The Big Sell-Off

After the biggest generational spending spree in history, boomers are beginning to downsize. But unloading all that stuff is proving harder than they thought.

By Missy Sullivan
I T’S 8:55 A.M. ON A CRISP THURSDAY morning in the exclusive New Jersey suburb of Bernards Township, and at 34 Emily Rd., more than 60 people are lined up impatiently outside the front door. Inside, owners Mark and Mary Tuller, who were up most of the night and feel like “zombies,” are girding themselves for the onslaught: a three-day crush of strangers pouring into their home, pawing through their family’s stuff. Attic to basement, nearly everything is tagged with a price, from the mahogany dining room break-front ($5,000) to the half-used cans of spray starch (50 cents).

Mark, a 62-year-old former general counsel for Verizon Wireless, and Mary, a retired math teacher, say they couldn’t be more excited about their imminent move to a smaller, Mediterranean-style place on the California coast. But with moving trucks arriving in exactly one week, they’re more than a little anxious about whether this estate sale will be successful in unloading nearly three decades’ worth of accumulated belongings—especially prized pieces like their antique, hand-knotted Persian rugs (the one in the living room originally cost $20,000). “We wanted to sell these expensive items in a way that brought closure,” says Mark, “and didn’t want them to just walk out the door for almost nothing.”

Indeed, to help facilitate the sale, they’ve chosen a company called The Grand Bazaar to run it; unlike some other mom-and-pop businesses they
interviewed, it actually takes credit cards. But from the moment
the doors open and salegoers storm the 5,000-square-foot home
like pirates rushing a ship, virtually no one bothers with plastic.
Not the man with the white ponytail happily scoring a $1 jug of
deer repellent or the woman in chunky diamonds and fur-tipped
pumps snapping up old garden hose nozzles. Some bargainers
cart off books or clothes in bulk, but most arrive at the checkout
table with small items: Christmas decorations, souvenir Par-
sian drink coasters, a board game from the downstairs toy closet.
In fact, when the doors close on the Tuller family sale (final take:
on the plus side of $30,000), there’s still quite a bit of furniture
left, most of which is destined for donation or—cue Mary’s nos-
talgic sighs—the Dumpster. And those expensive rugs? At least
$30,000 worth of fancy floor coverings are headed into storage.
“The sale was a huge success if you were in the market for un-
opened soap,” says Mark.

ALL IT THE GREAT AMERICAN SELL-OFF. FOR
years now Americans have been gathering and col-
lecting at an amazing pace, filling homes that over
the past half-century have more than doubled in
size, to an average of nearly 2,500 square feet. And
even that hasn’t been enough to contain our nation’s overflow
of stuff. These days nearly one in 10 U.S. households maintains
at least one self-storage unit, 65 percent more than did so in 1995.
Filling these spaces, of course, comes naturally to baby boomers.
Born into the giddy postwar climate of conspicuous consump-
tion and weaned on decades of easy credit, they’re a generation
accustomed to regularly leaving offerings at the altar of retail.

That is, until they hit the empty-nest, time-to-start-downsiz-
ing phase—and begin wondering what to do with their moun-
tains of accumulated stuff. With some 8,000 Americans turning
65 every day, on average, and the senior population expected
to double by 2050, millions are facing a massive, multifaceted
purge that’s turning out to be much tougher than they thought
it would be. And millions more find themselves in similar quan-
daries as they deal with the truckloads they’ve inherited from
packrat relatives. Indeed, whether they’re leaving an heirloom
china set at the local consignment store or packing a stately
grandfather clock off to Sotheby’s, many are discovering that
the resale market is glutted with household goods. And oriental
rugs are only the beginning. Got a home full of middle-market,
traditional-style furniture to sell? Dealers say that stuff’s plunged
50 to 75 percent in value. Elaborate silver tea sets are
worth more melted than as decorative objects. And huge heavy
items like dining-room breakfronts and banker-style desks are
often the toughest to unload. “I once sold a piano for $11,” says
David Rago, a Lambertville, N.J., auctioneer.

For many of those in or near retirement, this is not unim-
portant income. Inspired by shows like Antiques Roadshow and
Pawn Stars, many hope that monetizing that painting over the
mantel will help make up ground lost in their battered retire-
ment portfolios, says Julie Hall, a liquidator from Charlotte,
N.C., and the author of The Boomer Burden, a book about chal-
lenges like these. And beyond the economic significance, there’s

the emotional struggle that comes with letting go of decades’
worth of memory-laden stuff. As David Ekerdt, director of the
Gerontology Center of the University of Kansas, puts it,
“They’re not just things. They’re you.” But the disconnect be-
tween perceived value and actual value—when the kids don’t
want their parents’ stuff and the market is overrun—can be a
cold splash of reality. “What are people going to do?” asks Jane
C.H. Jacob, a Chicago-based appraiser and trustee of the non-
profit Appraisal Foundation. “Dig a ditch and put it in a landfill?”

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NDEED, IT’S HARD TO KNOW WHERE TO START. Sell-
ing things piecemeal on eBay and Craigslist? Too time-
consuming. A weekend garage sale? Too much work—and
too hard to figure out pricing. (And what happens with
all the unsold stuff?) Like the Tullers, many downsizers
begin the liquidation process by interviewing a quirky collection
of small-business folk who run estate sales, at companies with
names like A Couple of Dusty Old Bags or 2MuchStuff4Me. No
one tracks this unlicensed, unregulated universe of mostly family-
run firms, but according to John Buckles, founder of Caring
Transitions, the industry’s first franchised business, the sector
pulls in at least $5 billion a year. In Southern California, Betty
Ulemek got her first taste of the liquidation industry last fall,
when the Santa Ana resident decided it was time to sell her late
brother’s houseful of lovingly acquired collections—glass, china,
clocks and such—and found an estate sale company the way many
people do: by asking the real estate agent listing his house. Expe-
rienced liquidators say most of their referrals come from clients,
PRICELESS? Most sellers overestimate the amount their stuff will fetch; one liquidator advises clients to “take a zero off” right away.
In the liquidation milieu many firms operate on a handshake basis. But the more documentation a liquidator provides, the less room there is for squirrelly dealing—or outright stealing. This is, after all, a business where strangers spend days in a house, often unsupervised, handling every single object and finding surprises ranging from mom's rainy-day cash stash to letters from dad's secret mistress. Sassounian works with a contract that leaves little to misinterpretation, helping to ensure, for example, that when a sale's proceeds are to be distributed to heirs, family members can’t remove items from the house once the contract is signed. When the sale is done, she provides the estate trustee with an inventory, complete with prices paid. In a field with no licensing, accreditation or official means of censure, Sassounian says, “my reputation is everything.”

