1. Age and Gender Distribution of the US-Born in Mexico, 2000**



Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

**FIGURE 2. Age and Gender Distribution of the US-Born in Panama, 2000**



Source: Census and Statistics Directorate of Panama, Census of Population and Housing, 2000.

age distribution in Panama in 2000 was more diverse: While about a third (34.6 percent) of the US-born population was under the age of 20, nearly a quarter (23.2 percent) were over the age of 55 (see Figure 2). Unlike in Mexico, where the gender distribution was roughly even, men were predominant among the US-born population in Panama. Given that 82 percent of the US armed forces are men,<sup>43</sup> military personnel who stayed in Panama after the bases closed in 1999 could drive this pattern.

Since US-born persons of all ages reside in these countries, it is difficult to tell whether new US-born seniors were moving in or if those already living there were simply getting older. More detailed analysis of the data is necessary to tease out the retiree population. In the following two sections, we take a more in-depth look at US-born seniors living in Mexico and Panama using the most recent census data available for these countries.

## Seniors in Mexico

### Overview

According to the Mexican Census, there were 358,614 US-born people residing in Mexico in 2000.<sup>44</sup> Of these, 28,247 were age 55 and older, referred to in this quantitative analysis as

43. US Department of Defense, Active Military Personnel by Rank and Grade, September 30, 2005.

44. XII General Census of Population and Housing of Mexico, 2000. The Mexican Census reports a substantial number of people whose country of birth is unknown. This number is of roughly the same

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seniors. However, this population could include more than US retirees who decided to move to Mexico. The seniors captured by the census may have been US-born children of Mexican migrants who returned to their parents' country of origin as children or adults. They might also have been US emigrants who were working into their 50s or beyond.

### ***US-Born Settlement Patterns and Trends***

#### ***Many US seniors live in border states or states with retirement communities***

The ten Mexican states with the highest concentrations of US-born seniors all fall into two main categories: states that lie along the US-border (referred to below as border states) or states containing large US retirement communities (referred to as retirement states). For many measures, there is a clear difference between the characteristics of the US-born in states with known retirement communities and those along the border. We hypothesize, though we cannot be certain, that the US-born seniors living in retirement states are more likely to have moved specifically for retirement, while those in border states are more likely to have been born to Mexican migrants in the United States and returned to Mexico. The different backgrounds of these two groups may partly explain the difference in characteristics observed between border and retirement states in the census analysis. Note that our state-level comparisons throughout this section examine *only* those ten states with the highest US-born concentrations, combining statistics from the rest of the states in an “other” category.

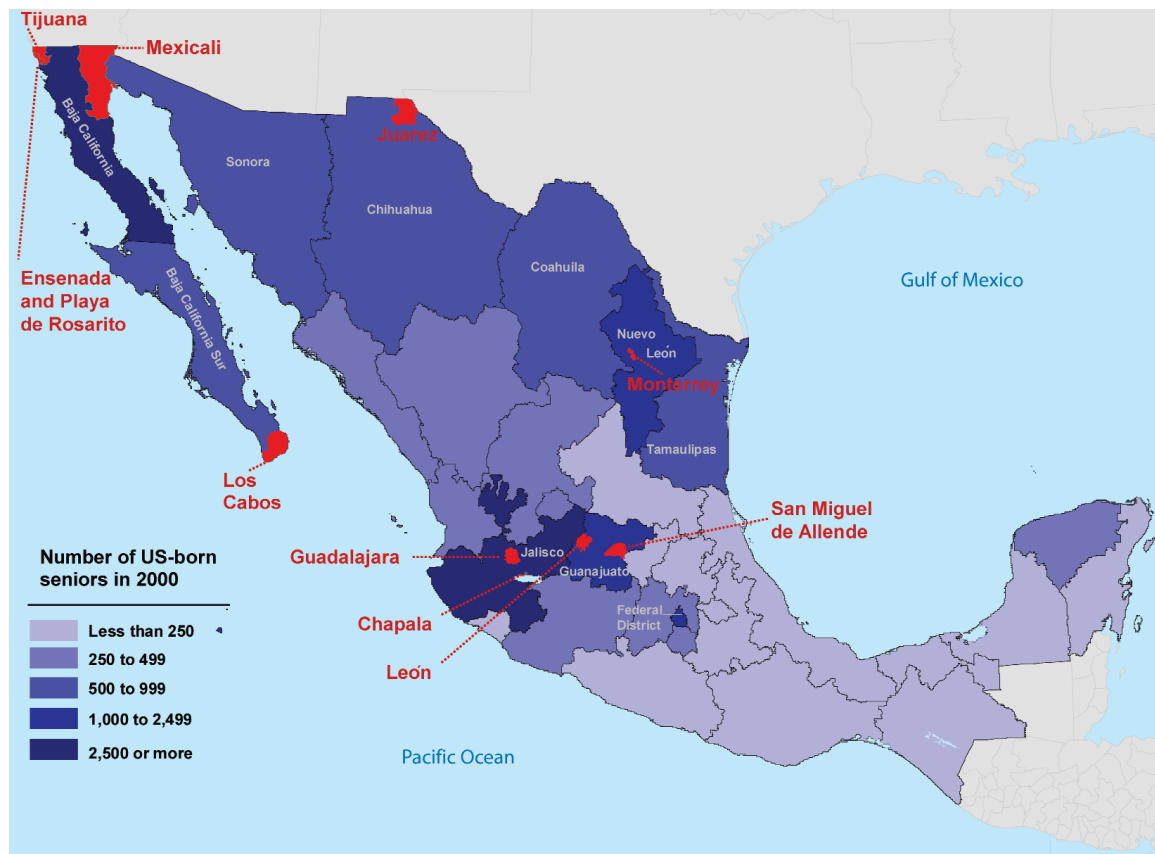
Jalisco, where over one-fifth of US-born seniors resided in 2000, is home to the US retiree haven of the Lake Chapala area. Baja California, which was home to 17.1 percent of US-born seniors, falls into both categories as it borders California and also includes several retirement areas, such as Playas de Rosarito and Ensenada. Guanajuato is home to the city San Miguel de Allende, which hosts a substantial expatriate and retirement community. Baja California Sur contains several retirement hotspots, including Los Cabos and La Paz. Coahuila, Nuevo León, and Tamaulipas are all located along the Texas border, while Chihuahua borders both Texas and New Mexico, and Sonora shares a border with Arizona. The Federal District differs in characteristics from the other states, as it is home to the country's capital, Mexico City, which attracts both economically active and retired foreigners.

Indeed, looking at the ten municipalities with the largest US-born senior populations shows the same concentrations in both border and retirement communities. The municipality with the largest population of US-born persons age 55 or older was Chapala, Jalisco, with 3,407 US-born seniors. Mexicali, on the California border, had 2,686 US-born seniors. Tijuana and Monterrey, with 1,001 and 994 US seniors, respectively, are likewise border cities. Los Cabos was home to 939 US-born seniors, followed by Juárez (810), Playas de Rosarito (685), San Miguel de Allende (650), and Zapopan (a city directly adjacent to Guadalajara) with 645 US-born seniors. All of these municipalities are located in the ten states with the highest US-born senior populations highlighted above.

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magnitude as the size of the entire foreign-born population. There is no way to be sure how many of these people may be US-born. Furthermore, the census counts may have missed a number of US-born individuals who reside in Mexico part-time.

**MAP 1. US-Born Senior Population in Mexico, 2000**



Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

*Some areas see rapid increase in US seniors*

The US senior population grew dramatically between 1990 and 2000 in big retirement areas and some border cities. While nationally it increased from 24,090 to 28,247 people, or 17 percent, rates of growth were much higher in some states. States that experienced large growth in their US-born population age 55 and above were Jalisco (3,438 people or 138.6 percent), Baja California (1,467 people or 43.5 percent), Baja California Sur (846 people or 188.0 percent), and Guanajuato (434 people or 26.0 percent). Several border states, as well as the Federal District, actually saw their population of US-born seniors decline over this period. Tamaulipas experienced a 27.8 percent decline (626 people); Chihuahua, a similar 27.4 percent decline (578 people); Sonora, a 31.5 percent decline (475 people); and the Federal District, a 20.3 percent decline in this population (464 people).

Data on the municipalities experiencing the largest growth in this population show some similar trends. Among the fastest growing municipalities were Chapala (2,907 people or 581.4 percent), Mexicali (1,446 people or 116.6 percent), Los Cabos (709 people or 308.3 percent), and San Miguel de Allende (210 people or 47.7 percent). Growth in border com-



**TABLE 3. Total and Senior US-Born Populations in Mexico, 1990 and 2000**

	1990		2000	
	Total	55 and older	Total	55 and older
National total	198,240	24,090	358,614	28,247
Baja California	31,830	3,370	62,374	4,837
Baja California Sur	1,260	450	2,696	1,296
Chihuahua	23,310	2,110	44,575	1,532
Coahuila	6,420	1,290	9,354	1,104
Federal District	9,250	2,290	10,545	1,826
Guanajuato	8,360	1,670	15,982	2,104
Jalisco	24,140	2,480	41,764	5,918
Nuevo León	10,320	2,230	14,506	2,352
Sonora	8,930	1,510	16,132	1,035
Tamaulipas	26,370	2,250	35,669	1,624
All other states	48,050	4,440	105,017	4,619

Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

munities and other areas may be partly due to aging US-born residents, as opposed to increasing migration, but it is likely that growth in retirement communities can be attributed to the growing trend of US residents retiring in Mexico.

#### *US seniors are often newly arrived in states with retirement areas*

At the time of the 2000 Mexican Census, only about 80 percent of US-born seniors in Mexico had resided in the country for more than five years.<sup>45</sup> However, this share varied by state. The states where most US-born seniors had been present in the country for more than five years were the Federal District (96.6 percent), Nuevo León (96.2 percent), Tamaulipas (92.9 percent), and Chihuahua (92.8 percent). The states where the greatest share of US-born seniors had arrived recently (within five years of the census) were retirement states: Baja California Sur (44.7 percent), Baja California (34.2 percent), Jalisco (30.4 percent), and Guanajuato (16.0 percent).

#### **Senior Characteristics: Gender, Marital Status, and Education<sup>46</sup>**

##### *Gender distribution of US seniors varies by state*

While US-born seniors living in Mexico were slightly more likely to be women (51.8 percent) than men (48.2 percent), the distribution by gender differed by state. Retirement states were

45. However, those who had lived in Mexico longer may have been more likely to be recorded by the Mexican Census.

46. Examining data from municipalities in Mexico, of which there are approximately 2,400, would allow us to focus more specifically on known retiree communities. However, the number of US-born seniors in

**TABLE 4. US-Born Seniors in Mexico by Gender, 2000**

	Total	Men (percent)	Women (percent)
National total	28,247	48.2	51.8
Baja California	4,837	56.4	43.6
Baja California Sur	1,296	58.1	41.9
Chihuahua	1,532	50.5	49.5
Coahuila	1,104	38.8	61.2
Federal District	1,826	42.2	57.8
Guanajuato	2,104	41.8	58.2
Jalisco	5,918	52.6	47.4
Nuevo León	2,352	36.7	63.3
Sonora	1,035	51.3	48.7
Tamaulipas	1,624	35.7	64.3
All other states	4,619	47.4	52.6

Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

most likely to have a greater proportion of men. The states with the highest percentage of US-born seniors who were men were Baja California Sur (58.1 percent), Baja California (56.4 percent), Jalisco (52.6 percent), and Sonora (51.3 percent).

#### *US and Mexican seniors marry at same rates*

The share of US-born seniors who were married varies only slightly by state. Those with the highest marriage rates were Baja California Sur (77.0 percent), Baja California (69.1 percent), Jalisco (69.1 percent), and Nuevo León (61.4 percent). States with the smallest share of married seniors were Coahuila (48.3 percent), Sonora (54.8 percent), the Federal District (55.5 percent), and Chihuahua (56.3 percent).

