

Here are the five cheapest countries for retirees and how to financially prepare for the move

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Stretch your retirement funds in these five cheapest countries based on cost of living, average monthly rent, health care and safety indexes.

Tourists enjoy the beach in San Andres Island, Colombia.

Your dream of exploring a foreign country doesn't have to end when your paychecks do.

Many U.S. retirees are choosing to pack their bags and settle down internationally — and for some, that means stretching their retirement dollars.

Personal finance website [GOBankingRates](https://www.gobankingrates.com) recently ranked the cheapest countries for retirement, based on cost of living, average monthly rent, health care and safety indexes, among other criteria.

Many of the least expensive destinations are in Asia. But before you head east, here are some tips to make sure you're financially prepared for the move.

Open two international bank accounts

Expatriates often have trouble opening local bank accounts because of the Foreign Account Tax Compliance Act, according to David McKeegan, co-founder of Greenback Expat Tax Services. The act requires some U.S. taxpayers who hold foreign financial assets of at least \$50,000 to report on those foreign assets.

There are other limitations as well.

"If you're living overseas, you can have your ATM card expire, or maybe your bank has a \$500 withdrawal limit," McKeegan said. "Two bank accounts with zero ATM withdrawal fees ensure you can get access to your money at a low cost while abroad."

Check tax treaties

Most countries have a rule that if you're living in the country for over 183 days a year, you should be paying taxes in that country, McKeegan said.

Before you reach your destination, speak with a tax advisor about the specific country you're headed to. They can help you review tax treaties in that country and find where you should be paying tax on retirement income.

Keep detailed records of any taxes you're paying in foreign countries to ensure you're not paying any taxes twice.

Avoid foreign investing

Don't invest your money in foreign countries just because you're moving abroad.

If you have your pension in a 401(k) in the U.S., keep your money there or take your cash out. Do this at least until you know financial advisors are registered and that there is a financial watchdog in the country you're investing in.

"Until you've been somewhere and you know what the system is like, you don't know the system," McKeegan said.

Track your dates

More and more American retirees are turning to side gigs.

If you're planning to continue earning during your retirement, track your dates inside the foreign country. This will allow you to qualify for Foreign Earned Income Exclusion, which enables you to exclude some of your foreign earned income from your U.S. taxes.

With these tips in mind, here are the five cheapest countries to retire to, according to GOBankingRates.

1. Sri Lanka



Woman hiking in the mountains in Sri Lanka

Retirees headed to Sri Lanka can choose to live on the coastal belt, scenic highlands or main cities and take advantage of a range of climates and seasons.

The low costs don't hurt either. The average rent is only \$300.95.

2. India



View over Victoria terminus or Chhatrapati Shivaji terminus and central Mumbai at dusk Mumbai India

In India, some cities are significantly cheaper than others, so do your research before heading to this multicultural country.

Retirees headed to Mumbai will find the average rent is \$765.48, while in Bhopal, it drops to \$122.73.

3. Malaysia



Kuala Lumpur, Malaysia

Kuala Lumpur, rainforests and stunning islands surrounding the country are some of the reasons travelers head to Malaysia.

Another is the cost — the average rent is \$396.59.

4. Pakistan



Sikh Pilgrims in front of Kartarpur Gurdwara Sahib, in Kartarpur, Pakistan.

Many of the world's highest mountain peaks can be found in Pakistan. If you're looking to hike in your retirement, as well as save money, it might be a good destination for you.

The average rent there is \$181.83.

5. Colombia



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[Santa Marta, Colombia](#)

If you're not looking to head east, there is an option in South America.

The average rent in Colombia — where travelers can find both big cities and beaches — is \$331.19.

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