Critical to the sale’s success, of course, is whether she’s gotten the pricing right—low enough to tempt bargain lovers while getting as close as possible to fair market value. To research prices of items she’s unsure of, Sassounian says, she photographs them and does research on sites like eBay and Google. Because so few liquidators have formal appraisal training, critics question their
Accumulation Nation

No wonder Americans have so much stuff to sell off. Over the past decade or so, we’ve spent nearly $2 trillion annually (much more than we’re likely to get back) on things like these.

Sources: American Apparel & Footwear Association; American Home Furnishings Alliance; ArtNet; CIA World Factbook; Consumer Electronics Association; CoreLogic; eBay; Edmunds.com; Goodwill Industries; International Housewares Association; Jewelers of America; Kelley Blue Book; Pike Research; U.S. Department of Commerce; U.S. Environmental Protection Agency

ability to accurately price the dizzying number of items—and to understand subtleties of how quality, condition and rarity come into play. “I’d be careful of the person who claims to know the value of everything,” says New York–based art attorney Amy Goldrich. “Most of the time they can have no idea if it’s a fake or a copy, especially if they’re doing a quick Web search.”

For her part, Sassounian says she brings in outside experts whenever she runs across an unfamiliar item. Still, Ulemek wishes the prices had been higher. “I can’t believe she sold my brother’s wonderful stuff for pennies,” she says, adding that she’d have liked to have been on-site during the sale to press for higher prices. For Sassounian and her peers, that frequently spells trouble, since as they tell it, clients will sometimes put the kibosh on a sale either because they’re bogged down in the emotional value (“I’ve seen people hug Toasters because they can remember making toast in the morning,” says Hall, the Charlotte liquidator) or they can’t imagine that their treasures have depreciated at all from the original retail price. (“I always tell them to take a zero off what they bought it for,” says Sassounian.) Ultimately, Ulemek’s brother’s belongings brought in upwards of $50,000, even with the modest pricing. “And when all was said and done,” Ulemek admits, brightening, “the house was nice and clean.”

But a clean path to Life’s next phase can also start at an auction house. More than $20 billion worth of household items, art, antiques and collectibles sold in a competitive-bid environment in 2008 alone, the most recent year the National Auctioneers Association polled its members. On a chilly Monday morning, the staff at one Philadelphia-area firm, Dutch Auction Sales, was hard at work, dispersing the contents of hundreds of households, more or less en masse. And for anyone with stars in their eyes about the auction market for middle-market furniture and household goods, a trip to Dutch, which caters largely to the wholesale crowd, offers a bracing reality check. Indeed, some of what’s offered here is stuff that didn’t sell in estate sales, and the occasionally shocking prices ($10 for a hefty antique oak round table in perfectly fine condition) show how the great American sell-off is hurting prices for boomers everywhere.
“Onedollah, onedollah, onedollah,” the auctioneer intones. “Sold for...one dollar,” he says of the decent-looking seven-piece patio set. Forget the image of a Sotheby’s swell with French cuffs and an accent to match. This auction impresario sports a bushy handlebar mustache, scruffy jeans and an unzipped hoodie. He carries a liter bottle of Pepsi in one hand and a wireless mic in the other as he moves briskly with a cluster of buyers across a football-field-size area covered with rows and rows of household castoffs: boxed lots of tools, fat 10-year-old TVs and computer monitors, vintage yearbooks, old plastic rocking horses. The bidders—mostly flea marketeers and eBay resellers—know exactly when to let a whole row of junk pass at $5 and when to pay up for treasures like a newish wine fridge ($17), 1960s-era Bose speakers ($80) or a (presumably working) snowblower ($160).

Every two weeks Dutch processes more than 7,000 items in a marathon that starts at sunup and lasts often into the wee hours, operating in and around a hangar-size warehouse. With relentlessly paced three-ring auction action, it processes a steady stream of items culled largely from middle-class homes: antique furniture piled three or four high; tabletop lots of toys, china, silver and books; and those junkier lots outside. No white-glove treatment here—porters drag heavy wood antiques roughly along the concrete, and more than a few times during the day, glass can be heard crashing to the ground. Dealers park their U-Hauls in a tight row alongside the outside dock, quickly loading antiques that, on average, says Dutch CEO Bob Selmon, are...
running 50 percent below 2005 prices. (Rugs, he says, are down even more.) According to Rich Holleny, an antiques dealer from Maryland’s Eastern Shore, one elegant mahogany dining set that gavels for $400 would have fetched between $1,000 and $1,200 five years ago. A carved oak Victorian fainting couch worthy of a Betty Draper swoon goes for $85. Back at his shop, laments Holleny, traditional furniture is languishing, and even at these prices, it’s harder to make margins. “A lot of people have been driven from the business,” says Selmon.

While auctions themselves are coping with a surfeit of sellers and cash-strapped buyers, driving down both prices and sell-through rates, they’re still big-time liquidation players. But the liquidation universe, which has many tiers, can be confusing for downsizers looking for the best outlet for a fine or unusual estate item. Sellers may assume the holy grail is a high-end auction house like Sotheby’s or Christie’s, which rarely take on consignments worth less than $5,000, but experts say the best choice comes down to who can drum up the most serious bidders. Niche outfits, for example, reach targeted collector markets, whether for antique duck decoys (Guyette & Schmidt in Maryland), mid-century-modern furniture (Wright in Chicago) or art pottery (Rago’s in New Jersey).

Of course, for boomers who don’t have the stomach to see the stuff of their lives sold off—and aren’t driven by a financial imperative to do so—there’s always the option of just passing on to the great beyond and letting the heirs duke it out. Billy Campsey, an Amarillo, Texas, accountant who often acts as a fiduciary on disputed estates, says he recently experienced it all firsthand when his aunt left $150,000 worth of jewels to be split among six family members—who all wanted the same pieces. “Put all six of them in a room and they’d have a fistfight,” he says. After hearing from an estate lawyer about a Web-based tool called eDivvyup, he persuaded the heirs to try the closed online auction system (think eBay, only private) that lets an estate executor post photos and information about each piece and assign point shares to heirs based on his or her percentage of the estate. In the end, he says, competitive bidding worked a lot better—and faster—than gambling on a retail consignment. Not only did it squash the squabbling, says Campsey, but it took one year of administration off the total estate.

