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THE WORLD

# Retirees Find More for Less in Panama

■ Tax breaks, lower prices and a laid-back lifestyle draw a growing community of Americans to one of the nation's small towns.

By Chris Kraul, Times Staff Writer

BOQUETE, Panama — Golf course manager John Sutton had had enough of lawyers, telemarketers, several of his neighbors and the federal government. So the San Diegan and his wife took early retirement, sold everything they owned and moved to Panama.

The Suttons, who bought a house here last summer, exemplify a wave of American retirees who want to get away — far, far away — from it all. Each month, about 20 of them are turning up in this remote coffee-growing town nestled in the mountains of western Panama, buying houses and starting new lives. It's the latest hot spot in Central America, a region that over the last decade has attracted increasing numbers of U.S. retirees.

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"Boquete gave us the opportunity to have a great, comfortable lifestyle," said Sutton, 50, who with wife Dinah put \$5,000 down on their brand-new house without even seeing it. The subdivision is named, appropriately enough, Hidden Valley.

Loading groceries into his car in front of Romero's, the local

supermarket, he said, "This isn't Albertson's, but it's close enough."

Other U.S. retirees are making similarly radical moves, attracted by Panama's favorable tax treatment of foreigners, a carrot dangled by most Central American governments; the relatively low cost of living; the lush surroundings; and the eternally mild climate.

"We got tired of the snow," said retiree Barbara Votava, who moved here from Spokane, Wash., with her husband, Bill, after he sold his



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In recent years, retired foreigners have been drawn to Costa Rica, Nicaragua and parts of Mexico. But Panama's moment seems to have arrived. Boquete has turned up on several "Best Places to Retire" lists published in recent months in U.S. newspapers and on Internet sites.

"I paid my dues, got my two boys through college and decided things have got to be better someplace else," said John Villegas, an Arizona retiree who publishes the Internet newspaper the Boquete Times. "They are."

Asked to define what Boquete retirees have in common, Villegas said: "They have strong ties to their past and recollections of better times, nuclear families, respect for the law and civility. And they have no qualms about looking outside U.S. borders to re-create those good old days."

Like most other Latin American countries, Panama does not keep statistics on the number of foreign retirees living within its borders. But immigration officials here and throughout the region agree that the numbers are rising.

Panama, for example, last year granted 449 special retiree visas, nearly double the 229 granted in 2003, according to the nation's immigration office. A total of 2,500 pensioner visas have been issued. Costa Rica, which has been retirees' favored Central American destination, has issued 11,000.

Under the terms of the visas, the Panamanian government exempts foreign retirees from paying property or income tax, as long as they prove they have \$500 minimum monthly income. Newcomers can bring in a car and up to \$10,000 in belongings tax-free. Interest from their deposits in Panama's banks is also exempt. Retiree visa holders also get numerous discounts, including 50% off most plane and bus tickets.

Panama says the special tax status is good for the country because retirees create jobs and inject more cash into the local economy.

A case in point is newcomer Mike LaFoley, a Boston-area native. Since he and his wife, Annie, arrived here four years ago, he has started a coffee farm and spent thousands of dollars in construction improvements on his property.

"My last pay period, I handed out 11 envelopes to my workers," LaFoley said. His stuccoed home, like most of those in the subdivisions popping up in and around Boquete, looks like it could have been built in an upscale Orange County suburb, replete with verdant yard, faux-tiled roof, driveway and carport.

Although only about 500 foreigners live in Boquete and its environs, builders last year took out permits to build 2,000 additional housing units in anticipation of a real estate boom.

Many here say Boquete benefits in comparison with Costa Rica, which experienced an influx of U.S. retirees in the 1990s but has lost some of its allure. Rising crime, higher real estate prices and controversial government proposals to scrap or reduce retirees' tax breaks have persuaded many to come to Panama instead.

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"We were going to live in Costa Rica, but my wife and I didn't like the way it felt," said Sylvan Cohen, a retired building materials merchant from Philadelphia. "It felt like people were leaving — too many 'For Sale' signs."

