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Health Reasons to Take Your Retirement Global

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No one knows exactly what their health care expenses will be in retirement. But it's safe to say that the costs will probably be pretty high for the average American seeking health care. However, there is one very good option to keep your health care costs low: Take your retirement overseas.

When the U.S. government recognizes you as a bona fide resident of another country, you're free of any Obamacare obligations, but you might also lose access to your Medicare benefits. Here are your three options for addressing your medical care requirements as a retiree in another country:

- You could purchase a local insurance policy in the country where you relocate.
- You could invest in an international insurance policy.
- You could opt out of insurance altogether.

This last option may seem frightening and risky, maybe even crazy, but many full-time retirees overseas have chosen to go the no-insurance route. They've done the math and realized that they're better off keeping an emergency medical fund sufficient to cover even catastrophic care in the country where they're living, rather than paying monthly insurance premiums. When you're talking about a place where a doctor's visit costs $2, as it can in Thailand or Vietnam, you begin to understand how this math adds up.

Still, most retirees don't feel comfortable having no medical insurance. In this case, you're choosing between a local health care policy and an international one. A local policy is one purchased in the country where you're intending to retire. The big advantage of this type of health insurance is that it can be quite cheap.

Depending on your age (which is the primary determining factor), you can purchase comprehensive coverage for care at international-standard facilities in some countries for as little as $60 or $70 a month. In other words, you could arrange health insurance in some of the most appealing retirement spots in Latin America, including Panama, Uruguay, Ecuador and Colombia, for less than $1,000 a year.

The downside to this kind of policy is that the coverage is limited geographically. A local health insurance policy will cover you only in the country where it's purchased and sometimes only in particular regions or at particular facilities in that country. Some local health insurance purchased in Panama, for example, will cover you only in Panama or at a particular hospital.

This can be OK if you're retiring full time in Panama and don't intend to travel outside Panama often. Even if you're intending to live full time in a particular city, though, choosing to insure your medical care through a particular hospital in that city can be risky. Hospitals can and sometimes do go out of business. Then what?

If you intend to move around a little in your retirement overseas, you probably want to arrange health insurance through an international carrier. Perhaps you intend to base yourself in Ireland or France, for example, so you can travel regularly throughout Europe. Or maybe you're considering retiring overseas part time, basing yourself in Mexico, but returning frequently to the United States so that you can stay in touch with your grandkids.

In situations like these, an international policy makes more sense because you can customize it according to your plans. The biggest international health insurer is Bupa International. Coverage through Bupa is going to be more expensive than local coverage (perhaps considerably more), but it's also going to be more flexible. And while international coverage is more costly than local coverage, it's almost always less expensive than U.S. health insurance (Medicare aside).

When you retire overseas, should you keep your Medicare? In short, yes.

Medicare typically won't do you any good outside the United States. However, you should continue to carry at least Medicare Part A, viewing it as a fallback plan. The best strategy is often to continue paying for Medicare while investing in a local country policy in the country where you intend to base your retirement.