If there was ever a good time for a wealthy aunt to die, 2010 was it—from a tax perspective, that is. With the estate-tax exemption at $3.5 million in 2009, 34,000 U.S. estates paid taxes to the IRS that year, a decrease from 108,000 in 2001. Although the tax was zero in 2010, it returns this year, at a rate of 35 percent for estates over $5 million. Making distributions before death can help lower the tax hit—and eliminate a lot of disputes, says Kathleen Sherby, a St. Louis tax attorney and fellow of the American College of Trust and Estate Counsel. The problem, she says, is that “a lot of people just don’t want to deal with it.”

When Tom Tuchmann’s father died last summer, who got what was not a big issue. After all, he and his siblings had long since feathered their own nests—and their dad’s stuff was, he says, pretty worn out. (They each took a few sentimental items.) The harder part, says the Portland, Ore., forestry engineer, was having to process the reality that the Winnetka, Ill., home his dad had lived in for 50 years, a reassuring time capsule of their childhood, would no longer be there. But while his brother waxed nostalgic about the old ceramic rabbit cookie jar and his well-played 45 of “Raindrops Keep Falling on My Head,” Tuchmann hadn’t looked closely at the contents of his childhood home in 32 years and felt little compunction to start, he says. “Now that it’s done, I’m moving on.”
With three of his kids now grown, Don Bartlett has upgraded from model airplanes to the real thing—for $70,000.
After decades of paying for clarinet lessons and college tuition, boomer parents feel overdue for their own splurges. But in times like these, can they really afford it?

By Missy Sullivan

Ask Mary Adams if she was stricken with “empty nest” feelings after her two sons moved out and she shrugs off the question. After all, the Northern California native says, her boys never strayed far from home after high school, and both worked at one time or another for the family’s thriving pool-maintenance business. But listen a little more closely, and her tale of life after child rearing may sound all too familiar.

For Mary and her husband, Rick, the empty-nesting phase began with a few splurges aimed at getting them away from their suburban hustle and bustle. First, they bought a 35-foot RV for tooling around the Golden State on weekends, with their Jeep in tow. A couple of years later, they found a little five-acre ranch getaway not far from Napa Valley. And like a lot of empty nesters, they eventually brought some four-legged “children” into their lives. Only these weren’t run-of-the-mill rescue tabbies or finely bred pedigreed pups. The two creatures Mary and Rick bought on an impulse weighed around 250 pounds each, had lanky necks, two-toed feet—and alluringly long eyelashes.

Today the couple’s llama herd numbers more than 50, and Mary says they’ve spent upwards of $500,000 living la vida llama: buying animals, breeding them and showing them competitively at every opportunity. Asked whether raising llamas might ultimately be even more expensive than raising kids, she does the mental math. “Given how many we’ve got,” says the self-described llamaholic, “probably—yes.”

Wait a minute, parents are saying: Can there be anything more expensive than raising kids? The way most Americans figure it, by the time they finally reach their empty-nest years, they’ve gotten over life’s biggest spending hump. After all, the government (conservatively) estimates that for an upper-income family, the cost of raising a single child from birth to age 18 will run about $377,000—and that’s before the little matter of college tuition. Once the kids have gone, parents often experience (in addition to those well-documented feelings of loss) an exhilarating sense of financial freedom: No more bills for braces and tennis lessons. No extra mouths to feed. No need for the large house and the large mortgage that comes with it. And of course, no six-figure tuition to spend years saving up for and then shelling out. Only it turns out that, at least according to the most recent evidence, when kids go out the door, many parents discover that their days of spending have just begun.

It may sound implausible, but it’s true. A study released last year by the Center for Retirement Research at Boston College found that when kids jump ship, parents increase their per capita consumption of nondurable goods by a rather startling proportion: an average of 51 percent. And in this case, “nondurable” can mean a whole laundry list of expenses that were not part of raising a family. That includes things like taking your spouse out to eat without a sullen teenager texting under the table. (Maybe that’s why one study says empty nesters can spend up to 50 percent more at restaurants than parents with kids.) Or finally taking a
few romantic vacations—the kind that don’t involve water parks. Or indulging in pricey hobbies such as, yes, raising the occasional exotic farm animal. Financial advisers say they see it again and again: Empty-nester clients, after 20–some years of being lashed to the parental-provider mast, take a flying leap into the sea of splurge. Says Kimberly Foss, president of Empyrion Wealth Management in Sacramento, “They’re like caged animals gone wild.”

To be fair, off-loading the offspring is a momentous life stage for many people. Even many psychologists say a little retail therapy is more than understandable. Parents whose eyes aren’t misting up every time they pass their kid’s bedroom may find themselves spending out of sheer boredom. (Hello, Home Shopping Network.) The problem, economists point out, is that many of today’s empty nesters are also baby boomers, who aren’t exactly known for being tightfisted with a dollar. According to a recent study by AARP, some 30 percent of boomers age 50 and older reported some difficulty limiting their spending. No kidding. At last count, the postwar babies were burning through $2.7 trillion a year, a 71 percent jump from what people in the same age group were spending a decade ago.

Of course, excessive spending might have been fine while the American economy was chugging along. But postcrash, experts say, stakes are higher for empty nesters trying to fill the void by living the life of Riley while giving their nest egg shorter shrift. In an era of economic fragility, when pensions are going the way of the typewriter and social safety nets are sprouting ever-larger holes, financial experts say that few in the postkid phase—and few baby boomers in general—can afford to continue indulging in the kind of magical thinking that has long led them to finance now, save later and hope like hell they don’t get sick, get canned or live to 100.

Indeed, to say that the boomer generation is unprepared for retirement is an understatement: In its most recent Retirement Confidence Survey, the nonprofit Employee Benefit Research Institute reported that just over half of workers ages 45 to 54 claim savings and investments of less than $25,000 (before pension, social security or home equity), up from a third in 2007. And compared with their thrifter parents, says George Moschis, director of the Center for Mature Consumer Studies at Georgia State University, the typical boomer has only 10 to 15 percent as many assets—and far more debt. To be sure, the crash and credit crunch brought these realities into sharper focus, inducing many Americans to save more, pay down debt and curb their more wanton spending. And the nerve-rattling turmoil in the market this summer drove that message home. Still, says Scott Hanson, cofounder of a California-based independent advisory firm with $1.3 billion under management, the empty-nester phase can represent a real pitfall, when the combination of pent-up demand and newfound discretionary cash can keep a boomer from realizing that this is the last, best opportunity to double down on nest egg savings. “It’s an interesting generation,” says Hanson. “They want their last retirement check to bounce.”

