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Portugal's Unspoiled South The Good Life For Less In Eastern Algarve

By Melanie Veah

Picture a chain of small towns strung together by a single-lane highway, people walking along or bicycling, and occasional roadside stands with fresh oranges, a 5-pound bag for 3 euros. The weather is warm—hot in summer—yet flowering vines grow over stucco walls of many properties as you drive through towns along the way.

You continue into eastern Algarve, and the small towns give way to giant, flowering hedges and tall trees and grasses. Just beyond the road, turning toward the sea, you'd be among the sand dunes and marsh area. You know you're reaching the border of southern Portugal and Spain as the road becomes deserted and the land, bare and flat...

Influences Past To Present

Due to their long reign, Moorish influence is seen throughout the Algarve, but it is the Romans who are credited with the production of salt and new agricultural methods, planting the olive trees seen throughout the area. The bridge of Tavira is an example of Roman architecture, and the introduction of Latin was the base for the Portuguese language.



Portugal was arguably the first Catholic country in Europe. However, many churches in the Algarve with intricate gilded wood designs of Baroque style were a later influence from the colonization of Brazil in the 18th century.

The Moors introduced the fig, carob, almond, and orange trees that you find throughout southern Portugal. Many churches, such as in Loule, Faro, and Tavira, were originally mosques.

A major power in Europe at the time, Henry the Navigator sailed from the Algarve to discover the Portuguese islands east and south and conquer the African coast and Morocco. Later, Vasco de Gama, among others, discovered the routes to India and Brazil, resulting in the largest trading empire in the world.

Towns like Tavira became important trading ports. Later, during almost 30 years of war with Spain, fortresses were built along the borders and the coastline to protect the cities—many can still be found in the Algarve. In 1755, after an earthquake and the tsunami that followed, many Algarve cities were destroyed. Faro survived and became the Algarve capital.

In 1974, 50 years of dictatorship ended and Portugal became democratic. The Algarve soon became known for its tile work, lace, cork, and agriculture. More recently, the emphasis has been on tourism...

The Algarve has more golf courses per capita than anywhere else in the world. Beaches range from the wild Atlantic waves of the west coast, world-renowned for surfing, jaw-dropping cliffside coves tucked away in western Algarve, and the gentle sand dunes and "islands" past the lagoons of the Ria Formosa Nature Reserve in eastern Algarve.

Planned tax breaks and visa opportunities are available for those interested in investing in Portugal. The southern sun, low cost of living, and reasonable health care costs appeal to retirees. The fresh, local food as well as low crime rate are attractive to virtually everyone. Add English is spoken throughout most of the Algarve...

All these things have contributed to Portugal's recently surge in popularity with expats from all over the world.

Getting There

The main airport in southern Portugal is in the capital city of Faro in East Algarve. Smaller, often budget airlines, fly out of Faro, like RyanAir, however British Airlines has some flights here, too. You can connect to Lisbon and go on to any other major airport in the world from there. Flights originating from Faro mostly go to other European cities and the small islands around.

The airport recently completed a 40-million-euro upgrade to greet the almost 9 million guests last year, modernizing it, making it larger, and up to current security standards. The government is forecasting growth of 50% in passengers in the next five to six years, as Faro is the fastest growing airport in Portugal. Almost 20% growth in passengers in each of the last two years has the Algarve preparing to welcome the additional tourism revenue and working to keep the visitors coming back.

A current hot topic in transportation is that of the free highway that runs across the entire Algarve, the EN125. The western side was renovated two years ago with barriers added between lanes to avoid accidents caused by left-hand turns into oncoming traffic. The eastern side has yet to be completely renovated, especially as you leave Olhão and make your way to Tavira and beyond. This has been affecting tourism in the southeast and making locals feel forced to use the toll highway. Efforts are underway to make these renovations a priority.

Who's Here

With the huge increase in tourism, standard popular areas are getting too crowded and expensive for some. Thus, East Algarve is starting to come into its own. European expats such as Danish, Norwegians, Swedish, and French are buying properties up in Olhão and Tavira, along with the traditionally large group of British. While some Brits may be moving back to their home country before Brexit is final, it seems many more are trying to hurry and establish themselves in the Algarve so they can stay once the U.K. leaves the EU.