Of US-born residents age 55 and older, a greater proportion of men (76.4 percent) were married than were women (50.7 percent). More than a third of women (33.6 percent) were widowed compared with only 8.7 percent of men. Women were most likely to be currently married in retirement states such as Jalisco and Baja California Sur, while about the same proportion of men were likely to be married across most states.

#### *US seniors are generally better educated than Mexican peers*

While half (50.4 percent) of US seniors in Mexico had not completed high school, more than nine of every ten (91.9 percent) native Mexican seniors reported having less than a secondary level of education. (To put the US-born statistics in context, according to the US Census Bu-

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most municipalities is too low to be statistically meaningful. Therefore, the detailed analysis below focuses on state-level data. Although state level data may include US-born persons residing outside the

**TABLE 5. Educational Attainment among Seniors in Mexico by Nativity, 2000**

	<b>Total</b>	<b>Less than secondary (percent)</b>	<b>Secondary/ some college (percent)</b>	<b>University degree (percent)</b>
<b>Mexican-born</b>				
National total	8,937,461	91.9	4.7	3.4
<b>US-born</b>				
National total	27,186	50.4	26.1	23.5
Baja California	4,824	57.0	31.3	11.7
Baja California Sur	1,232	24.9	47.5	27.6
Chihuahua	1,447	78.6	16.2	5.1
Coahuila	1,058	67.7	10.1	22.2
Federal District	1,807	32.5	28.6	38.8
Guanajuato	2,071	58.7	13.3	28.0
Jalisco	5,650	22.4	39.4	38.2
Nuevo León	2,194	82.5	9.8	7.7
Sonora	962	72.1	18.4	9.5
Tamaulipas	1,410	81.8	11.8	6.5
All other states	4,531	45.2	24.0	30.8

Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

reau, only one-fifth of seniors in the United States lacked a high school diploma in 2000.) Furthermore, about 24 percent of US-born seniors had a university degree, while about 3 percent of Mexican seniors had finished college.

The US-born seniors living in Jalisco, the Federal District, Baja California, and Baja California Sur were generally better educated than those living in other border states. US-born seniors in the Federal District and Jalisco were most likely to have a college education, while those in Guanajuato showed a highly bimodal distribution—seniors there were very likely either to have a college degree or less than high school education. The states with the largest shares of US-born seniors lacking a high school degree were border states Nuevo León (82.5 percent), Tamaulipas (81.8 percent), Chihuahua (78.6 percent), and Sonora (72.1 percent).

## **Income**

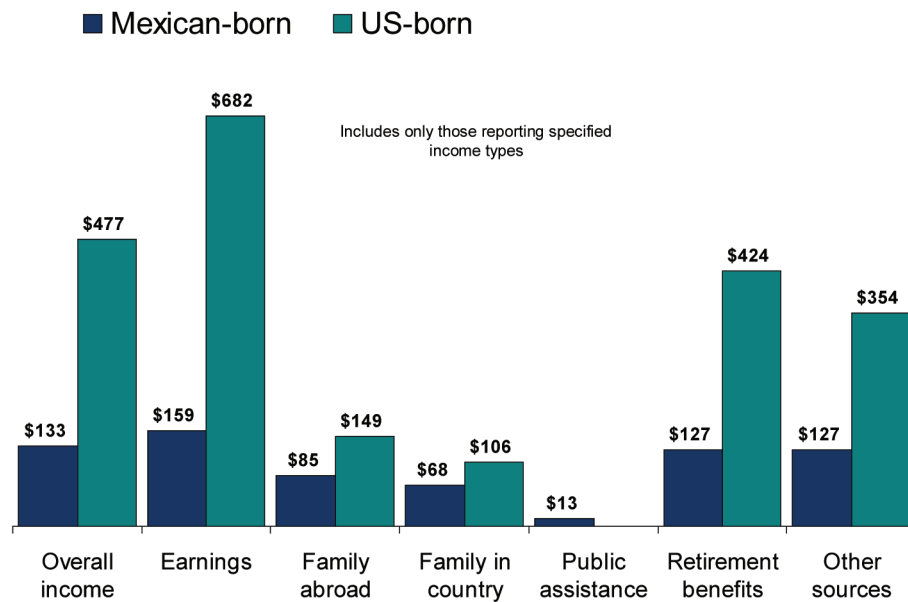
### *US seniors receive higher incomes than their Mexican counterparts*

The median monthly income of US-born seniors in Mexico was \$477, about three and a half times that of Mexican seniors (\$133). Total income includes earnings from wages and

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retirement communities, in looking at state-level data we are able to create a rich profile of US seniors residing in Mexico.

**FIGURE 3. Median Monthly Income for Seniors in Mexico by Nativity and Income Source, 2000\***



Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

Note: \*The medians are calculated based only on those seniors who report receiving the specific type of income.

investments, money provided by family members, funds from public assistance and public or private retirement benefits, and other sources. However, income does not reflect money from personal savings that seniors may use to supplement their income.

The median monthly earnings—which include income from wages as well as investments—of the US born were more than four times as large as those of Mexican seniors (\$682 compared to \$159). US-born seniors received a median of \$106 from family members in the country and \$149 from family members abroad, compared to the medians of \$68 and \$85 received by Mexican seniors. They also received more than three times the retirement benefits of Mexican seniors (a median of \$424 compared to \$127).

### *US seniors' income varies by state*

Median monthly income for US-born seniors was greatest in Jalisco (\$955), the Federal District (\$849), Baja California (\$674), and Baja California Sur (\$636). Median income was lowest in Nuevo León (\$182), Sonora (\$233), Guanajuato (\$261), and Tamaulipas (\$318). Looking at states for which analysis is possible, US-born seniors in retirement states also drew larger retirement incomes than US-born seniors in other states.<sup>47</sup> The states with greatest me-

47. The number of people reporting their income in some states was too low to allow for meaningful statistical analysis of median incomes. Therefore, only states that had sufficiently high counts are included here.

dian retirement incomes were Jalisco (\$992), Baja California (\$636), Baja California Sur (\$530), and the Federal District (\$414).

### **Employment Status, Industry, and Occupation**

#### *US seniors less likely than Mexicans to be looking for work*

The great majority (approximately 83 percent) of US-born seniors in Mexico were neither working nor looking for work in 2000, compared with about 64 percent of their Mexican counterparts. The states with the largest share of US seniors not in the labor force were Jalisco (92.5 percent), Baja California Sur (92.3 percent), Sonora (87.0 percent), and Baja California (84.4 percent). US seniors in the Federal District, Coahuila, and Tamaulipas were most likely to be in the labor force.

Nationally, more US-born seniors reported that they did not work because they were retired or living on income from rental properties (29.1 percent) than because they performed housework or attended school (22.5 percent). However, the reasons that seniors were not in the labor force varied by state. Those living in retirement states were more likely to report that they were not working because they were retirees or living on rent, while those living in border states were more likely to report that they performed housework or attended school. The states

where most US-born seniors said they did not work because they were retirees or living on rent were Jalisco (44.5 percent), Baja California Sur (32.5 percent), the Federal District (31.5 percent), and Chihuahua (27.5 percent). States where a relatively high percentage cited housework or studies as their reasons for not working were Tamaulipas (44.7 percent) and Nuevo León (39.8 percent).

**TABLE 6. Labor Force Participation among Seniors in Mexico by Nativity, 2000**

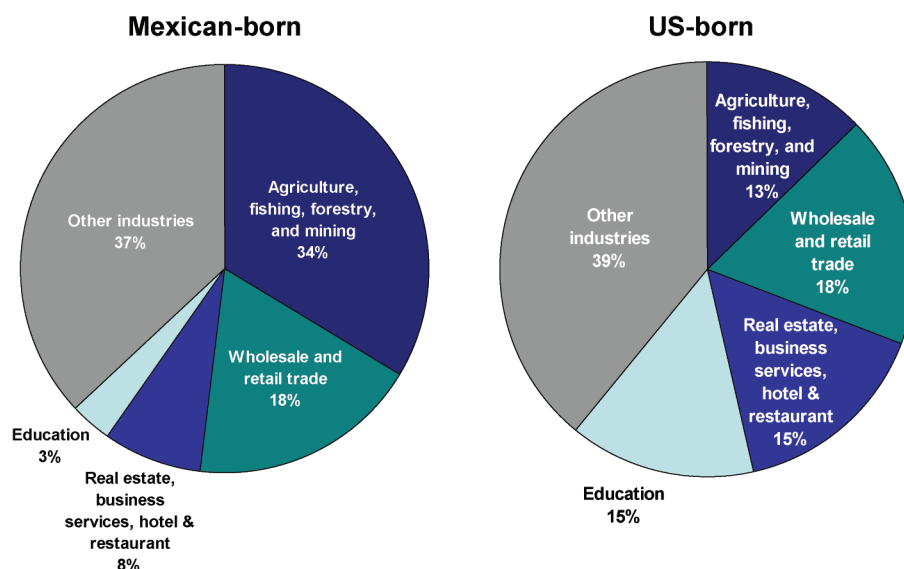
	<b>Total</b>	<b>Percent NOT in labor force</b>
<b>Mexican-born</b>		
National total	9,582,955	63.8
<b>US-born</b>		
National total	28,107	82.6
Baja California	4,837	84.4
Baja California Sur	1,296	92.3
Chihuahua	1,484	84.1
Coahuila	1,104	75.7
Federal District	1,820	66.9
Guanajuato	2,043	82.3
Jalisco	5,918	92.5
Nuevo León	2,351	83.5
Sonora	1,034	87.0
Tamaulipas	1,601	79.5
All other states	4,619	72.5

Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

#### *US and Mexican seniors concentrated in different industries and occupations*

The largest proportion of US-born seniors who were employed worked in wholesale/retail trade or service industries, such as real estate, business services, and hotels and restaurants. In contrast, working Mexican seniors were primarily employed in agriculture, fishing, forestry, and mining industries.

**FIGURE 4. Industry for Employed Seniors in Mexico by Nativity, 2000**



Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

Looking at occupations, the largest share of employed US-born workers were professionals (29.7 percent), while others served as service workers or shop and market salespeople (18.2 percent), or as legislators, senior officials, and managers (12.3 percent). About 40 percent worked in other occupations. In comparison, 25.3 percent of Mexican seniors worked as shop and market salespeople; 6.0 percent worked as professionals; 2.0 percent worked as legislators, senior officials, and managers; and 66.6 percent worked in other occupations.<sup>48</sup>

### ***Healthcare: Insurance Coverage and Healthcare Facilities Utilized***

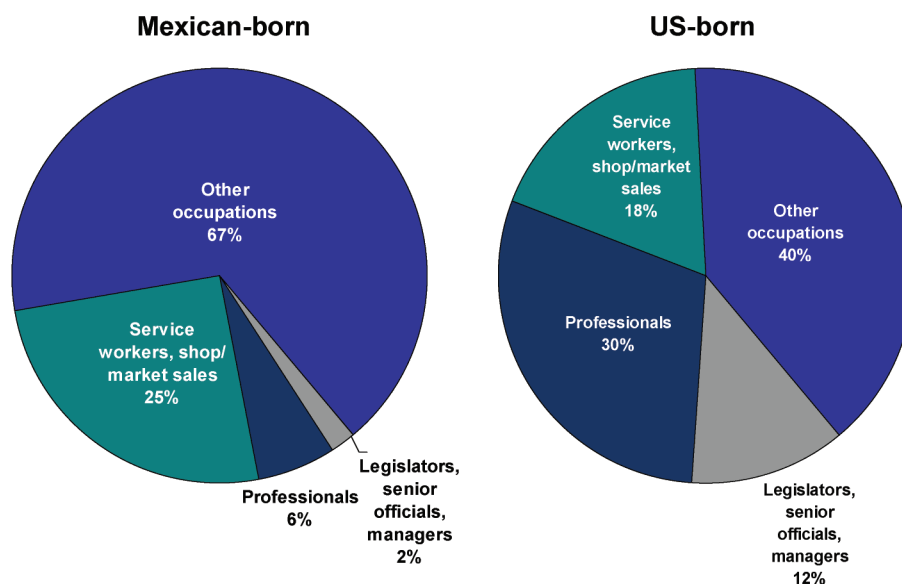
*US-born seniors are less likely to report health insurance than Mexican counterparts*<sup>49</sup>  
 Thirty-seven percent of US-born seniors had health insurance of some type, while almost half of Mexican seniors had health insurance coverage. Most US seniors who had coverage reported holding insurance through IMSS (the Mexican social security system), while only very low numbers of US-born seniors reported holding private health insurance.