O NO ONE KEEPS AN EXACT TALLY OF THE number of people in the empty-nester group. The Census Bureau can tell you there are 33 million married couples without children under 18, but that includes couples who haven’t yet produced or adopted offspring, as well as those who never did and never will. Still, experts say the majority of that number falls squarely

Mary Adams (with one of her therapy llamas) and her husband cashed out their IRAs to fund their “alternative livestock.”
into the “had kids, now they’re launched” category. In fact, as America’s population ages, households with children have become the minority, making up only 22 percent of the total, as the empty nesters’ ranks continue to swell. Given these population shifts, corporate America has begun to take notice, studying the so-called silver tsunami with the help of a smattering of consumer-marketing firms that focus on folks who’ve wrapped up their child rearing. In one TV spot, convenience-food company Buitoni pitches candlelight dinners of prepackaged pasta to alone-again couples seeking romance. In another, online-payment company eBillme encourages surfing for big-ticket purchases as an antidote to the empty-nester blues: Try a new mattress for lazy mornings, the ad suggests, “now that you don’t have to wake up and rouse the kids.”

Not that the empty-nester reality is all sleeping in and lovey-dovey linguine. Behind the advertising generalities lies a fair amount of complexity—and financial burden—says boomer-marketing specialist Mary Furlong, a professor of entrepreneurship at Santa Clara University. For one thing, Americans over 50 have seen their divorce rate nearly double from 1990 to 2009—with many splits coming after the kids have gone. Then there’s the growing “sandwich” phenomenon, which refills the nest with aging parents, boomerang kids or both. And even if they’re not moving in and raiding the fridge again, the kids may still have their hands thrust deeply into Mom and Dad’s retirement pockets. Roughly 40 percent each of Gen X and Gen Y have received financial support from their parents after college, according to a recent study by TD Ameritrade, while 25 percent of Gen Y report their folks are paying for discretionary items like cell phone bills, insurance and car expenses. “There’s this whole ‘we’re waiting for the kids to get their feet underneath them’ mentality,” says Lori Bitter, CEO of boomer-marketing firm Continuum Crew.

But waiting for them to score a salary-with-benefits gig in this harsh job market can get expensive—a burden advisers say they see all the time. Gary Gilgen, director of financial planning for the Michigan-based wealth-advisory firm Rehmann Financial, says he has a pair of clients who, while living off their pensions (his from the auto industry, hers from teaching), are continuing to support their 30-something actor son as he chases movie-star dreams in Los Angeles. Monthly outlay for the wannabe Brad Pitt? Twelve thousand dollars. The parents know it’s wrong, and they don’t know how to stop it, says Gilgen, who points out that, for years, they’ve missed out on the empty nest’s greatest financial advantage: the ability to cut expenses. “You have to shut the feed trough off,” he says.

YET EVEN WHEN THE KIDS HAVE SUCCESSFULLY made the leap to supporting themselves, some empty nesters still find it hard to rein in the spending—downturn be damned. Michael Edwards, for one, can rattle off many of the costs of diving into some culinary adventures after his vegan daughter, Hillary, left for college: The Washington, D.C.–based professor and single dad shipped himself off to three cooking boot camps at the Culinary Institute of America ($2,200 a pop, plus hotel and transportation costs) and two multimonth advanced programs at L’Academie de Cuisine (up to $2,000 each) and took private lessons from renowned chefs (roughly $100 each). Harder to tally, though, is the cost of all the high-end kitchen gear that’s accumulated recently in his drawers and cabinets, like the 40-some task-specific pots and pans and the 30-plus professional-grade knives. (“I never thought I’d ever pay $200 for a knife, much less $700,” says the passionate cook.) As for nice meals out in “serious” restaurants? Too many to count, he says. Indeed, experts say boomers tend to overachieve in their hobbies the same way they do in their careers. But while passionate pursuits and wellness activities like yoga and triathlons can help fill all those gaping weekends once spent shuttling kids to soccer games, empty nesters also don’t mind easing their
THE UNOFFICIAL GUIDE TO Empty-Nester Splurges

The majority of today’s empty nesters are boomers—they have credit cards and aren’t afraid to use them. Government data shows boomers spend 52 percent more on new cars alone, compared with individuals in all other age groups combined. Below, cost estimates for some popular later-life obsessions.

$40,000 to $150,000
A custom-built wine cellar

$2,000 to $5,000
A mid-sized dog, including food, grooming, and vet visits

$25 to $65
A private in-studio guitar lesson, per half hour

$600 and up
A self-published book, without marketing

$25,000 and up
A premium self-publishing package, complete with film treatment and promotional campaign

$0 to $5,000
A home-based consultancy

$5,000 to $25,000
A home-based consultancy; Sm and Fitness and Nutrition

$215,000
A $50,000 to $215,000 A house in the suburbs of a 25-foot sailboat

$1,800 to $2,500
Annual membership at a yoga studio

$3,400
A guitar lesson, per hour

$1,300 to $1,800
A business or yoga class membership

$1,300
A home-based consultancy, per month

$25,000
A premium self-publishing package, complete with film treatment and promotional campaign

$25,000
A business or yoga class membership

$1,300
A home-based consultancy, per month
downward-dog exertions with a dollop of luxury. At the Como Shambhala at Parrot Cay in Turks and Caicos, for example, yoga vacations can run as high as $10,000 a week per couple for instruction by “visiting masters,” an ocean-view room and, fans say, an “utterly medicinal” ginger tea.

But why go away when there are plenty of things to splurge on right in that suddenly more spacious home? After all, empty-nesting is a natural time to begin the dream-retirement-home project, whether by remodeling existing digs (think outdoor kitchens and spare-room conversions) or working with an architect or builder from scratch. Research by Harvard’s Joint Center for Housing Studies shows that boomers as a group drop more than double what Gen Xers do on remodeling and more than four times what every other age group spends. As for the so-called active-adult new-home market, average values have rebounded past 2005 levels, with some builders reporting solid postcrash growth: At Robson Resort Communities, which has upscale active-adult developments in Texas and Arizona, sales rose 16 percent from 2008 to 2010.

But the downturn did make a big difference in how 55-plus households finance their dream digs, according to a recent study by the MetLife Mature Market Institute and the National Association of Home Builders. With the overall housing market still depressed, buyers can’t count on parlaying an existing family home into cash to pay for a new one. As a result, they’re pulling down payments more frequently from savings and cash on hand—and in the process, often depleting retirement reserves. Indeed, only 55 percent of the active-adult homebuyers who made a down payment in 2009 reported that the money came from the sale of a previous home, down from 92 percent in 2007.