An increasing American influx is being felt as well. While an established group of Americans has been in the Lisbon area for a while, complete with their own Facebook page, more Americans are also finding their way to the Algarve. Any expat group is sure to have a few new Americans, and the American group of expats welcomes new members monthly.

Americans have in the Algarve for years, but most keep a low profile and live among the locals. At the same time, more single and younger Americans are choosing to move here, bringing families, for the affordable, international coastal lifestyle. While not as numerous as some other groups in eastern Algarve, more Americans are coming to Portugal and settling in this southeastern region.

Looking to meet other expats? That won't be too hard if you start getting involved in your community. The easiest way to meet others is to join a group. Start with Facebook and you'll find lots of pages for any interest

you may have. There are pages for expats in different areas of Portugal as well as for singles or helping with a specific need, like looking for a car or housing.

But if you choose not to be online, you will still meet people in the grocery store or on the bus or train. If you join a group for an activity or hobby, you are sure to meet other expats who play golf or tennis or bridge. As a parent of school-aged children, you will find other expat parents to welcome you. There are many informal groups, also, that walk, run, or hike together or meet for dinners and entertainment. There are photography and crafting groups, too...

And the surest way to meet others wanting to integrate with locals is to join a language class. Consider using some of your time to volunteer for an organization that interests you. Soon, you'll know people throughout the Algarve and you will realize you're busier, if you've just retired, than when you worked!



Cost Of Living

As with most places, your lowest cost of living comes from buying locally and foregoing more expensive, imported items. That is true for everything from groceries to housewares. Luckily, Portugal is fairly self-sufficient as a country, so your savings will reflect that. Electronics and clothing can be exceptions, but even those are not unreasonable, given the savings elsewhere.

As Portugal's popularity has skyrocketed in the last two years, prices have increased, but not noticeably unless you've lived here longer than that. Here is where your language skills will save you money, as you shop as a local and eat where locals eat. Even in the coastal cities during high season your money will go much further if you avoid the tourist areas.

Supermarkets can be found in East Algarve, but generally, you won't have the size of stores or choice of brands as you do in the central and west. Local convenience stores may fit your needs for a few items, but you'll want to make a scheduled trip for meat, dairy, frozen, or imported goods to a larger store with more selection and better prices.

If you live in the Vilamoura area, you could get what you need within the triangle of Almancil and Quarteira or shop in Albufeira for a choice of stores. Olhão and Tavira will have a good selection, including the major chains of Aldi, Continente, Lidl, and Pingo Doce. Faro is the exception and has all the smaller chains, at least two Continente stores, and the hypermarket, Jumbo. Loulé does not have all the choice of chains, but does have an Apolónia store, popular for its large selection of imported brands, familiar to British and Americans. However, prices will reflect the importation of those items. The British store expats favor, Overseas Supermarkets, with items such as sour cream and holiday foods such as cranberry sauce, turkey gravy, and others, has not yet opened a store in the east.

For prices and selection, local produce markets are always your best bet. Many products are grown by local farmers using organic methods, and you'll get the freshest, most flavorful product at the best cost possible. The choices are endless and the range of products changes with the seasons.

Giant markets like the Saturday one in Loulé include most every grocery item you'd need, with the exception of some dairy items. Fresh fish, meats, cheeses, fruits, vegetables, oils, spices, wine, breads, and pastries are available in the main building. Flowers, plants, and locally made specialties like cork purses and jewelry, lace, pottery and light fixtures in traditional chimney designs can also be purchased.

When it comes to other shopping, your choices are more limited. With the recent opening of an IKEA store in Loulé, the home furnishings market has become more competitive. Before the opening, less than two years ago, major new-furniture shopping meant waits of six weeks or longer for orders to ship and wrong orders too many times.

You'll find an active used-furniture market, as expats come and go and locals move around. Some are refurnishing the furnished holiday home they purchased.

You won't find a Walmart or Target-type chain in southern Portugal, but both Continente's and Jumbo's larger supermarkets carry some home furnishings, electronics, and other household items. Some of the Olhão locations offer clothing items and sporting goods. Their websites also have extended offerings.

Driving from Tavira less than two hours away is Europe's first Costco, in Seville, Spain; buses run there from the Algarve.