There was wide variation by state in the share of US-born seniors with health insurance coverage. States with the highest share of public coverage were Nuevo León (69.7 percent), the Federal District (66.9 percent), and Coahuila (65.7 percent). States with the lowest share

48. State-level data for occupation and industry are not available because the counts are too low to enable statistical analysis.

49. However, this is not to say that US-born seniors have less access to healthcare coverage, as some may travel back to the United States or pay out of pocket for their healthcare needs.

**FIGURE 5. Occupation among Employed Seniors in Mexico by Nativity, 2000**



Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

**TABLE 7. Health Coverage among Seniors in Mexico by Nativity, 2000**

	Total	Public coverage (percent)	Other coverage, or mix of public and other (percent)	No coverage (percent)
Mexican-born	9,498,783	47.6	1.1	51.3
US-born	27,287	35.5	1.5	62.9

Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

of seniors with coverage were Baja California (12.0 percent), Baja California Sur (16.6 percent), Jalisco (27.7 percent), and Guanajuato (28.2 percent).

*Use of private medical facilities by US seniors is widespread*

While Mexican-born seniors who use medical services were more likely to visit state-run facilities than private ones, the majority of US-born seniors in Mexico used private medical facilities. Just over 65 percent of Mexican seniors seeking care turned to public facilities, while nearly the same share of US seniors turned to private or other facilities. US-born seniors in some states were much more likely than seniors in other states to seek private care. States where the highest

**TABLE 8. Type of Health Facility Used by Seniors in Mexico by Nativity, 2000\***

	Total	Public facility (percent)	Private hospital, clinic, or medical center, or other (percent)
<b>Mexican-born</b>			
National total	9,209,922	65.5	34.5
<b>US-born</b>			
National total	23,948	34.2	65.8
Baja California	2,688	15.8	84.2
Baja California Sur	1,077	21.8	78.2
Chihuahua	1,198	32.2	67.8
Coahuila	1,016	63.5	36.5
Federal District	1,826	43.3	56.7
Guanajuato	1,976	31.4	68.6
Jalisco	5,266	18.0	82.0
Nuevo León	2,257	71.2	28.8
Sonora	920	41.2	58.8
Tamaulipas	1,385	33.3	66.7
All other states	4,339	39.1	60.9

Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

Note: \*Tabulations are based only on those seniors who reported seeking medical services.

share of seniors utilized private facilities were known retirement states: Baja California (84.2 percent), Jalisco (82.0 percent), Baja California Sur (78.2 percent), and Guanajuato (68.6 percent). The states where the most seniors sought care in public facilities were Nuevo León (71.2 percent), Coahuila (63.5 percent), the Federal District (43.3 percent), and Sonora (41.2 percent).

### ***Measures of Home Ownership, House Size and Age, and Luxury Goods***

Homeownership rates, house size, and access to non-necessities such as cars, computers, radios, and televisions highlight differences between Mexican- and US-born seniors, and between US-born seniors in retirement states and those living in border states.

#### ***US seniors are less likely than Mexican seniors to own homes***

Home ownership among US seniors varied slightly by state. Among states for which analysis is possible, those with higher rates of home ownership were Tamaulipas (85.6 percent) and



**TABLE 9. Mean Household Size and Number of Rooms among Senior-Headed Households in Mexico by Nativity, 2000**

	Total	Mean household size (persons)	Mean number of rooms
<b>Mexican-born</b>			
National total	5,763,647	3.9	4.6
<b>US-born</b>			
National total	17,575	2.6	5.7
Baja California	3,116	2.5	5.4
Baja California Sur	869	2.1	5.4
Chihuahua	1,068	2.8	6.5
Coahuila	762	2.4	4.8
Federal District	1,175	2.6	6.4
Guanajuato	1,207	3.3	5.3
Jalisco	3,641	2.1	7.0
Nuevo León	1,415	3.0	4.7
Sonora	576	3.0	5.1
Tamaulipas	900	2.8	6.0
All other states	2,846	2.6	5.0

Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

Baja California (83.4 percent). States with lower levels of home ownership were Jalisco (68.3 percent), Guanajuato (77.2 percent), and the Federal District (79.2 percent).

*US seniors live in larger houses with fewer residents than Mexican seniors*

On average, US seniors lived in houses with 5.7 rooms and 2.6 people. Mexican seniors, on the other hand, lived in houses with an average of 4.6 rooms for 3.9 people.<sup>50</sup> The average number of people per household ranged between two and just over three for US-born seniors in all states, with Guanajuato and border states Nuevo León, Sonora, Chihuahua, and Tamaulipas having the highest averages, and Jalisco, Baja California Sur, Coahuila, and Baja California having the lowest averages. States with the largest average number of rooms per household were Jalisco (7 rooms), Chihuahua (6.5 rooms), the Federal District (6.4 rooms), and Tamaulipas (6 rooms). Those with the smallest average number of rooms per household were Nuevo León (4.7 rooms), Coahuila (4.8 rooms), Sonora (5.1 rooms), and Guanajuato (5.3 rooms). These data should be viewed with caution, however, since differences in the size

50. Household size may reflect live-in workers or other unrelated individuals in addition to family members.

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of houses may reflect real estate prices as much as the wealth or living standards of senior populations.

### *US seniors live in newer houses than Mexican seniors*

Thirty percent of US-born seniors lived in a house built within the last ten years, while only 23 percent of Mexican seniors lived in a newer house. The percent of US-born seniors living in newer houses was greatest in retirement states: 56.7 percent in Baja California Sur, 56.2 percent in Baja California, 39.1 percent in Jalisco, and 23.1 percent in Guanajuato. States where the lowest share of US seniors lived in new houses were Coahuila (7.3 percent), Nuevo León (7.3 percent), Sonora (8.6 percent), and Chihuahua (11.6 percent).

### *US seniors are more likely than Mexican seniors to have cars and other luxury goods*

Only 28.9 percent of Mexican seniors lived in households with access to a car, compared to 70.9 percent of US-born seniors. States with the highest shares of car access generally corresponded to retirement areas. They were Baja California Sur (92.3 percent), Baja California (88.7 percent), Jalisco (82.3 percent), and Sonora (74.8 percent). States with the lowest shares of car access were Nuevo León (37.2 percent), Guanajuato (44.6 percent), Coahuila (60.4 percent), and Chihuahua (61.9 percent).

Other measures of wealth and disposable income highlight differences between US- and Mexican-born seniors. While 29.7 percent of US seniors in Mexico had a computer in their homes, only 7.1 percent of Mexican seniors did so. Over 95 percent of US-born seniors had a television compared to 82.4 percent of Mexican seniors, and 90.7 percent of US seniors had a radio compared to 80.3 percent of Mexican seniors.

State-level data on computer ownership also highlight differences between retirement states and border states; US-born seniors had high rates of television ownership in all states. States with the highest rates of computer ownership among the US-born were Jalisco (51.4 percent), the Federal District (39.7 percent), Baja California Sur (36.5 percent), and Guanajuato (26.8 percent). States with the lowest rates of US-born computer ownership were Tamaulipas (9.3 percent), Nuevo León (11.9 percent), Chihuahua (17.0 percent), and Coahuila (19.7 percent). In all states with high US-born senior populations, about 90 percent or more of US-born seniors had televisions.

## **Summary**

In summary, US-born seniors age 55 and older in Mexico are a small but growing population. These seniors tend to fall into one of two main groups—return migrants and US nationals retiring abroad (a much smaller possible third group is working seniors, living particularly in Mexico City). The census data show notable differences between these main categories.

Populations of US-born seniors in retirement communities are growing quite rapidly, while those in some border areas are declining. Meanwhile, US-born seniors in retirement states are better educated than those in border states; draw larger retirement incomes; are more likely to receive private rather than public medical care; have larger houses with fewer inhabitants; and are more likely to own computers. These differences tend to be even greater between all US-born seniors and their native Mexican counterparts.

**TABLE 10. Presence of a Computer in the Home among Senior-Headed Households by Nativity, 2000**

	Total	Computer in the home (percent)
<b>Mexican-born</b>		
National total	5,709,027	7.1
<b>US-born</b>		
National total	17,414	29.7
Baja California	3,109	24.9
Baja California Sur	849	36.5
Chihuahua	1,044	17.0
Coahuila	762	19.7
Federal District	1,175	39.7
Guanajuato	1,192	26.8
Jalisco	3,563	51.4
Nuevo León	1,409	11.9
Sonora	576	21.4
Tamaulipas	900	9.3
All other states	2,835	27.1

Source: IPUMS International data derived from the 10.6 percent sample of the XII General Census of Population and Housing of Mexico, 2000.

## Seniors in Panama

### Overview

The Migration Policy Institute also obtained 2000 census data on the foreign-born population from the Panamanian statistical office.<sup>51</sup> These census data are much less detailed than those from Mexico because there were fewer items on Panama's census questionnaire. Furthermore, only 1,169 US-born seniors responded to the census, providing an even smaller population to analyze. As in Mexico, the data probably only capture a portion of the US-born population living in Panama and may not reflect the counts or characteristics of all US-born seniors living in the country. However, the data do highlight some of the characteristics of US-born seniors who were captured by the census. Since the Migration Policy Institute was only able to obtain data on the foreign-born population, comparisons with native Panamanians were not possible.

### US-born Settlement Patterns and Trends

#### *US seniors more than doubled between 1990 and 2000*

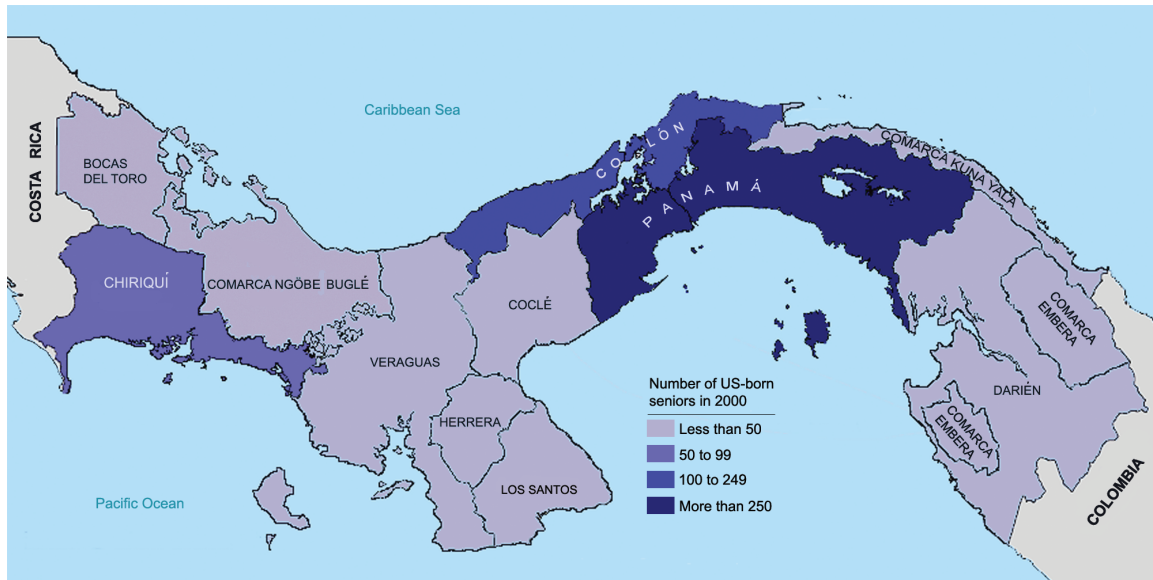
According to Panamanian census data, the number of US-born seniors residing in Panama grew from 491 in 1990 to 1,159 in 2000, an increase of 136 percent.