Selling the family home in Elk Horn, Neb., wasn’t a problem for Tom and Janelle Roth, who say they got close to their asking price of $236,500. That money paid for some of their new, 3-bedroom at Robson Ranch, a 1,300-home, country-club–style community in Denton, Texas; the rest they financed with savings. Tom, a banking-industry consultant, says that after happily sacrificing for their two boys—both emotionally and financially—now it was time for them. So the couple, both 59, didn’t hold back. They maxed out on builder upgrades like the extended patio and bay window, chose the highest-end finishes, like granite counters and heavy glass shower doors, and installed niceties like a 60-bottle wine fridge—ultimately tacking on more than $100,000 in extras to their $332,000 home purchase. Tom splurged on a 65-inch, 3-D flat-screen TV for the living area and a 55-inch for the bedroom. And for the first time ever, they hired a decorator ($50,000, including furniture) to design their kid-free living space. (“You wouldn’t want teenage boys putting their feet up on the glass coffee table,” Janelle says.) Next up? Custom cabinets for Tom’s home office. The Roths are thrilled with the house, the community’s resortlike amenities and all their new friends, but they joke that they don’t like to think too much about the exact cost of it all. Tom, who works entirely on commission, says the past few years “haven’t been so sporty” in his industry and that the crash took half the couple’s retirement savings. “I’m going to be working a little longer,” he says.
JOIN THE CROWD, TOM, TO HELP PAY FOR ALL the empty-nest expenses, four in 10 U.S. workers surveyed by professional-services firm Towers Watson last year reported that, since the crash, they’ll be toiling a few years longer than they had originally planned. But more empty nesters, whether downsized and in need of a job or just fed up and hankering to be their own boss, are hanging out a shingle. According to the Kauffman Index of Entrepreneurial Activity, 45- to 54-year-olds accounted for a quarter of all start-ups in 2010, while 55- to 64-year-olds made up 23 percent, up from 15 percent in 1996. “Contrary to the popular opinion that entrepreneurship is a young people’s game,” says Scott Shane, a professor of economics at Case Western Reserve University, “it increases as people get older.” That’s the time, Shane says, when people often have the experience and capital to get things rolling. But while experts say many boomer second acts these days come in the form of consultancies that leverage their knowledge and existing business network, Steve King, a partner in small-business research firm Emergent, says there’s also a growing trend of “hobbypreneurship,” which involves trying to parlay a passionate pursuit—like, say, jewelry making—into a profit-making venture that also gives them a new “baby” to nurture. Indeed, the caretaking impulse inspired empty-nester sisters Cathy Wiley and E.Ann Ingram, of Columbia, Tenn., to try to turn their postkids Havanese-puppy purchases into a breeding business. Ingram says she especially loves grooming, a carryover from her daughter’s beauty pageant days. “It’s comforting,” she says.

But such ventures, King says, can be hard to pull off, sometimes becoming a feel-good money pit—at a stage of life when there’s less time to make up any losses. (Think constant travel to dog shows and cabinets crammed with grooming products.) For Stacy Klaus, the passion play involved knitting needles and fuzzy yarn. After her daughter’s departure for college put her in a “tailspin” and her husband sold his insurance business, the Austin, Texas–based couple decided it was finally time for her to go to her happy place—and open a knitting shop. After burning through a $100,000 line of credit, she says, The Knitting Nest remains in the red, and the once free-spending couple have even had to dip into their retirement stash. “It’s hard to go from the person who didn’t have to worry about money at all,” says Klaus, “to ‘Oh, gosh, we can’t.’”

After his daughter, Hillary, left home, Michael Edwards splurged on cooking gear and culinary boot camps.
Refeathering The Nest

A recent poll by TD Ameritrade found that 17 percent of baby boomers are delaying retirement because they’re diverting assets to support kids or other relatives. Below, some common cash drains empty nesters face—and how to keep more of what’s yours.

1. It’s fine to offer room and grub if your grad hasn’t settled down. But planners say parents should avoid paying for discretionary costs like smartphone bills. “Kids should have some skin in the game,” says Kevin Kautzmann, a New York City–based adviser.

2. Instead of converting the kids’ rooms into a gym or an art studio, rent them out. You won’t be the only landlords on your block: 18 percent of Americans say they’re renting out a room, according to a survey by consulting firm The Babb Group.

3. Planners say any home-related loan should be a short-term one, covering costs for, say, three to six months. Kids still need help with the mortgage? “At some point, failure is a good teacher,” says Darrell Pennington, a Houston-based Ameriprise adviser.

4. Shift the financial burden of grad school to your child, says Kimberly Foss, president of Sacramento-based Empyrion Wealth Management. One technique: While your kids are still young, start life insurance policies from which they can later borrow cash. (The money in the policy will grow tax-deferred.)

5. Thinking of downsizing and moving to a sunnier climate? The lousy housing market isn’t helping you. To ease the sting of selling at a loss, boost home equity by forgoing any more refinancing.

6. Health care coverage for elders (think parents of parents) rarely covers the ballooning costs of intensive nursing care. Financial advisers recommend looking at hybrid life-insurance products whose cash value can be used by seniors for long-term care.

Can you help us with the down payment?

Hey, Dad, how about grad school?

Florida, here we come!

Your kids may be gone, but now your parents are back...

Empty bedrooms = pricey renovations

I’m baaaack!
EMPTY NESTER DON BARTLETT OF Tracy, Calif., isn’t worried about cash flow; his corporate-car-fleet repair business is doing very well, he says. But that didn’t stop his wife from fretting about their financial future the day he came home and announced he was bumping up his little flying pastime to a new altitude and dropping $70,000 on a four-seat propeller plane.

Sure, the hobby’s not exactly cheap: Fuel alone runs “a couple grand” a month, while the monthly hangar rental costs $400. But the lifelong mechanic, who’s a father of three grown boys, says he spent a lot of time at their high school football games wondering, Dang, when is it going to be my turn? and that he’s enjoying every minute he takes to the skies. And though the time he spends aloft is mostly recreational, he says he does occasionally use the plane for work—and is hoping to write off some of the costs.

Not a bad idea if he can pull it off, say financial experts. Because even if you’re feeling flush—and professionals say that’s not the first word most clients are using to describe the way they feel these days—the crash of 2008 was a wake-up call to a more mindful way of spending. Tom Weilert, a Dallas-based adviser with Northwestern Mutual, says the mind-set of his clientele, the majority of whom range in age from 52 to 62, has changed since then: They’re reevaluating “their jobs, their future and their investment returns.” Maybe that’s why American workers seem to be getting more aggressive about saving. Fidelity reported that the average balance in its 401(k) plans rose to $75,000 at the end of the first quarter of 2011, up nearly 12 percent from a year prior and 58 percent from the same period in 2009.