Cohen and his wife also visited dozens of U.S. states in their RV looking for a place to retire before settling on Panama.

Life in this farm town of 18,000 is tranquil and unhurried — for now. Many fear that the population of rat-race refugees is rising so fast that paradise may soon lose its charm. In addition to Hidden Valley, half a dozen subdivisions geared to Americans are either under construction or on the drawing boards on former coffee farms and cattle ranches.

Rising demand for property has caused a tenfold increase in land values in just two years, said Judith Urriola, manager of the local branch of Banistmo Bank.

"Costa Rica got expensive, and it's going to happen here. We just hope it takes a while," said Jorge Conte, who is developing a 350-home subdivision called Hacienda los Molinos. Prices for a 2,300-square-foot house in his development average about \$160,000. That's the low end of the home price scale, locals say. Most new homes sell for \$200,000 and up.

The influx of moneyed foreigners has had a strong impact on this once sleepy town, Banistmo's Urriola said. It's been great for owners of coffee farms who have struck it rich, selling their 500-acre properties for \$1 million and more, a king's ransom in rural Panama. Less positive has been the impact on small store owners who are being replaced by discount chains like Romero's, she said, that cater to first-world consumer tastes.

Maria Ruiz, scion of a local coffee-growing family who got her graduate degree at Case Western Reserve University in Cleveland, says that as coffee plantations are redeveloped into homes, the transformation of the town could hurt local indigenous people who come from a neighboring reservation for three months of the year to harvest coffee.

Mike Scott, a NASA facilities manager from Houston who is looking to retire in a couple of years, came here last week to see what the excitement was all about. He likes the town but found that some units in the new subdivisions aren't the bargains he expected.

"There is an element of feeding frenzy here, of the attitude that 'we have to get something now or we'll be priced out of the market,' " said Scott, who is in his mid-50s.

He added that he is going to wait to buy in hopes the bubble bursts and prices drop.

Scott and others say they appreciate the welcoming embrace of the Panamanian government. Many newcomers say they felt driven out of the United States by the government's intrusive policies.

"People are giving up their freedom in exchange for protection" back in America, said Chuck Fross, a retired electrician from Kalamazoo, Mich., who bought a house here last year.

"The government has stuck its nose into everything."

Villegas, the Arizona retiree, said it felt good to be free of the "layers of bureaucracy" in the United States, while another recent transplant from Vermont, who asked not to be identified, decried the U.S. obsession with "everything happening by the book."

Does Boquete have any downside? Residents pointed out that there is no urgent-care hospital,

the closest being a 45-minute drive away in the provincial capital, David.

But Ted and Louise Harrison, emergency-room doctors from British Columbia who bought property here last year, are working on a project to build one. They say that meanwhile, the level of regular medical care is good in Boquete and elsewhere in Panama, because many of the doctors got their training in the United States.

Hershel Stolebarger, a retired New Mexico real estate broker, said a friend felt comfortable getting a hip replacement in Panama rather than the United States — especially after finding out it would cost \$5,000 compared with \$30,000 in "El Norte."

The benefits far outweigh the disadvantages, Sutton said. His monthly living expenses average \$1,500 a month, half what he and his wife spent in San Diego, he says.

The biggest savings are in health insurance. He and his wife pay \$50 per month for government health coverage that would cost \$1,200 in San Diego.

Although he shares the concerns that the U.S. government is overly intrusive, Sutton said his moving to Panama had nothing to do with politics, echoing most of the newcomers here.

"I bleed red, white and blue. This was a lifestyle decision. We could have worked 10 more years and gained nothing," Sutton said. "You give up the hustle and bustle, sure, and the convenience of shopping malls. But you come down here and the stress level drops immediately. My wife's blood pressure dropped 25 points the first week we were here."

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*Special correspondent Rebecca Kimitch in San Jose, Costa Rica, contributed to this report.*

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