#### *US seniors are concentrated in two areas*

In 2000, four in every five US-born seniors captured by the census lived in two provinces, Panama (610) and Colón (390). In fact, three-quarters (882) lived in the even smaller districts of Panama and Colón within the provinces with the same name, showing a high degree of spatial concentration among US-born seniors. Another small group of US-born seniors lived in the province of Chiriquí (87), which contains the retirement community of Boquete.

51. *La Dirección de Estadística y Censo de la Contraloría General de la República de Panamá* (Statistics and Census Directorate of the Comptroller General of the Republic of Panama).

**MAP 2. US-Born Seniors in Panama, 2000**



Source: Census and Statistics Directorate of Panama, Census of Population and Housing, 2000.

### *US seniors are likely to be new arrivals*

Census-responding US-born seniors in Colón were most likely to be recent arrivals, with more than 90 percent having entered the country during this five-year span. About 37.9 percent (33) living in Chiriquí and 18.5 percent (113) in Panamá had arrived within the five years prior to the census.

### *Many US seniors are part-time residents*

The high proportion of newly arriving US-born seniors is not too surprising given that 42.4 percent (496) of those who filled out a census questionnaire also claimed that they usually lived in another country.<sup>52</sup> In fact, almost all (93.6 percent) of those living in Colón were not permanent residents of Panamá. This high share may reflect those who regularly did business in the Colon free zone in the area, but primarily lived in other countries. Conversely, most of the US-born seniors living in the provinces of Panamá (522 or 85.6 percent) and Chiriquí (68 or 78.2 percent) had made Panamá their permanent home.

## **Senior Characteristics: Gender and Marital Status**

### *Men predominate among US seniors*

In fact, two of every three (67.6 percent) US-born seniors captured by the census were men. Men accounted for the highest proportion of US-born seniors living in the provinces of

52. Unlike the United States and Mexico, Panamá counts part-time residents in its census. These individuals are those who are residing in Panamá at the time of the census but report primarily living in another country.

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Chiriquí (80.5 percent) and Panama (73.4 percent), while the distribution was much more balanced in Colón, with women accounting for 45.1 percent of US-born seniors.

### *US seniors are likely to have partners*

While most (69.4 percent) of US-born census respondents were married or in a union, 6.6 percent were separated or divorced, 7.6 percent were widowed, and 16.4 percent were single. Women were more likely than men to be married (75.7 percent) and widowed (13.2 percent), while men were more likely than women to be separated or divorced (7.2 percent) and single (21.5 percent).

Geographically, a greater proportion of those living in the province of Panama (73.9 percent) were married than those living in Chiriquí (65.5 percent) or Colón (61.8 percent). Over one-quarter (25.9 percent) of US-born women in Panama were widowed, which may reflect the higher life expectancy of women and the longer duration of stay in the country among those living in this province.

### ***Income and Employment Status***

#### *Nearly three-quarters of full-time resident US seniors are retirees*

Of the 673 US-born senior respondents who had made Panama their permanent home, 22.7 percent worked and 72.7 percent reported to be retired or doing work around the house.<sup>53</sup> A slightly greater proportion of those living in Chiriquí were retired (76.5 percent) than those in the province of Panama (71.1 percent).

#### *US senior incomes hover around \$1,500 a month*

Nationally, the median income of full-time resident US-born seniors who were captured by the census was \$1,500 a month and the median income from retirement or pensions was \$998 a month. Those living in the Province of Panama tended to have higher median total incomes (\$1,500) and pensions (\$980) than those living in Chiriquí (\$1,000 median total income and \$980 median income from pensions).

### ***Summary***

In summary, US-born seniors who responded to the census tended to fit into three categories: those staying in Colón who tended to be part-time residents; those in the province of Panama who tended to be a mix of men who had lived in the country for some time and retirees; and those living in Chiriquí, who were more likely to be newly arriving retired persons.

While Panama's census, unlike those of either the United States or Mexico, does count part-time residents, it does not provide full detail on the characteristics of these part-timers. Given the large numbers of such residents, whether "snowbirds," "sunbirds," or

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53. The remainder did not work for reasons not specified.

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older businesspeople working in the Colon free zone, the existence of so many transitory people impedes further analysis. Compounded by the problem of low counts of US-born residents captured by the census, further investigation into the characteristics of the group is not possible using this data source. Our qualitative research in some of Panama's retirement communities sheds light on more detailed characteristics of these individuals.

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## V. GROWTH IN US RETIREE POPULATIONS POST-2000

Few data exist on the absolute number of US retirees who have migrated to Panama or Mexico since 2000. However, the Migration Policy Institute was able to obtain visa statistics from the Panamanian government that give one indication of the recent surge in the flow of migrating US retirees to the country. Similar data for Mexico were not available at the time of this writing.

We also conducted interviews with senior Panamanian and Mexican officials and professionals who live and work with US retirees in Panama and Mexico in order to provide first-hand accounts of the magnitude of recent retirement migration and supplement the administrative visa data in Panama.<sup>54</sup> We interviewed key informants—real estate agents and developers, insurance brokers, and immigration attorneys—with years of experience serving retirees from the United States to glean a general sense of the size of the US retiree populations in the communities we visited, the rate of growth in migration flows, and the changing characteristics of US expatriates moving to these areas. Senior Panamanian officials in relevant occupations confirmed these observations for Panama.

### Panama

#### *Visa Statistics*

Visa statistics reported by Panama's Migration and Naturalization Directorate show that in the two visa categories most likely used by retirees—the *pensionado* and *rentista*—the number of visas issued to individuals from the United States more than tripled between 2003 and 2005. Other visa categories for which retirees might be eligible—investor visas for small, regular, and forestry businesses and economic self-sufficiency visas—have also grown. Data from January to March 2006 indicate that this trend is likely to continue among visa categories open to retirees: Almost the same number of visas were issued in the first three months of 2006 as in all of 2003. *Pensionado* visas made up the bulk of the increase, accounting for 90 percent of the selected visas issued to immigrants from the United States between 2003 and March 2006.

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54. Note that even the best of visa statistics will not capture all growth in the retiree population, particularly since there may be a lag between the time that a retiree moves to Panama and the time when he or she actually applies for a visa (and as noted earlier, some retirees may rely on a series of tourist visas if they live in a country only part-time).

**TABLE 11. Visas Issued in Panama to US Citizens in Selected Categories, 2003 to 2006**

Type of Visa	Year				Total
	2003	2004	2005	Jan. - Mar. 2006	
Total selected visas	179	363	675	162	1,379
Turista Pensionado (Pensionado)	162	316	611	148	1,237
Rentista Retirado (Rentista)	1	0	16	2	19
*Small Business Investor	6	7	5	5	23
*Regular Business Investor	1	2	4	2	9
*Forestry Investor	1	12	14	2	29
*Economic Self-Sufficiency	8	26	25	3	62

Source: Sections of visa and legal counsel reports from the Panamanian Migration and Naturalization Directorate.

Note: \*Includes both regular and permanent visa types. The issuance of forestry investor visas has been temporarily suspended by the Panamanian government.

### ***A Retirement Boom***

According to Panamanian officials and professionals who serve US expatriates, migration from the United States to Panama has been substantial since 2000, but it has surged since 2003. Real estate developers and an insurance broker commented that business with US expatriates had increased significantly over the past five years, but said the most rapid growth had occurred over the past two to three years. Other real estate agents said that demand for their services had grown quickly in the past two or three years.

### ***Real Estate Growth***

Experts pointed to rapidly multiplying real estate developments as evidence of the growing tide of expatriate retirees. A Panama City insurance broker pointed to reporting in the main newspaper, *La Prensa*, about the remarkable rate of new real estate developments, and an immigration attorney concurred that the rate of new construction in Panama City over the past few years was “unprecedented.”

### ***Growing Demand for Visas and Land***

The professionals also reported rapid growth in demand for their services over the past few years. A real estate agent in Panama City explained that he had sold fewer than 20 lots to US retirees in 2003 but sold over 50 in only the first six months of 2005. A professional at a firm offering immigration, real estate, and insurance services stated that his company had processed ten to 15 *pensionado* and economic self-sufficiency visas for mostly US clients in past years, but processed about 50 such visas in 2005. Another real estate agent in Panama City said his clientele had doubled over the past two years.



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### ***Trends in Boquete***

Professionals in Boquete described similar gains in migration and real estate development. A developer estimated that there were about 300 to 400 expatriates living in Boquete, with 10 percent from Canada and 90 percent from the United States. He said flows of US retirees had picked up since 2000, and that growth was limited only by the pace of home construction. An immigration attorney in Boquete estimated that about 15 US citizens move to the Chiriquí province each month. Materials provided by a developer showed that the number of development projects in the Boquete area grew from one in 2000 to 39 in early 2006.

### ***Changing Characteristics of US Immigrants***

Professionals also noted that the profile of US citizens moving to Panama had begun to shift. An insurance broker from Panama City said that while most US expatriates moving to Panama were between the ages of 55 and 75, recent US migrants were younger and wealthier than before, and increasing numbers of younger professionals were arriving. A real estate agent in Panama said younger people were beginning to buy property in Panama as an investment. This trend was taking place in Boquete as well, according to an immigration attorney there, who said that increasing numbers of US expatriates were coming to make money, including some people using questionable business practices.

## **San Miguel de Allende, Mexico**

### ***Estimates of the US Retiree Population and Growth***

Professionals in San Miguel de Allende described steadily high migration flows to the city. The liaison to the expatriate population, appointed by the mayor of San Miguel de Allende, estimated that there were 4,000 to 5,000 US citizens living in the city alone. He said that a former US consul had told him that 4,000 US citizens living in San Miguel de Allende registered with the US Department of State, while Mexican immigration authorities estimated that San Miguel de Allende hosts 3,000 US citizens. However, the immigration authorities' estimates do not capture US citizens who come to San Miguel de Allende on tourist visas, as is common among many people who live in San Miguel de Allende part-time.

One real estate agent said that the growth of the expatriate population had kept pace with the growth in the Mexican population, leaving the expatriate population at a steady proportion of the city's overall population. An insurance broker agreed that growth had been steady over the last three to five years, while another immigration attorney said there had been a big boom in the number of retirees coming over the past ten years.

### ***Growing Real Estate Market***

As in Panama, the growing population is reflected in real estate growth. One real estate agent pointed to new housing developments springing up around the city itself, and the rapidly

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rising prices of such homes. He thought growth would spread to most neighboring towns over the next few years. Another real estate agent explained that developments were growing on the outskirts of the city due to the limited housing stock in the center of town and the very high prices of those homes. He observed that housing demand was leveling off.

### ***Changing Characteristics of US Migrants***

Professionals in San Miguel de Allende said that younger and wealthier migrants were beginning to settle in the city, and that other recent migrants had come to escape the problems in the United States following 9/11. An insurance agent explained that increasing numbers of families with children and young professionals were moving to the city. Another real estate agent agreed that younger expatriates were coming, including some who continued their work with US-based companies over the Internet. Two of the professionals said that over the past year or two, increasing numbers of expatriates came only part-time to San Miguel de Allende in order to invest in the area. A real estate agent noted this was not a new occurrence but said it was much more common since 2001.

Several of the professionals we spoke with said 9/11 caused many US citizens to move to San Miguel de Allende, and one noted that they came particularly from New York. The immigration attorney explained that a lot of Americans, both young and old, came after 9/11, when they began to feel unsafe in the United States due to both terrorism and the US government.