The corresponding counsel from financial advisers should come as no surprise—to those who want to listen: Sit down and make a retirement plan. Save for splurges. And, says Kevin Kautzmann, a New York–based financial planner, pay down debt first; it’s probably baby boomers’ biggest bugaboo. It’s not that experts want us all to keep our nose to the grindstone without a break and live like monks. After all, having successfully launched kids into this world is no mean feat, and having the time and resources to pursue one’s passions is among the great rewards of the postkid phase. But pros say they see too many people upping their standard of living in the early empty-nest phase, only to sacrifice it later in retirement. “I’m just making sure people have the right kind of balance between today and tomorrow,” says Hanson, the California adviser.

Back in Llamaville, Mary and Rick Adams are still working on that balance. (Recent budgetary moves: They’ve sold a few animals and begun monetizing their manure for compost.) But sitting in the sunroom of her ranch not far from the Nevada border, Mary sighs contentedly as she looks out over the light-dappled pasture, watching her “magical” llamas graze under the pine trees while the babies bask in the warm grass nearby. She waxes on about her new, llama-centered life: bringing them to nursing homes as “therapy” animals, socializing with the community of breeders and enthusiasts, and the first time she found herself elbow-deep in a pregnant dam, turning a poorly positioned 26-pound baby. (It’s a good thing she’d just given up fake fingernails, she says.) Of course, she laughs a little nervously as she mentions they cashed out their 401(k)s and IRAs to help fund their self-professed addiction—and that prices for these “alternative livestock” have dropped so far over the past few years. It’s pretty much their nest egg, Mary says. “People think we’re crazy.” But then she brightens, adding: “Hey, if you have a bad day, you can go out and hug the animals.”

Additional reporting by Linda Lacina and David Montalvo.
golden years gone

global
Still shaken from seeing their portfolios decimated, legions of retirees are testing a cheaper life overseas. We go to Panama for a taste of what could be your future.

OR ROBYN AND JOHN COLE, having one retiree in the family was workable. As long as Robyn, 56, kept her job as a golf course marketing director, they could live comfortably in their native Orange County, Calif.; enjoy company health coverage; and wait out the underperforming investment properties they bought into—oops!—a month before the ’08 crash. The challenge came when Robyn got itchy to retire and join John, a 67-year-old former teacher, in the slow lane. No matter which retirement haven they looked at—Asheville, N.C.; Austin; Phoenix—they found that between the wobbly economy and the “atrocious” cost of private health insurance (John’s a cancer survivor), they simply couldn’t afford for Robyn to quit. “We’ve done the numbers,” says John. “It would not be pretty.”

Recently, though, the Coles found their retirement spot—a little further south than they originally imagined it would be. In fact, it’s a few degrees from the equator. Media accounts the couple pored over certainly made their chosen destination—the mountain hamlet of Boquete, Panama—sound enticing. (Spring-like climate! Lush natural beauty! Low-cost living!) And once he signed up at a few “retire overseas” websites, John says, it didn’t take long for the real estate pitches to start hitting his in-box. But as the couple packed up their lives, they did so with a tinge of hesitation, opting to rent instead of buy, for now. “We’re looking at it as an
adventure,” says Robyn. “We may end up there, and we may not.”

Turns out, they’re following the bread crumbs left by a growing legion of intrepid, often cost-conscious retirees who’ve found themselves offshore—way offshore. A decade ago anyone who announced plans to spend their golden years beyond U.S. borders was often looked at askance as a bohemian adventurer—or worse, someone with something to hide. But the crash of 2008 is still having a transformative effect on the largest demographic group in America, and the fallout includes a little-noticed but mounting migration to cheaper (if uncertain) horizons.

No one knows how many American retirees now reside overseas. They aren’t counted by the U.S. census, and many operate under the radar on renewable tourist visas. But according to the Social Security Administration, the number of retired Americans receiving benefits overseas has soared 32 percent since 2002, a figure experts say is gaining steam. Some are ex-snowbirds, flying straight past Florida to a Caribbean paradise; others are holing up in quaint French villages. Still others are moving into newly minted gated communities as far afield as Malaysia and Thailand, navigating lifestyles as foreign to them as the locales. “The actual numbers are tough to quantify,” says Demetrios Papademetriou, CEO of the nonprofit think tank Migration Policy Institute. “But it’s a phenomenon that can only grow larger.”

To some degree, these refugees are getting a renewed push from a burgeoning industry that’s honed its ability to sell the good life overseas. No longer just a sleepy niche, the retire-abroad business now includes growing ranks of real estate developers, foreign governments, offshore investment advisers and “transition specialists,” all trying to lure the great silver wave of boomers to their shores. Mexico, for one, is stepping up its medical tourism industry and lobbying the U.S. government to extend Medicare benefits to Americans living there. In Panama, the Boquete area alone saw the number of new gated communities jump from zero to more than 40 in the past decade (although many are suffering since the speculative bubble burst). Companies like International Living and Escape Artist publish magazines and websites, promote “hot” real estate opportunities, and host informational conferences-cum-salesfests; the former reports that attendance at its events has doubled in the past five years alone.

But experts say that, even without a whole industry behind it, life outside the land of $4 coffee has an obvious appeal to anyone on a budget, especially retirees. Even in an improving economy, older Americans face higher unemployment rates than other groups, and for many, crash-battered nest eggs have never fully recovered. According to a recent study by Generation Mortgage Co., nearly 80 percent of U.S. boomers are afraid they won’t be able to retire comfortably. Indeed, it’s the kind of fear that has them contemplating lifestyle compromises. So what if, say, Nicaragua is in the hurricane zone, it just last year proclaimed itself “landmine free,” and the only use for a Nordstrom card will be as a coaster under your rum punch? The price per square foot for an ocean-view condo is cheapest in Central America, and the government, like many, offers generous financial incentives for American retirees to come crack open their piggy banks. Are the trade-offs worth it? We test-drove a semiretirement of our own (six days—gee, thanks, boss!) in one of the fastest-growing expat destinations, Panama, for an up-close view of the golden years gone global.

**T’S 5 P.M. ON A SULTRY FRIDAY** in Panama City, and while the sounds of salsa in the streets below signal that the capital is starting its weekend, Bernice Starrett, a Northern California retiree, is sitting in a nondescript hotel meeting room, at-
tending the “Emergency Offshore Summit.” Sponsored by a publishing company called Live and Invest Overseas, the two-day conference, which has attracted 60-some casually dressed, mostly older North Americans, has lived up to its anxious-sounding name. A few doomsayers predict economic Armageddon; that’s followed by presentations on how to slash estate taxes (irrevocable insurance trusts), diversify assets (teak plantations) and safeguard wealth (gold bars stashed in private Swiss vaults). There’s a lively discussion about second citizenships and plenty of talk about Latin American real estate opportunities.

