

Living in Costa Rica

CURRENT OPPORTUNITIES AND RISKS

by Leah Dobkin

Costa Rica provides an interesting option for retirees and others who are not interested in quitting working altogether. Many aging baby boomers have a wide range of working opportunities in tourism, small development, etc. In other words retirees can easily take their work experience and apply it in this community on a part time basis.

Living and medical expenses are a fraction of the cost compared to the U.S., and there are four health insurance options in Costa Rica. The first option is to pay everything out of pocket; the second is to join The Caja Costarricense, aka "The Caja," Costa Rica's national medical system, which is run and funded by the government if you are a legal resident or citizen. The system is a bit austere, but it accepts you if you have a preexisting condition and it only costs \$37 per month for almost 100 percent coverage if you are 55 years old, for example. Most expatriates opt for private insurance through The Instituto de Seguro Nacional (National Insurance Institute), which is private insurance, sold by the government and can range from \$1,400 to \$2,000 a year.

AVOIDING THE PITFALLS

Costa Rica has a dynamic housing market filled with attractive housing opportunities and serious pitfalls. When considering living in Costa Rica keep the following tips in mind:

- ▶ The number one recommendation to securing a happy life in Costa Rica is to rent before you buy. Live in different areas, and experience both the dry and rainy seasons. Interview local people. Don't underestimate the power of local knowledge.
- ▶ Become familiar with the laws, hire a reputable lawyer to help you navigate through literally unfamiliar territory, and conduct a thorough due diligence process. People have sold the same property to more than one gringo, or sold land without proper title or access. Also, it is prohibited to build within the first 50 meters of the high-tide line, nor within the next 50 to 200 meters unless there is existing housing. If you do build within

200 meters of the high-tide line, you can only lease the land from the government.

- ▶ Live in a gated community or have someone watch your property while you are gone. Squatters are allowed to take your property if they reside there three or more years. There have also been cases where people have forged a person's name, and confiscated other peoples' property for a bribe.

- ▶ There are numerous benefits to purchasing your property in the name of a separate company, such as asset protection, avoiding transfer tax, and probate.

- ▶ There are a lot of fly-by-night or inexperienced developers who run out of money, and all you have is a pretty gate at the entrance of the development. Make sure the developer has a good track record, and that the development itself has the entire infrastructure in place such as electricity and roads. Paved is nice, but don't expect it. Be sure there are phone lines and an adequate water supply.

STRETCHING YOUR COLONES

Costa Rica is touted as a bargain, but I was surprised by how expensive it is. Expatriates have told me there are two economies: one for Ticos (Costa Ricans) and the other for gringos (expatriates). Gringos are charged considerably more for products and services. To stretch your dollars do the following:

- ▶ Learn Spanish. The expatriates who do are in a better position to negotiate costs, enjoy and more fully fit into the culture, and make more friends.
- ▶ Initiate service-providing business opportunities targeted toward tourists and expatriates.
- ▶ Avoid areas with high concentrations of North Americans; prices go up there.
- ▶ Buy properties during preconstruction or construction phases to lower the purchase price and maximize appreciation.
- ▶ Always get a price ahead of time, and don't feel uncomfortable negotiating prices. It is part of the culture.
- ▶ Get rid of the "shop until you drop" mentality. Bartering, house sitting, and doing without imported brand-name foods and instead eating local products

and buying fresh foods in bulk at local markets can stretch your dollars and enable you to live within \$1,500 to \$2,500 a month very comfortably.

RETIRING IN COSTA RICA IS NOT FOR EVERYONE

North Americans and Europeans are flocking to Costa Rica because of its unique beauty and biodiversity, peaceful lifestyle, stable democratic government, and growing economy. However, living in Costa Rica is not for everyone and requires an adventure-seeking spirit, good health, and mobility. You cannot be afraid of bugs, snakes, and crocodiles. There are pot holes to cross, steps to climb, and a very different culture to embrace. Lack of efficiency and amenities can be a big adjustment for many. "Tico time" is more flexible than "gringo time." Costa Rica is a developing country, not a developed country, and expectations have to reflect this fact.

One has to slow down and smell the ficas. But you also have to be a self starter; someone with lots of hobbies and interests. Otherwise, you can slip into the bar stool culture of some expatriates.

Most of all, you need to maintain your common sense. Many expatriates lose their common sense, fall in love with the place, and blindly put down their hard earned money for an unrealistic slice of Shangri-La. Expatriate Pam Ellsworth said, "Retire to Costa Rica and enjoy the beauty, but paradise doesn't mean you should go brain dead."

BOOKS AND WEB SITES:

- ▶ *How To Buy Costa Rica Real Estate Without Losing Your Camisa* by Scott Oliver: www.welovecostarica.com.
- ▶ *The New Golden Door to Retirement and Living in Costa Rica* (14th ed.) by Christopher Howard: www.liveincostarica.com
- ▶ *Choose Costa Rica For Retirement* by John Howells
- ▶ Association of Residents of Costa Rica (ARCR), 506-233-8068/221-2053, arcr@casacanada.net.
- ▶ Newspapers: *Tico Times*, *Central American Weekly*, *La Nacion*, *La Republica*
- ▶ Magazines: *Costa Rica Real Estate & Tourism Guide*, *Real Estate Directory Costa Rica*

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