The professionals were also in agreement that San Miguel de Allende was increasingly a destination for more wealthy individuals. An insurance agent said wealthy new residents came from both other parts of Mexico and the United States. He explained that the retirees he served were generally not moving to Mexico in order to be able to live off their Social Security income. One real estate agent said that since the city had been publicized in the media, it had become a stylish vacation spot for “high-end clients” who bought second homes in San Miguel de Allende rather than in US vacation destinations.

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## VI. RETIREE EXPERIENCES: MOVING ABROAD

Quantitative analysis and interviews with key informants provided background on the size and general characteristics of US migration flows to Mexico and Panama, but the study's focus groups with the population of interest—self-defined US retirees—illustrated the migration choices and experiences of retirees more clearly. Below we describe the information collected in nine focus groups in Mexico and Panama. We pay particular attention to the reasons that retirees gave for moving, their decision-making processes, and their consequent experiences in and impacts on their host countries.

### Factors Considered in the Move

Focus group participants mentioned an array of factors that induced them to retire abroad, ranging from policies and politics that made them unhappy with life in the United States, to policies in or characteristics of Mexico or Panama that drew them to those countries. While the research traditionally identifies these characteristics as “push” and “pull” factors, respondents often made clear that a push factor in the United States (such as high cost of living) may have also been a pull factor (low cost of living) in their new countries. Additionally, retiree responses varied in their emphasis on push or pull factors as the dominant impetus for their moves.

Many of the factors that respondents considered align with previous findings of IRM studies, including proximity to home country, the availability of English-speakers, political stability and political rights, and solid and comprehensive infrastructure. Additionally, this study's findings confirm and expand on previous research that indicates country policies can affect retirees' migration choices. We found that visa, tax, and property policies could have a profound effect on retirees' decisions to move abroad and on decisions of where to move. Respondents also suggested that health policies—particularly the US policy that impedes Medicare's portability across borders—might have strong effects on the flow of US retirees moving abroad.

One caveat is that retirees seemed to find it difficult to separate the original factors that influenced their decisions to retire abroad and factors reinforcing their decision to have settled where they had, or at least to have emigrated. A number of retirees noted that some of the factors identified by other participants were indeed important differences between their new communities and the United States, but did not influence their initial decision to move. Retirees made several comments such as “Those are things I think about, but they had nothing to do with my decision to move here.”

**TABLE 12. Profile of Focus Group Participants in Panama and Mexico from MPI Voluntary Survey**

<b>Panama (Total of 37 respondents)*</b>	<b>Mexico (Total of 31 respondents)*</b>
<b>Gender</b> 24 male 13 female	<b>Gender</b> 16 male 15 female
<b>Age</b> 19 aged 60 or younger 17 aged 61-70 0 aged 71 or older	<b>Age</b> 10 aged 60 or younger 13 aged 61-70 8 aged 71 or older
<b>Live in Panama</b> 35 full-time 2 part-time	<b>Live in Mexico</b> 25 full-time 4 part-time
<b>Home Ownership in Panama</b> 12 rent 25 own	<b>Home Ownership in Mexico</b> 11 rent 20 own
<b>Educational Attainment</b> 5 high school diploma 3 some college 13 bachelor's / university degree 15 graduate or higher degree	<b>Educational Attainment</b> 1 high school diploma 5 some college 9 bachelor's / university degree 16 graduate or higher degree
<b>Time Living in Panama</b> 29 less than two years 1 between two and five years 0 between five and ten years 6 over ten years	<b>Time Living in Mexico</b> 11 less than two years 6 between two and five years 8 between five and ten years 5 over ten years
<b>Last Residence in United States</b> Came from 12 different states 11 from FL	<b>Last Residence in United States</b> Came from 16 different states 4 from NY, 4 CA, 3 TX, 3 FL
<b>Pre-Retirement Occupations</b> 8 military / foreign service Most in professional occupations	<b>Pre-Retirement Occupations</b> Several in social service Several in education Most in professional occupations

\* Subcategories do not always add to total number of respondents, since some participants chose not to answer all questions.

## ***Policies***

### ***Policies in the United States***

Several people mentioned trends in US politics that pushed them to consider retirement outside the United States. Among those who listed the top factors influencing their decision to move abroad, almost one in three focus group participants in Panama cited “politics” as a key factor. In contrast, just fewer than one in six participants in Mexico did the same. The differ-

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ence may have been caused by differences in the timing of migration: Most respondents in Panama had moved within the past two years, while almost two-thirds of the retirees in Mexico had been there for over two years. Many of the political trends the retirees described as push factors were recent, or were viewed by retirees as part of a growing trend.

In Panama, and to a lesser extent in Mexico, discussion of the push of US politics centered on policies affecting civil liberties. Some retirees said the United States was becoming a “police state” and increasingly saw it as a “big-brother government.” A participant in Mexico spoke of US repression of dissent and media censorship, and another mentioned the lack of transparency in US policymaking.

Other respondents indicated that US foreign policy and more general discontent with the current administration and the state of the democratic process pushed them to move abroad. Participants in Mexico, more so than in Panama, expressed discontent with US foreign actions, and some described a sense of anxiety in the United States following 9/11. As was the case with some other push and pull factors, however, retirees had a difficult time explaining whether politics had been a push factor or just a consideration that made them glad they were living abroad.

Others in both countries cited US (or as an extension, local) policies that made retirement in the United States less feasible. Several mentioned the burden of high property tax rates in the United States, contrasting them with Panama’s property tax exemption on new homes or Mexico’s very low taxes. Another participant had been unable to sponsor a foreign partner’s migration to the United States, since US immigration policy does not allow same-sex partner sponsorship.

The US policy most cited by retirees, however, related to Medicare. As they stand, Medicare benefits are not internationally portable, meaning that age-eligible Americans living abroad cannot access the program without returning to the United States.<sup>55</sup> Some focus group participants emphasized that medical care was a serious consideration in their move, since they would have to travel back to the United States to take advantage of their Medicare benefits or invest in a new insurance program abroad. Many emphasized that a policy change providing Medicare coverage abroad would benefit both American retirees and the US government, since treatment in Panama or Mexico would cost much less than it would in the United States.

### *Panamanian policies*

In Panama, members of every focus group were quick to bring up the benefits offered to *pensionado* visa holders and seniors, which made the country a desirable retirement location. As explained earlier, Panama offers a package of benefits and discounts to foreigners of any age on pensioner visas, as well as to all seniors. Retirees stated that nearly all US retirees in Panama were aware of the discounts and made use of them on a daily basis. They also highlighted their ability to bring household goods and new cars to the country without paying import taxes.

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55. There are rare exceptions when Medicare or its supplements will pay for emergency care in Mexico. See David Warner and Lauren R. Jahnke, “Toward Better Access to Health Insurance Coverage for U.S. Retirees in Mexico,” *Salud Pública de México* [Mexican Public Health] (2001) 43, no. 1, for a more detailed discussion of these policies.

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While retirees in Panama cited the ease of obtaining a *pensionado* visa, some respondents mentioned they had pursued or were pursuing other visa types, with somewhat more difficulty. Some retirees said they entered Panama as tourists and left the country every ninety days, but they found this to be an inconvenient and expensive strategy. One retiree had considered applying for an investor visa but felt reluctant to commit to employ three Panamanians for several years as required for this visa, due to his difficulty in navigating Panama's labor laws. Other retirees were applying for economic self-sufficiency visas.

Key informants confirmed that while the *pensionado* visa seems to be the most common for US retirees, it is not the only one that this population pursues. An immigration attorney in Boquete said about two-thirds of her US retiree clients applied for *pensionado* visas, while about one-third obtained investor visas. She also noted that increasing numbers were obtaining self-sufficiency visas. A professional at a full-service organization targeting retirees said his firm had processed about 40 to 50 *pensionado* visas and five economic self-sufficiency visas in the past year, primarily for US expatriates.

Retirees mentioned that beneficial tax and foreign property ownership policies in Panama were important factors in their decision. As discussed above, Panama exempts newly constructed homes from property taxes for twenty years. Retirees also mentioned the attraction of exemptions from Panamanian taxes on money earned from certificates of deposit at Panamanian banks or through work abroad, as well as income tax breaks brought by their investment in the tourism industry.

The stability of Panama's economy and financial sector was a pull factor for some retirees. Some said they were drawn by Panama's strong financial privacy laws, as well as the stability of the banking system. Focus group participants also mentioned that the use of the US dollar was a draw, both due to the convenience of using the same currency they had used before and due to the stability of the currency and its predictable inflation rate.

### *Mexican policies*

Retirees in Mexico said the ease of obtaining a visa was a factor in their decision-making. However, they rarely portrayed the process as a draw to the country; rather, they described it as a simple process, though varying by consulate, that did not obstruct their intended immigration. Participants' knowledge of other countries' immigration policies, however, made it clear that they had compared Mexico to other options. Several retirees mentioned the difficulty of retiring to countries with point immigration systems, which award more points to people who are young, working professionals, or individuals with large financial assets. In contrast, the retirees were aware that Mexico's immigration policy had created visa categories particularly for them. In sharp contrast to retirees in Panama, when asked about policies affecting their experiences and migration choices, retirees to Mexico never mentioned being aware of or taking advantage of Mexico's discount card, for which US-born seniors holding an immigrant visa would be eligible.<sup>56</sup>

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56. MPI researchers themselves were not aware at the time of fieldwork that Mexico offered a discount program similar to Panama's; thus, we did not probe on this issue specifically. Nevertheless, retirees and key informants in Panama mentioned this program frequently without probes, unlike in Mexico. That these

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As in Panama, housing and tax policies were also a draw for retirement in Mexico. Focus group participants noted that foreigners could own property outright, rather than through a trust, which was required in Mexico until the 1990s. While Mexico does not have the property-tax exemption that Panama does, retirees found that property taxes were very low in comparison to those in the United States, which was a source of considerable savings.

Another policy that was mentioned as a factor in the decision-making process, and that was cited as making Mexico a more desirable spot to live, was the passage of the North American Free Trade Agreement (NAFTA) in 1994 and the agreement's gradual elimination of tariffs on imports to Mexico. This policy facilitated the entrance of US chain stores familiar to US expatriates, such as Wal-Mart, Home Depot, and Costco, into the local market and made some imported items cheaper than before NAFTA.

### **Other Considerations**

#### ***Economic benefits***

Economic considerations were one of the most often cited factors as to why the retirees in our focus groups chose to retire abroad. This was particularly true of focus group participants in Panama. During the focus groups, we asked participants to list on paper the top factors that they considered when choosing where to retire. Approximately three-fifths in Panama listed some type of economic consideration as their number one factor. A smaller share—approximately one-third—who answered the question in Mexico listed economic factors first. Out of those not listing economic considerations first, all but two retirees in Panama and eight in Mexico listed them among their top few considerations.

The *pensionado* benefits and property tax exemptions for newly constructed houses in Panama provide significant economic benefits to retirees there. Other goods and services are also cheaper than they would be in the United States: Retirees living in moderate climates save on energy for heating; in-home services such as maids and gardeners can cost just over \$100 a month; health insurance is inexpensive; the cost of restaurants, clothes, and other goods is low; and real estate is comparatively cheap. A real estate agent estimated the average cost of a property in Panama City to be between \$200,000 and \$250,000. In developments in Boquete, homes range in average value from \$50,000 to \$375,000. In new developments outside Panama City, lots can range from \$30,000 to \$100,000, with building costs of \$45 to \$50 per square foot.

The cost of living in San Miguel de Allende is also lessened by low property taxes, the low cost of utilities and food, and cheaper consumer goods and services than in the United States. However, property values are quite high, due partly to the premium placed on the limited stock of housing within the colonial center of town and partly to the increasing flow of US and Mexican retirees and tourists. One real estate agent said that housing prices, generally, had doubled over the past three years. Still, advertisements for new developments surrounding San

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benefits were not mentioned in Mexico may suggest that most retirees with whom we spoke were not FM2 visa holders, and were therefore ineligible for the INAPAM cards, or that the benefits offered by the cards are not well known among the retiree community and those providing services to US retirees.

