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Financial Lessons I Learned from Living a Year Abroad

Practical (and surprising) money tips one family learned about living in a different country



By Rob Curran

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In August of 2016, my wife, our two young daughters and I moved to England for a year. We moved so that my wife could take advantage of a semester-overseas program provided by her employer.

During that year, our family had priceless experiences—from clambering over the rocks of the Giant’s Causeway near Belfast to combing the harbor walls of Paxos, Greece, for sea urchins. My older daughter, then 7 years old, learned to sing high C’s as a choirgirl. My younger daughter, then 5, developed an English sense of humor.

But along with those adventures came the practical matter of living daily in a foreign country—from buying groceries to cellphone use to getting around. These tasks can quickly become budget blasters. As a financial reporter, I decided to take notes on these potential money pits, thinking that my experiences might prove useful to others going through the same adventures.

Of course, each family’s experiences and costs will be different. But many of the issues we encountered are common to people living abroad. Here are some tips I discovered on how to manage them.

Banking and currency

Foreign-transaction fees can quickly take a big bite out of your budget. So if you don’t already have a credit card that waives those fees, get one. Some cards charge an annual fee, but that expense likely will pale in comparison to the average 3% you’ll pay on everything you charge in another currency with a card that doesn’t waive transaction fees.

We also learned that you can easily incur additional fees on everyday purchases. When using a credit or debit card at supermarkets and other establishments, you often are given the choice of paying in the local currency or in your home currency. The natural inclination for U.S. travelers abroad is to pay in dollars “because it’s familiar,” says Eric Grover, founder of business consultancy Intrepid Ventures, in Minden, Nev. But with the dollar option, the merchant and the merchant’s payment processor typically each charge a fee of 4% to 5% of the foreign-currency amount of the transaction, he says. So choose the local-currency option.

For cash transactions, we found the best way to save on foreign-exchange fees was to use a checking account at a U.S. bank and withdraw money as needed from an ATM.

Depending on the country, it may be possible to open an account overseas if you fulfill residency requirements, such as paying bills at a local address. This can save you on fees and gives you the option of paying by check. But keep in mind that having money in an overseas account is effectively taking a long-term position on the local currency.

Communications

International cellphone plans, as an add-on to existing cellphone accounts, are often expensive and always limited. A cheaper option is to use your U.S. smartphone and buy a SIM card in the country you are staying in. To do this, you may need to get the phone unlocked before you leave the U.S. If you can't unlock your phone because of your carrier's conditions, it may be worth investing in a secondhand phone.

But even if you can get your phone unlocked, changing SIM cards means changing phone numbers while you're abroad. One workaround we found was using Google Voice, the internet phone service that lets you use your existing cellphone numbers. We paid \$20 per phone for the initial transfer of our phone numbers and spent about \$10 monthly for calls. We did this in addition to getting U.K. SIM cards.

Then there was the snail mail piling up back home. To avoid issues over bills and other correspondence we couldn't receive or pay electronically, we signed up for a service called Traveling Mailbox. For a one-time annual fee of about \$100, we were given a post-office box in Maryland where all our mail was forwarded. The service scanned all the envelopes and emailed that information to me. We could then decide whether we wanted them to send us the contents the same way.

Transportation

We lived on the grounds of a stately home in a tiny village. So our transportation choices were narrowed down to two: rent a car or buy a used one.

Before our arrival in the U.K., it never occurred to us that buying a used car would be an affordable alternative. We thought it would be too much of a hassle and then we would have to go through the trouble of selling it at the end of our stay.

But long-term car rentals aren't the norm in many countries. And the rentals that are available can get very costly because of extra insurance charges and other fees, including those for crossing borders. So, after paying about \$500 for the first month's rental, I looked into buying. We went to a used-car dealership and purchased a temperamental Renault Clio for about \$2,400. Thanks to damage from a minor accident, we didn't recoup much of our costs when we sold the car, but they were still comparable to those for 12 months of renting.

Health care

The rules on who has access to a health system and under what terms vary by nation. Before heading abroad, inquire if your visa entitles you to the public health care that's common in Europe, Latin America and elsewhere.

Most U.S. property-and-casualty insurers offer travel insurance at reasonable rates, in case of accidents. You also should research the average price of an emergency-room trip for visitors in the country where you are staying, so you can be prepared for the worst.

"Generally speaking, even without insurance, the cost of emergency care in the U.K. and Europe is far lower than the cost in the U.S.," even if you're insured in the U.S., says Gerald Seaman, who has lived overseas with his family for several years as the principal of Harlaxton College, where my wife taught.

Home entertainment

Access to familiar entertainment was a comfort. We got this by using a virtual private network to access some of the internet content locked for U.S. use. We paid about \$80 for an annual subscription to Golden Frog's VyprVPN.

There's a bit of a cat-and-mouse game between streaming services like [Netflix](#) and [Amazon](#) and the VPN providers over territory rules. So, it's worth checking websites such as [theVPN.guru](#) and [MoveHub.com](#) to see which VPN providers have managed to stay ahead of efforts by streaming services to block anyone—even subscribers—from viewing certain content overseas.