Last year, Starrett says, she put a $51,000 deposit on a small ocean-view plot of land in Los Islotes, a yet-to-be-built gated community on Panama’s ruggedly beautiful Azuero Peninsula. “I’ve always wanted to live on the beach,” says the 64-year-old, who adds that she’s comfortable investing sight-unseen in Panama’s frontier, in part, because her deposit is refundable. At the conference, Los Islotes developer Lief Simon talks up the amazing sunsets and planned amenities, including an equestrian center and a Spanish colonial–style town. Still, he admits, Los Islotes’ first phase is only 35 percent sold—not exactly like in the precrash days, when speculators pumped endless money into Panama. The remote location doesn’t help: It’s more than four hours from the international airport and major hospitals of Panama City—when the access road is passable. (The weekend of the conference, it was washed out by recent downpours, nixing a planned site visit for attendees.) Asked if the area’s six-month rainy season might dampen her future beach bliss, Starrett wrinkles her nose. “A little,” she says.

For those who daydream about their own offshore retirement, Starrett’s path is pretty common. It starts with some “what if?” Web research and maybe a subscription to popular publications like International Living or the Live and Invest Overseas Retirement Letter, which offer information on topics ranging from visas and taxes to health care and expat dating and feature widely quoted top-10 lists of retirement hot spots. The armchair-adventurer phase is usually followed by a scouting visit, which may include a publication-sponsored conference, complete with a real estate tour. But critics say getting objective information from retire-abroad firms can be tough. “They purport to be information companies,” says T. Rob Brown, founder of retirement website The Retirement Detectives. “But in reality they’re heavily involved in real estate marketing.”

For years, developers and brokers say, International Living made a commission on sales it promoted through its publications, website or conferences. Developer Sam Taliaferro, who built Valle Escondido, Panama’s first gated community (home values: $250,000 to $5 million), says that for a 10 percent cut of sales, International Living brought couples to the secluded mountain site. Dan Prescher, special projects editor for International Living, says the publication received a percentage of sales from developers like Taliaferro in the past. He says that in a move to give the magazine more editorial independence, starting in 2007 those deals were sent to a newly created company, Pathfinder International. But the companies still do business with each other: Pathfinder says it vets developers who advertise in International Living and speak at its conferences—and that it pays promotional fees to International Living.

Back at the “Emergency Offshore Summit,” presentations are informative but rarely cover the risk side of things, whether it’s investing in Uruguayan farmland or an Internet marketing company. Live and Invest Overseas’s publisher, Kathleen Peddicord, says the key reason her company markets real estate is that overseas home-buying is “the ultimate step” for many readers, and her team has decades of expertise in discerning the good guys from fly-by-nighters. “It’s a disservice to send read-
ERS OFF TO THIS WILD WEST,” she says, “WHERE THESE EMERGING MARKETS ARE UN-REGULATED.” STILL, MOST SPEAKERS HAVE SOMETHING TO SELL, AND PEDDICORD ACKNOWLEDGES THAT THEY PAY TO APPEAR AT THE CONFERENCE—A FACT THAT’S NOT ALWAYS APPARENT TO CONFERENCE-GOERS. PEDDICORD SAYS HER COMPANY SCRUTINIZES THE SPEAKERS CAREFULLY AND THAT HER FIRM’S ENDORSEMENT COMES “AFTER A LENGTHY INVESTMENT OF DUE DILIGENCE.”

Indeed, say experts, those looking to move abroad should be practicing due diligence of their own. Buyers who take for granted North American niceties like a multiple-listing service don’t always fully fathom the murkiness of these markets, says Claudia Gonella, cofounder of RevealRealEstate.com, an independent market-research firm specializing in Central American property. Price transparency is virtually nonexistent, she says, with the same property often marketed by different brokers for vastly different prices. Establishing ownership can be a nightmare in countries like Panama, where, according to the U.S. embassy, some two-thirds of properties lack titles. And while scammers can come from both inside and outside the country, it can be difficult to find legal recourse south of the border, insiders say, given

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the region’s reputation for governmental corruption. In a recent ranking of global “judicial independence,” the World Economic Forum ranks Panama at 103 of 133 nations. Ecuador ranks 130.

Sometimes, disputes end up in U.S. courts. A lawsuit filed in the 17th Judicial Circuit Court in Florida alleges that a Florida-based company, Paragon Properties, operated a “Ponzi-like” real estate scheme in Costa Rica, failing to provide hundreds of retirement-age investors with deeds for land it claimed to be developing. Matthew Sarelson, the Miami-based lawyer for some 250 plaintiffs, estimates total depositor losses at $50 million to $60 million. (A lawyer for Paragon declined to comment.)

While rip-offs are always a risk, experts say, the more common hazard these days is the cash-strapped developer who fails to finish the project—think luxury high-rise towers without working elevators or gated communities with a half-built clubhouse. Reveal Real Estate calculates the current completion rate of Central American developments at between 38 and 46 percent, depending on the country. Indeed, says Michael Cobb, a veteran developer in the region, the bubble years spawned a rash of speculative projects that, even finished, were thin on the amenities that differentiate lasting

THAILAND (CHIANG MAI)
Everything but medical care is pricey; a round of the antibiotic Zithromax is typically less than $30, compared with $200 in the U.S.

Visas for those age 50 and older cost $175.

Winter lows are a balmy 70 or so degrees. The trade-off? A six-month rainy season.

A three-bedroom starts at $275,000, including security, a pool and a fitness center.

The cost of living is 27% higher than in the U.S.; gas costs $4.02 a gallon.

A heart bypass costs $22,000 (69% less than in the U.S.).

FRANCE (THE BÉARN)
Permanent residents can use the French social security system—which includes health care—but there’s a price. Residents with assets above $1 million may face a wealth tax.

Long-stay visas cost about $130, and a residency card is required after one year.

The Béarn isn’t for heat lovers; the average summer temperature is 67 degrees.

Modernized farmhouses outside the main villages start at about $200,000.

The cost of living is 27% higher than in the U.S.; gas costs $6.88 a gallon.

A heart bypass costs $33,000 (33% less than in the U.S.).

SOUTH AFRICA (CAPE TOWN)
No taxes on pensions, but the little expenses can add up. A license to have a television, for instance, costs about $40 a year.