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Miguel de Allende offer properties for as little as \$110,000, rising to about \$400,000. Within the city itself, home prices tend to hover between \$500,000 to \$1 million.

Several participants in Panama said they would not have been able to retire if they had stayed in the United States. One participant in Panama stated, “I could come to Panama and retire, or stay in Florida and work.” Others in Panama indicated that moving abroad was a way to maintain, as retirees, the quality of life they had enjoyed in their working years, or to enhance that lifestyle. One retiree explained that he came to Panama for a lifestyle change, which meant “moving here because I wanted to enhance my life, or maintain a life that I had grown accustomed to.”

Participants in Mexico focused somewhat less singularly on economic considerations, incorporating comments about cost into a broader set of factors that influenced their decisions. Still, cost of living was the first or second factor that every focus group listed aloud when asked about the factors that were important when considering a move abroad. A number of retirees mentioned reasonable prices in San Miguel de Allende, feeling that it would be difficult financially to retire in the United States or to sustain their lifestyle in retirement. Others mentioned the low property taxes and low cost of household services. A number did not mention financial considerations directly in the context of their decision to retire outside the United States. They had costs in mind, though, when they described their decisions to retire in Mexico, as opposed to other countries such as Israel, Italy, or France, which they had ruled out due to higher costs of living. They also had decided against countries in Central and South America because of more expensive travel to and from the United States.

### *Medical care*

The availability and cost of medical care was very closely tied to the cost of living. For a number of retirees in both Panama and Mexico, the high expense of medical care in the United States pushed them to consider retirement abroad. Some, unable to purchase medical coverage in the United States, considered moving to a country with lower costs as the solution to their dilemma. Others looked ahead toward their older years and, anticipating their medical needs, chose to move to a place where medical care was cheaper. One participant in Panama explained that he had paid out of pocket there for extensive heart treatments at the cost of a year’s worth of insurance in the United States. Some retirees in Mexico said that a doctor’s visit that would cost \$250 in the United States cost the equivalent of approximately \$30 in Mexico.

In addition to the cost of medical treatments and doctor’s visits, retirees in both countries explained that the availability of inexpensive in-home care made a move abroad an alternative to purchasing insurance for long-term care or paying for pricey care in the United States. One man explained that he paid \$160 a month for in-home care for his mother in Panama—care that would cost \$5,500 a month in the United States.

Focus group participants in both locations indicated that the quality of medical care available was a strong consideration in their moves, and they generally said they had looked into medical care before coming. They said they had access to good, English-speaking doctors, some of whom had been trained in the United States, and good medical facilities, though these were not universally available in the host countries.



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But while the availability of good medical care may have originally been a draw for retirees, the limited trust retirees placed in medical care in Panama or Mexico, as well as their inability to access Medicare coverage abroad and their distance from their families, shaped their longer-term retirement plans. “If we get to one of those kinds of diseases where you really can’t deal with it here . . . we’re going to get on a plane, we’re going to go back,” stated one retiree in Panama. Another agreed, explaining, “I think a lot of people who come down in the end are going to need to be with their own children back in the United States, or nearer a support system in the States. You have a support system here, but we’re all in the same boat.” Some retirees in Mexico echoed this sentiment. “But if you get really ill down here, wouldn’t you go back?” asked one, to which several participants responded, “Of course.” However, retirees said decisions about receiving care in old age varied, and that some people did stay to receive affordable care in Mexico or even to avoid complex, life-prolonging medical treatments.

### *Climate and environs*

Another important consideration in participants’ desire to move abroad was the climate and beauty of the retirement location. Nearly half of participants in Panama listed climate as one of the top factors influencing their decision to retire abroad, while slightly more than half of the participants in Mexico listed the weather. Participants in Panama cited the lack of severe weather or natural disasters in the country, noting that some Floridians, tired of hurricanes, recently retired to Panama. Others in Panama spoke of the geographic diversity of the country, including mountains, beaches, cities, and countryside. While respondents in the city of San Miguel did not stress the natural beauty of the town, focus group participants lauded the colonial architecture and the general aesthetics of the colorful community.

### *Sense of adventure and exploring a new culture*

Participants in both Mexico and Panama cited a desire for adventure or a new beginning as factors that influenced their decisions to retire abroad. One woman in Panama stated, “My decision to come here . . . was really more a question of a sense of space, an unencumbered sense of the freedom to change my life.” A woman in Mexico said that after her husband passed away she felt she needed adventure, so she moved abroad.

Others talked about the enrichment or mental stimulation that living abroad and learning a new language brought to them. A couple in Panama said they were looking for something exciting that would “keep [their] minds stretched,” while a couple in Mexico said that they had searched for the chance to do “something to challenge ourselves mentally during retirement.” Others had enjoyed living abroad before retirement and wanted to renew that experience as retirees, while quite a number of retirees highlighted the chance to learn Spanish as a pull.

### *Availability of traditional comforts*

Retirees also mentioned factors that made retirement abroad in specific countries or communities more comfortable and familiar. Retirees spoke of the ability to get by speaking only English as a pull, particularly in San Miguel de Allende, as well as the availability of English-language television and newspapers and good communications infrastructure. Participants in

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Panama mentioned the fact that Panamanians were accepting of diversity and of foreigners as a draw. One participant stated, “Unlike a lot of countries, we don’t stand out as outsiders, foreigners, whatever . . . We just didn’t want that daily experience of being the weird ones. . . . We’re just part of the gang here.” Participants also mentioned potable tap water as a factor that made Panama a desirable location, as well as good infrastructure such as the highway system, sidewalks, and communications infrastructure including broadband services.

### *Proximity*

Proximity to friends and family in the United States was an important factor in retirees’ considerations of moving abroad. Participants in both countries said they considered the time and cost of traveling back to see grandchildren, children, or parents. While those in Panama considered the country close to the United States in terms of returning to visit family, some participants in Mexico had chosen the country over Costa Rica or Panama because of its proximity to the United States. Some retirees in San Miguel de Allende highlighted their ability to drive to the United States. (San Miguel de Allende is approximately an eight-hour drive from the US border.)

### *The quality of life in Mexican and Panamanian culture*

Several retirees in both countries felt that the phrase “quality of life” summed up their reasons for leaving the United States and moving to their new communities. While some retirees said that cost of living factored into “quality of life,” others, particularly in Mexico, described the cultural characteristics of their new community as a draw, finding a lifestyle or sense of community in their new homes that they felt were no longer present in the United States. Some respondents lamented the breakdown of the family in the United States and the growing norm of geographic family separation. One retiree said San Miguel de Allende offered a daily experience of life that no longer existed in the United States, including the ability to walk anywhere a person needed to go and the support of a close expatriate community. Another said the city reminded him of his boyhood home.

Quite a number of retirees in San Miguel de Allende emphasized that there was a warm expatriate community. One participant described the community as accepting and egalitarian, stating “People come from all over the world, from top executives to average Joes. . . . And everybody accepts everybody.” Participants in Boquete likewise described a warm sense of community. One said, “The expat community here is kind of like one big family.”

Others spoke of coming to Panama or Mexico for a change of pace. Partly, the perceived difference in the pace of life may have been a reflection of some retirees’ transition from work to retirement. However, retirees also expressed that the community around them enjoyed a slower pace of life than the community they had left in the United States. One participant in Mexico stated, “In the US . . . when you stop working, all people want to know is, you know, what are you doing and what problems are you solving? And the idea that you’re enjoying your life and that that in and of itself is of value, to me, that seems to be the case in Mexico as part of the culture. The US, I think, is very work-centric, and all based on accomplishments.”

Overall, retirees depicted host cultures as friendly, receptive, and very helpful. Approximately one-third of participants in Panama listed something about the Panamanian people or culture as one of the top factors influencing their decision to retire abroad, while more than

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half of participants in Mexico listed Mexico's people or culture as a factor important in their decision.

Participants also highlighted the cultural benefits of their communities. Participants from Panama City described the city as a cosmopolitan place, while retirees in Mexico talked about the opportunities that the artistic, international, and service-minded community in San Miguel de Allende offered.

### *Security issues*

Security factored into some retirees' decisions to move to Panama, which retirees perceived as relatively safe. Some participants in Panama City said they felt safe walking around any time of the day or night. Participants in Mexico also spoke of the safety of San Miguel de Allende in particular, though recent crimes against American and Mexican women had increased the anxiety level among the expatriate community. Some retirees said they felt safer from international threats in Mexico and Panama than in the United States.

## **Deciding to Move: Process and Information Sources**

In making the decision to move abroad for retirement, members of our focus groups relied on a variety of information sources to research potential destinations. While decision-making varied among retirees, most described a process of research, visits, house-hunting, and in many cases, an advance purchase of a house or property. In general, while decision-making strategies and the information sources retirees used were similar across sites, some differences did emerge through our research.

### *Prior Experience in the Location*

In line with prior literature on retirement migration, a number of retirees said they became familiar with Mexico or Panama through previous experience, such as military service, work, or vacations, in either the country or the specific community. Several focus group participants had been in Panama as part of their US military service. Some retirees in Panama said that they considered all places that they vacationed as potential retirement spots and that this travel served as a screening process for retirement destinations. More than one-half of the retirees answering our survey in Panama said they had vacationed in Panama prior to retiring there, though many of these people may have visited Panama for the first time as part of their retirement decision-making process. Quite a few participants in Mexico had previously been to San Miguel de Allende for vacations, and nearly two-thirds of the retirees answering our survey said they had been to Mexico on vacation prior to retiring there. Several had visited San Miguel de Allende several decades before, a few on their honeymoons, while others had visited the city regularly before moving.

### *Personal Recommendations*

Referrals from friends sometimes pushed retirees to consider retirement in Panama or Mexico. A few retirees in Panama had friends who lived there before them and encouraged them to

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consider Panama as a destination. In San Miguel de Allende, a couple of people mentioned artist friends who had recommended the community. Others more generally mentioned hearing about the community through word-of-mouth.

### ***Undertaking Research***

The majority of retirees mentioned conducting some type of research about retirement locations, whether through the Internet, books, the media, or the network of expatriate Americans willing to answer questions about retirement in Panama or Mexico.

The single publication most commonly cited in focus groups in both Panama and Mexico was *International Living*, a magazine on living, relocating, retiring, traveling, or buying real estate abroad. The magazine has published articles on Boquete, Panama; and San Miguel de Allende, Mexico. Several focus group participants in Mexico and Panama cautioned that while organizations and marketing materials promoting retirement destinations could be helpful, they could also portray the countries or communities too positively or offer information that was not reliable. Some focus group participants said that actually visiting the country and talking with people who had made the move was the best way to make the retirement decision.

The Internet was one of the most popular sources of information for our participants in all locations. Some retirees in Panama came across Panama while conducting Internet research on Costa Rica. The Internet also allowed people to “meet” (if only virtually) US expatriates living in the place they were researching and tap into a network of people who were willing to answer their questions about making the move. Many people discussed the use of listservs and online discussion forums.

### ***Comparing Country Options***

While some retirees decided to retire abroad specifically in order to retire in a community of interest to them, a number of participants mentioned doing some comparative research between countries that seemed good retirement locations. The great majority of focus group participants decided to move to Panama only after a comparative search, while about half of participants in Mexico had not considered any other countries. In our survey, almost one-third of focus group participants in Panama had considered three or more other countries for retirement. In contrast, in Mexico, while half of participants did not consider any other countries besides Mexico, those who did generally considered only one or two alternatives at most.

Retirees in Panama mentioned Costa Rica and Belize as other options most often, while those in Mexico listed Costa Rica frequently. However, retirees who did consider other locations often cast a wide geographic net, listing countries such as Australia; New Zealand; other Latin American countries including Argentina, Guatemala, Colombia, the Dominican Republic, and Mexico; European countries such as Albania, Greece, Italy, France, Spain, Ireland, and Malta; South Africa; Thailand; and Korea.

