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# Hidden Financial Benefits For Americans Living Abroad



**Carrie McKeegan** Forbes Councils Member  
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POST WRITTEN BY

**Carrie McKeegan**

CEO of [Greenback Expat Tax Services](#), leading US expat tax preparation company; passionate about remote teams, and women's entrepreneurship.



Photo: GETTY

Americans who make the decision to move abroad often do so because of their love of travel or passion for a foreign culture. While exploration and adventure are clear reasons to relocate outside the U.S., the financial

benefits for Americans living abroad are less apparent. In reality, monetary perks for U.S. expats go far beyond favorable exchange rates — and may even outweigh the lifestyle benefits, from my perspective as a longtime expat. While living abroad, Americans can enjoy financial benefits that allow them to reduce costs, increase savings and meet their long-term fiscal goals.

## **Spend Less And Save More While Living Abroad**

Many of the most popular expat destinations have one thing in common: The average cost of living is lower than in the U.S. For years, countries like Portugal, Panama and Costa Rica have attracted American retirees, entrepreneurs and travel enthusiasts alike. In these countries, a single American can live comfortably for **\$1,500 to \$2,200 per month**, depending on whether they choose to settle in an urban or rural locale.

Getting more for your money has obvious short-term advantages, which is the reason many retirees are attracted to these affordable countries.

However, this overlooks the less obvious benefit to younger Americans. Expats who cut living expenses earlier in life can save more and invest in building their wealth over years or decades, which can make living abroad a smart financial move in the long term.

## **Claim Tax Credits And Deductions**

Although Americans living abroad are required to file U.S. tax returns every year, this doesn't necessarily mean that their tax burden increases. In fact, expats may be able to reduce their taxes to zero or get a refund by applying one or more of the tax credits and deductions available to them. The most common deduction, the Foreign Earned Income Exclusion, works by reducing the expat's taxable income, which in turn shrinks the tax payment due. Other deductions can be claimed for paying foreign tax, child care, educator expenses and housing.

## **Collect Social Security Benefits Overseas**

Americans who've worked in the U.S. long enough to become eligible for Social Security will be pleased to know they can keep their benefits when retiring abroad to many countries. There are some countries where benefits cannot be sent, including Cuba and North Korea, but many common destinations are on [the approved list](#).

### **Get Access To Affordable Healthcare**

Healthcare in the U.S. is among the most expensive in the world. In many cases, the same medication or a procedure of comparable quality [will cost less abroad than in the U.S.](#) This means that expats can save a significant amount while still enjoying quality medical care in many foreign nations.

In addition, retirees living abroad are eligible for Medicare. Although Medicare does not cover medical expenses in foreign countries, it does pay for healthcare within the U.S. Expats who might return to the United States full time or visit for emergency medical treatment should consider carrying Medicare as well as their foreign healthcare coverage.

### **Receive A Monetary Incentive For Living Or Retiring Abroad**

Many countries and regions offer incentives to move to their communities and contribute to their economies. Depending on the location, you may be able to claim an incentive for a variety of reasons. For retirees, Panama's Pensionado [program](#) provides discounts on utilities, mortgages, healthcare and more. Saskatchewan [rewards](#) recent college graduates who choose to settle in the Canadian province with a rebate of up to \$20,000. Other regions offer housing, land and other financial benefits to entice young professionals and families to relocate to remote areas or growing cities.

### **Seize Opportunities For Business And Innovation**

Foreign economies can offer entrepreneurs and professionals opportunities beyond what they find in the U.S. In some industries, businesses will have fewer competitors and lower barriers to entry to more funding opportunities

outside their home country. Overall, removing geographic limitations gives entrepreneurs the opportunity to select the best financial environment and potential customer base for their business model, increasing their chance for success.

Additionally, some countries offer incentives to help fund start-ups and grow local businesses. For instance, the Start Up Chile [program](#), which was designed to attract tech companies to the country, offers seed capital and visas to approved applicants. Similarly, Enterprise Ireland [funds](#) a variety of businesses located in the Emerald Isle, including manufacturers, online retailers and college researchers planning to commercialize their technology.

## **Finding The Right Fit For Your Financial Goals**

Regardless of age or occupation, living abroad can offer many financial benefits to Americans. Individuals and entrepreneurs should explore the unique advantages offered by each country to determine which is the best fit for their financial needs. By choosing the right location, you can increase personal wealth, improve business performance and reach financial goals faster.

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