A Retired Person’s Permit costs $72.

The rainy season runs from May to September—winter in the Southern Hemisphere.

Ocean-view homes along the Atlantic seaboard start at around $700,000.

The cost of living is 15% higher than in the U.S.; gas costs $4.70 a gallon.

A heart bypass costs $40,000 (43% less than in the U.S.).

NEW ZEALAND (WELLINGTON)
Housing and food are affordable, but other items can be expensive; newly released hardcover books sell for upwards of $30 in stores.

Visa documents for those age 66 and older cost about $2,000.

February is the warmest month, but only hits an average of 63 degrees.

Basic three-bedroom homes—some practically on the beach—start at less than $300,000.
communities from barely populated ghost towns. Few have reached the critical mass of Boquete or the long-established beach spot Coronado, where Val and Jake Hrobsky, recent transplants from Seattle, say they never lack for golf partners and estimate they made 100 new friends in the first few months alone. “The Robinson Crusoe experience is good for about a week,” says Cobb. “You want to go have a beer at your neighbor’s, have a clubhouse and shops.”

That’s especially true in isolated coastal areas, where gated communities are the primary option. In Boquete, a well-established town that’s attracted a few thousand English-speaking émigrés, new arrivals can choose from modest in-town rentals for a few hundred dollars a month to million-dollar hillside mansions. Real estate war stories are always a prime expat conversation starter. For Martine and Mark Heyer, the odyssey began in 2008, when they arrived from Palo Alto, Calif., and found a half-acre lot (price: just over $100,000) complete with a burbling creek and a reach-out-and-touch-it view of Barú, the region’s 11,000-foot volcano. Mark, an affable former technology entrepreneur who now nurtures photography and woodworking hobbies, took charge of designing their three-bedroom home and guest casita using off-the-shelf software, while Martine, a former real estate agent, oversaw construction.

She says she knew there would be challenges, but she wasn’t prepared for how many. It soon became clear that the Panamanian workers she hired only had experience building with cinderblock and stucco, not two-by-fours. Exact measurements—and right angles—were frequently less than exact. And skylights? In this land of tin roofs, they were a decidedly foreign concept. “When I got here, very few houses met North American standards,” says Martine. Still, the finished home (cost: $300,000), with its huge wall of windows and generous deck, has a homey, tree house feel that showcases the lush landscape that drew them to Boquete. And the bumpy building process? It’s another reminder that, like Dorothy arriving in Oz, they’re definitely not in Kansas anymore.

Expatriates say a crucial part of adjusting in a new land is learning to realign expectations and go with the flow. After all, says former Tucson tech consultant Lee Zeltzer, who writes a popular blog BoqueteGuide.com (complete with posts on the region’s crime and mud slides), most retirees have come—in theory, at least—to experience another culture, not impose their own. Sure, gringos like to grump about the pervasive “mañana” factor: You can sprout a few extra gray hairs waiting for the phone or utility company. And don’t expect 911 emergency responders to come in a New York minute, they warn. (You might even have to pay for the policeman’s gas, says Martine.) But most extranjeros say their Panamanian hosts have a lot to teach them about slowing down, the importance of family and the benefits of a good party.

One recent Monday morning, a steady stream of expats is looking to close the culture gap at the bustling Habla Ya Spanish school, where classroom capacity has tripled since 2005. One class features...
four recent transplants—none of whom spoke much Spanish before arriving. “Just cerveza and baño,” says Betty from Boquete, the class cutup who high-fives her classmates when she gets something right and prods them when she sneezes, “Where are my saluds, girls?” Between laughing and gossiping, they practice conversational skills (today’s lesson: reflexive verbs) and talk about how learning the language, even a little, has made life in a foreign land easier. Kathy Donelson from Salem, Ore., who moved to Panama with her husband after taking a cruise here, says she can now talk to her household help without pantomime. And she no longer has to rely on the 14-year-old boy next door when she needs to call the gas company. Quips Betty: “Charades don’t work over the phone.”

Though Boquete may be 3,500 miles from Oregon, relocated retirees like Donelson don’t lack for reminders of home. They drive on the right side of the road, even if those roads tend to flood during rainy season. Electrical outlets run on the same currents (power outages may be more frequent), and Panama’s legal tender is the U.S. dollar. And for those who prefer American-style shopping, there’s a host of new big-box stores cropping up down the road, like Do-It Center, a blindingly bright equatorial version of Home Depot, and El Rey, a grocery store that caters to the region’s burgeoning boomer set with a huge farmacia and an impressively stocked alcohol section.

Whether it’s groceries, housewares or real estate, how much you pay depends on how much of a taste of home you want. Prefer the four-burner Whirlpool gas stove at Do-It Center? That’ll run $679. A similar Mexican brand costs $400. But whatever their budgets, expats proudly trumpet the financial benefits of their newly adopted land: No property taxes for 20 years if you build a house. Generous government discounts on everything from airline tickets to prescriptions. And cheap, high-quality health care. The Heyers say they can live “like royalty” for $2,000 a month, compared with $7,000 back in Palo Alto. Their health insurance dropped from $1,000 a month to Martine pauses for emphasis—$1,000 a year. Lunch for two at a typical Panamanian restaurant runs about $6; dinner for four with wine at a more upscale place might cost $50. And for breakfast, the “patio chickens” strutting around their yard provide free fresh eggs.

Of course, if it’s just a cheap lifestyle they’re after, expats could choose Belize or Ecuador, where dollars stretch even further. But arguably, the biggest draw of Boquete isn’t the balmy weather or cheap cervezas; it’s the large, tight-knit cadre of English-speaking émigrés. On a recent weekend, several hundred have come out for one of the year’s biggest events: Bid4Boquete, a charity wine-tasting and auction. The community center, home to two English-speaking theater troupes and the expats’ bustling weekly marketplace, is swathed in twinkly lights. Attendees are dressed in their Boquete best, with the women’s fashion running toward “elegant former hippie” and most of the guys having actually ironed a shirt. In one room, boomers are boogying hard to a band belting out oldies like “Takin’ Care of Business.” The auction, conducted with great brio, raises $55,000, more than the past three years combined. And over in the wine-tasting room, residents sip, mingle and gossip—about shady local bureaucrats, which road got blocked by recent mud slides and other aspects of small-town life in the tropics. It’s an intimacy that new transplants John and Robyn Colenoticed right away. After all, a few thousand idle English speakers could quickly become a kind of Panamanian Peyton Place, with everyone knowing everyone else’s business. “You’re not talking nirvana here,” says John.