Retirees often described the process they used to “weigh” options as one of elimination. Retirees in Panama said many countries had serious faults that made them less desirable retirement locations than Panama. Some retirees were not eligible to migrate to New Zealand and Australia, both of which have point systems for determining the eligibility of potential immi-

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grants that give preference to workers, younger migrants, and large-scale investors. Others ruled out Mexico for its comparatively higher cost of living and crime rates. Retirees in Panama were well aware that Costa Rica had scaled back its policies favorable to foreign retirees. Many mentioned this as a factor that pushed them away from Costa Rica and toward Panama.

In Mexico, as in Panama, the retirees often said they had eliminated other countries for perceived flaws. The majority of retirees weighing in on this issue said they had ruled out other options because they were farther from friends, family, or businesses in the United States. Some retirees there mentioned that Canada's immigration point system made immigration difficult for retirees.

### ***Length of Research Process***

The period of time that retirees considered moving abroad before actually acting on it varied widely. Overall, respondents in Mexico waited longer to make the move than those in Panama. However, in both places, some respondents said that they had talked for years with their partners about the characteristics they would seek in a retirement community; others said they visited Mexico or Panama for the first time on a whim and bought property within a matter of weeks.

### ***Adaptation after Migration***

The act of migration can have lasting effects on both migrants and migrant-receiving communities. These impacts may vary depending on the extent to which migrants integrate into their new communities, either by choice or necessity. This section describes retirees' views in terms of the level and nature of adaptation to which they aspired and the challenges they faced.

### ***Knowledge of Spanish***

Retirees most frequently mentioned language as a challenge to adapting to life in their new communities. In short, few retirees with whom we spoke were fluent in Spanish, which made some interactions in both Panama and Mexico difficult. However, many retirees said they aspired to learn Spanish and referred to prior Spanish lessons or tutoring, either in the United States or in their new communities.

Of the retirees who knew little Spanish, respondents indicated certain situations in which language was a particular barrier. They noted that they could often use hand signals or utilize people in close proximity to them who were bilingual, but they said that Spanish was crucial in any government or other official interactions. Respondents also noted that building a home was difficult without some knowledge of Spanish, since most construction workers cannot speak English. In contrast, respondents did not mention having difficulty finding attorneys, insurance brokers, or real estate agents who spoke English.

The degree to which Spanish-language abilities were needed seemed to vary by area. Retirees in Panama City, for example, noted that it was much easier to find English-speakers in the city than in surrounding communities. Several retirees living outside of Panama City noted their surprise that more people did not speak English, a reality that seemed to conflict

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with their perceptions of Panama before moving. One retiree attributed this surprise to private marketing organizations' portrayals of Panama, which she said often overstate the country's similarities to the United States.

In Mexico, focus group participants repeatedly mentioned that Spanish was unnecessary to navigate San Miguel de Allende. In some cases, their comments suggested that this ease was a hindrance to those who did aspire to learn Spanish. For example, one retiree stated, "You can live in San Miguel very well without really any Spanish at all," to which another responded, "And consequently it's even harder to learn Spanish here than if you went almost anywhere else in Mexico. You'd be forced to become fairly fluent [elsewhere], but you can get by here." In another group, a respondent echoed this sentiment, saying "Learning Spanish is a problem. Part of it is . . . the fact is that you don't need to have it in San Miguel, but it's not the way I want to live. And then the hardest thing of learning it is I can get by without it."

There was occasionally a notable tension in the focus groups between those retirees who could speak Spanish and those who could not. Some of those who did speak Spanish portrayed other retirees as having no interest in learning the language. However, those who did not speak Spanish described the difficulty of learning the language and were apologetic about their lack of Spanish-language ability.

### ***Participation in Local Community Organizations***

Because our recruitment methods relied heavily on established organizations and networks, it is impossible to draw generalizations about retirees' participation in the civic society of their new communities. However, findings help describe the role that volunteerism and community participation may play in retirees' new lives abroad.

Among San Miguel de Allende respondents, participation in charitable organizations and clubs was high; while some respondents in Panama were part of social clubs, few indicated participation in local charitable organizations (again, this may be partly an effect of recruitment strategies).

Retirees in Mexico indicated that philanthropic participation made them feel part of the San Miguel de Allende community and represented an avenue through which they could contribute after retiring from formal work. Some respondents mentioned that they were used to paying high taxes and expecting the government to care for people in communities in the United States; charitable giving of money or time was a way to support the local Mexican community in what they considered an absence of a strong social welfare net.

However, while retirees' involvement in community organizations may be one indicator of integration, respondents consistently noted that most philanthropic organizations were largely run and powered by other expatriates. Some attributed this lop-sided membership to Mexican culture, which they believed did not encourage volunteerism among its citizens with means similar to those of the retirees.

### ***Residential Integration***

While not asked systematically, anecdotal evidence from our focus groups indicated that many participants lived outside of developments specifically targeting expatriates or retirees.

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Some noted that rates of integration might vary based on where retirees choose to settle. A few respondents explained, for example, that in areas where US retirees were the only English-speakers, they might learn Spanish more quickly or have the opportunity to develop more relationships with local people. One participant in Panama said that US retirees were increasingly living in enclaves, a practice that made these newcomers miss much of Panamanian culture. And another in San Miguel de Allende gave this example: In the past the real estate section of the paper had individual dwellings, whereas now it has developments of 25 to 50 homes.

### ***Evolving Cultural Norms***

Some US retirees also noted that moving to Panama or Mexico had required them to change some of their attitudes or cultural norms. Several respondents in San Miguel de Allende remarked that they had often stocked up on certain foods or other items when they returned to the United States after moving to Mexico; over time, though, they found the “need” for these items to lessen. One participant in Mexico said, “You cannot be happy living in Mexico unless you’re patient. If you expect to be able to sit down and be served in five minutes, forget it. Mexico, I’m proud to say, taught me patience. It teaches you to slow down.”

One cultural aspect to which US retirees struggled to adjust was the entrenchment of class distinctions. Many retirees perceived that local people assumed they were rich, and participants often reflected that, in relation to most local people, they were rich. On the other hand, respondents often said they were uncomfortable with the class distinctions they perceived in Panama and Mexico. One retiree noted that the power US retirees had as employers in the host country—which they saw as part of a legacy of patronage systems—was often uncomfortable for them. But two respondents in Mexico noted that even comparatively wealthy retirees from the United States were not of the same class as the Mexican elite, whom they characterized as having been wealthy for many generations.

The relatively more settled cohort of retirees in San Miguel de Allende spoke often of “new” retirees, asserting that more recent waves of seniors to the area were less interested in adapting to the local culture. One characterized them in this way: “A lot of new Americans are . . . coming in. They don’t take time to learn the language. . . . They’re not interested in the culture. It’s an American enclave.” Another reported, “Because of the development of San Miguel, people are coming here with the idea of living in suburbs and playing golf who never would have thought of coming here before, and they’re not the kind of people that value the culture and want to integrate and learn the language.”

### ***Entering New Social Networks***

In terms of relationships with local people, very few retirees mentioned having good friends from the host countries. Reasons that retirees gave for this varied; some cited language barriers, class issues, Latin values for family at the expense of other relationships, or the perceived transience of the retiree community. One respondent described the challenge of building local relationships in this way: “These people grew up with each other, went to school with each other. For us to come in and want to be their best friend, it doesn’t really work that way.”

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Retirees in both countries did mention, however, developing a greater understanding of Mexican and Panamanian cultures through the people who worked for them. Respondents frequently mentioned hiring workers to help them build homes, clean and cook, tend gardens, drive them through the city, or provide care to family or those in need of round-the-clock assistance. They would often refer to interactions with these individuals, such as providing financial assistance for them or their families, asking them for assistance learning or practicing Spanish, or attending baptisms or *quinceañera* (celebrations held for Mexican girls on their 15th birthdays).

Retirees mentioned that the local expatriate community was a great source of assistance in the adaptation process. In both countries, retirees remarked how open the foreign community was to newcomers and how much information this network could provide. One retiree in Panama said that through the listservs maintained by this population, he already had established friends in his community before arriving. “We started striking up some e-mail relationships with people here in Boquete,” he explained. “By the time we got down here, I think we knew more people here than there. . . . We got down here and it was like they were like old friends. That was the kind of atmosphere here—helpful, friendly, open.”

## Economic Impact

The economic impact of the retiree population on a local community is difficult to measure. However, retirees clearly brought an influx of capital to their communities. Focus group participants repeatedly commented on their relative wealth, as compared to their Panamanian or Mexican neighbors. Of those focus group participants who answered a survey question on their retirement income from Social Security and other private or government pensions, at least half reported a monthly income of over \$2,000. Though the exact impact of this inflow of funds is unclear, we offer the following information as the retirees’ perceptions of their own impact, in some cases seconded in key informant interviews with local real estate agents, attorneys, insurance brokers, government officials, and developers.

One of the most direct impacts of the retirees’ presence in the communities under study is job creation: Retirees in both Mexico and Panama consistently mentioned hiring local people to build homes, cook and clean, tend gardens, and provide care to spouses or other family members who could not care for themselves.

In Panama, some retirees mentioned that the construction boom had changed how people earned a living. While many locals may have made a living from agriculture in the past—often selling food at local markets, for example—they now worked in construction, or in other service jobs catering to retirees. In Boquete particularly, respondents said that the boom in construction was bringing in-migrants to the area for jobs.

In addition to services, retirees also said they increased demand for consumer goods in their community. Respondents noted that they purchased food, furniture, and computers from local stores. In Panama, a large number of respondents had or were currently in the process of building their own homes, meaning that they purchased materials for home construction. This was more muted in San Miguel de Allende because of the limited housing stock in its downtown. In all, retirees who made estimates said they spent considerable



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amounts of money in their newly adopted homes. One stated “In 18 months, we figure that we probably have brought into this country \$250,000 to \$275,000.”

Developments targeting foreign retirees may have other added benefits for local people. In one Panama focus group, for example, respondents mentioned that a local developer had provided electricity to local communities when constructing a high-end development. A developer had also run water to a local school and installed bathrooms there.

Retirees in both countries, though to a greater degree in Mexico, perceived the retiree community as financially charitable. In Panama, for example, one retiree mentioned that a development with many expatriates had helped local families in the aftermath of a flood when government assistance and response were slow. In Mexico, multiple respondents mentioned that retirees were generous in their donations to local community causes. The public library—run partly by expatriates—gives annual scholarships to deserving local students. One retiree in San Miguel de Allende recounted raising \$5,000 from the expatriate community in half an hour once to give to a local orphanage. The San Miguel de Allende government liaison said that nearly 200 nongovernmental organizations existed in the municipality and most were run and supported by expatriates.

One common comment from retirees was that US expatriates raised local real estate prices significantly. One respondent in Panama, for example, said the value of his home had appreciated three times in three years. He hypothesized that the real estate prices would continue at that pace until they eventually depressed migration flows. Retirees often acknowledged that this effect was a draw, remarking that they saw buying property or homes in the areas, particularly in Panama, as an investment.

While noting that the real estate surge in these areas provided an opportunity for investment, many retirees were quick to note that locals felt the market pressure and were being pushed farther into the city or town’s periphery. One retiree commented, “There were whole neighborhoods where it was all Mexican families, and now there’s one Mexican family left on the block. They’re starting to feel it.” A retiree in Panama explained that the retirement surge, compounded by increased tourism, was beginning to affect local economies throughout the country. She said, “Anywhere near a beach, even in the most remote places, it’s starting to change things.”

Focus group participants in San Miguel de Allende said that the rapid escalation in real estate prices was even beginning to push longer-settled retirees away from the town. One retiree explained, “Lots of people are leaving San Miguel because it’s getting too developed and too expensive, and so they’re leaving toward other opportunities. . . . It’s getting so expensive.”

Multiple retirees attributed part of the real estate price increases to the fact that many American homebuyers could not speak English well or at all and came with very large amounts of money from the sales of homes and in the United States—two factors making them less likely to bargain for homes or property. The power of money from US home equities was echoed in many retirees’ comments. Some mentioned that they had come from very expensive real estate markets in the United States—selling their homes gave them large amounts of capital. A US retiree in Panama noted that while land prices had increased from roughly 50 cents a meter to now over \$20 per meter, buyers from areas, such as California, with very high real estate prices saw even these greatly increased prices as reasonable.

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In addition to real estate, some retirees remarked that the greater demand spurred by the retiree population for domestic and construction workers had raised wages for locals in these professions. Some remarked that wealthy Mexicans and Panamanians (and in the case of Panama, former Department of Defense and Canal Zone employees), who also relied on these services, had seen considerable increases in the prices they must pay to obtain them. One respondent in Panama remarked that that change had elicited “real resentment” on the part of Panamanian consumers of these services in higher demand.

## **Social or Cultural Impact**

Unlike the clear impact they perceived on the economies of their communities, focus group respondents did not clearly articulate their perceived social or cultural impact. As discussed above, many retirees in San Miguel de Allende mentioned their participation in local charitable organizations. In addition to the financial gifts these organizations generate, some retirees noted that the US retiree community was generous with its time. Retirees saw other small changes in local customs as a result of their presence, too, such as an increase in the practice of tipping in Panama.

Retirees in both Panama and Mexico mentioned that the long history of a US expatriate presence in these countries had shaped the locals’ reception of foreigners. The Panama Canal and US military bases exposed many Panamanians to large numbers of Americans and left behind many employees even after the canal handover and the pullout of the US military. Similarly, respondents in Mexico referred to the history of Americans in San Miguel de Allende, which has been a popular destination for US expatriates since the 1950s. In both countries, some retirees said this long history of a US presence made local people more open to the influx of US retirees and comfortable with foreigners more generally.

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## CONCLUSIONS

Much can still be learned about US emigration from existing data sources and qualitative research with migrants themselves. Census data from Mexico and Panama indicate that US immigrants have become more numerous, especially in the past decade. States that are anecdotally known as retirement areas in Mexico also show a large influx of US-born seniors in recent years.

The Mexican census also offers a good model for the amount of demographic information that could be gained about US citizens abroad, assuming sufficiently large US-born populations and thorough census questionnaires. The characteristics of US seniors in Mexico—including their educational levels, incomes, work, homes, access to goods and medical care—raise a variety of questions regarding their impact on local communities.

The qualitative portion of the study puts some of these numbers and trends in context, exploring the factors that are important in spurring a retirement move and the impacts and experiences that US retirees have abroad. This research brings a few new findings to light.

First, while state policies are not the only variables in the calculus of retirees' migration decisions, they can act as strong incentives to move or to choose one location over another. The reactions of retirees to Panama's *pensionado* package make clear that state-directed strategies have the potential to encourage retirement migration. In Mexico, retirees frequently listed economic considerations—and by extension Mexico's tax policy—as important factors in their settlement decisions. And retirees often mentioned Costa Rica's increasing cancellation of benefits that it previously offered retirees as a reason they did not retire there.

Focus group findings also support previous research indicating that international retirement migrants are often a highly mobile subset of the US population. Retirement migrants are an extension of increasing globalization, where people, as well as goods and services, flow more freely across borders. But that mobility presents a challenge to countries wishing to attract this population—they may move again, not just seeking assistance after illness or spousal death, but in search of even better amenities or needed services that could be found at a lower price somewhere else in the world.

In a similar vein, the ways in which retirees described using the Internet suggest that it, as for other purposes, has become an incredibly powerful tool for would-be retirees. Potential migrants have access to more information—albeit of varying degrees of validity—than they did in the past, which makes them more aware of their options. In an evening, a couple can scour the Web for information on New Zealand's immigration policy, Thailand's climate, and Mexico's cultural attractions. Additionally, improvements in communications and transportation make any of those countries viable retirement options for at least a subset of US retirees with the funds to move there.

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Focus group participants also reinforced some of what we know from the traditional economic migrant literature: People often move to places where there is an established migration flow, and many of them rely on networks of migrants in those new areas for information and social support. In both San Miguel de Allende and Panama City, for example, local people were accustomed to a US presence. Formalized networks over the Internet offered would-be retirees advice, and on-the-ground clubs and community organizations provided companionship based on shared experiences.

Retirees' ability to integrate into their local communities—as gauged by community participation, language ability, area of residence, and relationships with local people—varied, and this variance may be due to choice or certain barriers to integration. On one hand, some retirees may not desire to become fully integrated into a local community. For them, the push factors in the United States may have outweighed particular pulls toward Mexico or Panama, or pulls may have included the US expatriate community and economic factors, but not the culture or people of the country. Such retirees may be content maintaining US customs in a predominately US expatriate community. On the other hand, some respondents who expressed a strong desire to adopt the local culture said they faced challenges, including language barriers. And as evidenced in Mexico, some retirees who originally chose to live in neighborhoods with Mexicans have found themselves increasingly surrounded by other Americans, as foreign demand for property pushes local people into other areas.

## Areas for Future Research

While IRM studies are gaining ground, there are several prominent gaps in knowledge that deserve attention. First, we are not aware of *any* published studies that have examined the perceptions of local residents in areas experiencing substantial inflows of foreign retirees. Particularly with regard to questions of integration and economic and social impacts, the perspectives of local community members are key, as they may highlight how local nationals feel about changes to the types of work that they do, differences over time in the social norms of their communities, and the level of retiree integration.

Second, as noted above, retirees often conflated reasons for their move to a particular place with the place's characteristics they discovered after making the move. Other studies of migrant retirees, both within the United States and abroad, have also asked about these factors after the move occurred, sometimes many years later. Future research might explore whether the reasons that people mention for moving are different if they are asked as they are considering a move, rather than after having made the move.

And while researchers have addressed economic impacts of retirement migration on some communities, the field of IRM studies and policymakers would benefit from having more in-depth findings. Studies of retirement migration's impact on rural US communities are not necessarily generalizable to IRM, and there have been few attempts to replicate these analyses in other countries. The widespread assertions that retiree flows had so raised the prices of local property to make them inaccessible to local people (and many new retirees, as was the case in San Miguel de Allende) beg the question of how sustainable such real estate surges can be. Our analysis of census data on home ownership and access to luxury goods and focus group participants' levels of retirement income and role as employers indicate the potentially strong

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economic impacts US retirement migrants could have on their host countries. However, while retirees' expendable income clearly brings employment, capital, and sometimes improved infrastructure to their communities, it is less clear whether flows of foreign migrants can be relied upon in a long-term development strategy.

One final note is a need for better data. It seems likely that information on Americans living abroad from the US Department of State will become even more elusive given the DOS's policy of not disclosing this information for security reasons. Panama's visa statistics and census data are insufficient to get an accurate count or profile of Americans living there, and while Mexico's data sources are more complete, they are still not comprehensive. In order to be able to adequately quantify and monitor the retirement migration phenomenon, policy-makers will require greatly improved data on the number and characteristics of those who are either leaving their country in favor of residence abroad, or making a new home within their jurisdiction.

Yet no matter the metric employed to estimate the size of retirement migration flows, the movement of retirees from the United States to Latin America is significant and growing. As the United States watches members of its largest generation age into retirement and leave their working lives behind them, it may also witness an unprecedented number of citizens leaving the country for better weather, cheaper living, and new cultural experiences. The phenomenon of international retirement migration could benefit both retirees seeking a higher quality of life and countries seeking an influx of foreign capital; however, the phenomenon deserves careful attention in order to anticipate the challenges transnational retirement migration may bring and to develop sound policies to steer the process toward a mutually beneficial course.

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## ABOUT THE RESEARCH TEAM

Demetrios G. Papademetriou is the President of the Migration Policy Institute (MPI). He is also the Co-Founder and International Chair *Emeritus* of “*Metropolis: An International Forum for Research and Policy on Migration and Cities.*” Dr. Papademetriou has held a wide range of senior positions that include: Chair of the Migration Committee of the Paris-based Organization for Economic Cooperation and Development (OECD); Director for Immigration Policy and Research at the U.S. Department of Labor and Chair of the Secretary of Labor’s Immigration Policy Task Force; and Executive Editor of the *International Migration Review*.



Dr. Papademetriou has published more than 200 books, articles, monographs and research reports on migration topics and advises senior government and political party officials in more than 20 countries. His most recent books include *Europe and Its Immigrants in the 21<sup>st</sup> Century: A New Deal or a Continuing Dialogue of the Deaf?* (2006, editor) and *Secure Borders, Open Doors: Visa Procedures in the Post-September 11 Era* (2005, co-author).

Dr. Papademetriou has taught at the University of Maryland, Duke University, the Graduate Faculty of the New School for Social Research, and American University (as a scholar-in-residence). He holds a Ph.D. in Comparative Public Policy and International Relations (1976).

David Dixon is an Associate Policy Analyst at the Migration Policy Institute, where he brings his international data expertise to work on a broad range of topics including immigrant integration, immigrants and program participation, impacts of highly skilled immigrants, and the well-being of the children of immigrants. He regularly contributes to the Migration Information Source and recently co-authored “Do the Best Leave? Emigration of the Highly Skilled from Germany to the US,” published in the *Cologne Journal of Sociology and Social Psychology* (2005). David earned his MA in Applied Socio-cultural Anthropology from Northern Arizona University where he focused on identifying patterns of transnational mobility and integration among Pacific Islanders in the United States. Before joining MPI, David supervised field operations in Northern Arizona for the US Census Bureau and worked as a consultant providing technical assistance and training in survey methods and analysis.





Julie Murray is an Associate Policy Analyst at the Migration Policy Institute, where she focuses on the impact of immigration on labor markets; immigrant family and child well-being; and the education of children of immigrants in the United States. Her past research has also explored the US child welfare system and the impact on women seniors of proposals to privatize Social Security. Her recent publications include *The New Demography of America's Schools: Immigration and the No Child Left Behind Act* (2005, co-author) and *The Impact of Immigration on Native Workers: A Fresh Look at the Evidence* (forthcoming, co-author). Prior to MPI, Ms. Murray studied immigrant integration and family policy at the Urban Institute. She is a graduate of the University of Kentucky, where she earned her BA in Public Policy Studies.



Julia Gelatt is a Research Assistant at the Migration Policy Institute, where she focuses on US immigration policy and works with the Independent Task Force on Immigration and America's Future. She has authored background papers, fact sheets, and spotlights, and recently published "Immigrants and Labor Force Trends: The Future, Past, and Present" (with B. Lindsay Lowell and Jeanne Batalova). She has also coauthored a chapter on federal spending on immigrant integration (with Michael Fix) for MPI's upcoming volume *Securing the Future: The US Immigrant Integration Policy Agenda*. Prior to joining MPI, Ms. Gelatt worked with the Access to Information project of the Carter Center Americas Program, focusing on political developments in Bolivia and on freedom of information legislation worldwide. Ms. Gelatt earned her BA with honors from Carleton College.

In *America's Emigrants: US Retirement Migration to Mexico and Panama*, the Migration Policy Institute (MPI) focuses on an often overlooked but growing migration pattern that is expected to accelerate as the baby boom generation ages.

*America's Emigrants* takes a detailed look at US retirement migration to two countries – Mexico and Panama – that have experienced particularly dramatic growth in their US senior populations in recent years. This report provides analysis of demographic data as well as findings from interviews and focus groups led by MPI researchers. It explores the number and characteristics of US seniors in Mexico and Panama and looks at US retirees' experiences in and impacts on their new communities abroad. The report gives special attention to the role of government policies – from visa policies in destination countries to health policies here at home – in promoting or deterring international retirement migration.

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