A couple of electronics stores, Worten and Radio Popular, can be found throughout the Algarve, both in the east.

As the average size of apartments and homes is smaller in Portugal than the United States, the size of appliances and electronics tend to be, too. "Americanstyle" refrigerator-freezers can be had, and makes are familiar—like LG and Samsung—but will most likely be special ordered at a premium.

But smaller versions can be had starting at 1,000 euros (about US\$1,200). Newer built apartment complexes and homes are up to modern standards as far as insulation and air conditioning, but older homes may not have either. You may need to add air-conditioning and/or heating units. Buying them won't be that expensive.

The frustration may come when having them installed.

Unless you're doing a major home renovation, contract workers for home improvement are unavailable in summer due to them being on larger, more profitable projects, plus their own vacation time. You're much better off trying to schedule such improvements during the quieter winter months.

Ceiling fans are not the norm, as electricity can be expensive. Yet they're becoming more popular as expats have started creating demand.

Most gas stoves use bottles (tanks) because piped gas is rare.

Eating out can be very inexpensive or, at least, reasonable; some expats eat out for many of their meals. Lunctime is the best time to save, as many places have a lunch special to attract guests. But even at full-price, a small, toasted chicken sandwich, cola or juice, and a local *pastel de nata* will only run you about 5 euros—at a waterfront table in the height of summer in Olhao.

Even more surprising are the open tables in the midafternoon, a major difference between western and eastern Algarve. At the small but popular downtown restaurant, Mira Café, in Tavira, a large pasta lunch special (no side items) with a glass of wine and a large slice of one of their famous cakes costs 11.50 euros (US\$13.30).

In-home help is also reasonable, which accounts for the large demand. With home and apartment rentals a major business in the area, finding someone for occasional help might be a challenge but, if you can arrange it, won't run you more than 8 to 10 euros (about US\$9 to US\$12) an hour, and less if you speak Portuguese. Non-locals who speak fluent English will ask for higher, being used to making more than Portuguese wages.

Getting around East Algarve is a bit more complicated than in the west. The cities are smaller and more spread out, yet the public transport is the same. A car is a must if you are going to a large grocery store or need an item for your home. A car will also give you more and muchneeded options for living locations, especially as a renter.

Local and regional buses and trains don't have high frequency or as quick connections as you might need to fit a specific time frame. Instead, use these connections to other cities in the Algarve, Lisbon, and Spain to save money while leisurely visiting more distant areas on occasion.

You can purchase regional bus cards with a minimum of five trips on them, which can be reloaded, to save around 40% to 50%. If you are traveling to one city on a frequent basis, monthly passes are available. Train travel planned over a week in advance, when purchased as non-refundable, can make for significant savings over the normal price, around 50%.

Senior residents over 65 get half-off bus and train fares. For example, a one-way bus ticket from Olhão to Faro is 3.35 euros (US\$ 3.87) and takes 15 to 25 minutes. A train on the same route would be 1.40 euro and takes about 10 minutes. Be warned, however, that local trains



are not marked and make no announcement of stops, so you need to be vigilante and check the listed station stops on board or ask the conductor. Round-trip fares are usually slightly lower than two one-way tickets.

Longer routes, like to Lisbon, use a different set of trains and buses. Round trip by air-conditioned coach runs about 37 euros (about US\$43) from Faro, and can be less by train if purchased a couple of weeks in advance. Both take 2.5 to 3.5 hours, depending on schedules.

Popular Activities

Many are drawn to East Algarve for the nature. Activities that take advantage of the outdoors—birdwatching, running, hiking, kayaking, swimming, boating, golf, tennis, sailing, diving, and horseback riding—are popular. You can always find a fresh market going on somewhere with local and inexpensive foods. Outdoor festivals and concerts also abound; every weekend during the summer provides numerous options for music, handicrafts, and food.





Loulé takes top billing for its huge Saturday market, to which people come from all over the Algarve to experience. A gypsy market takes place in a large field a few kilometers away with more of a bazaar feel with clothing, shoes, jewelry, toys, plants, and more should you still be on your feet after the fresh market.

Loulé also has the area's only IKEA with a large shopping mall around it along with a brand-new Leroy Merlin, the Lowe's of Portugal.

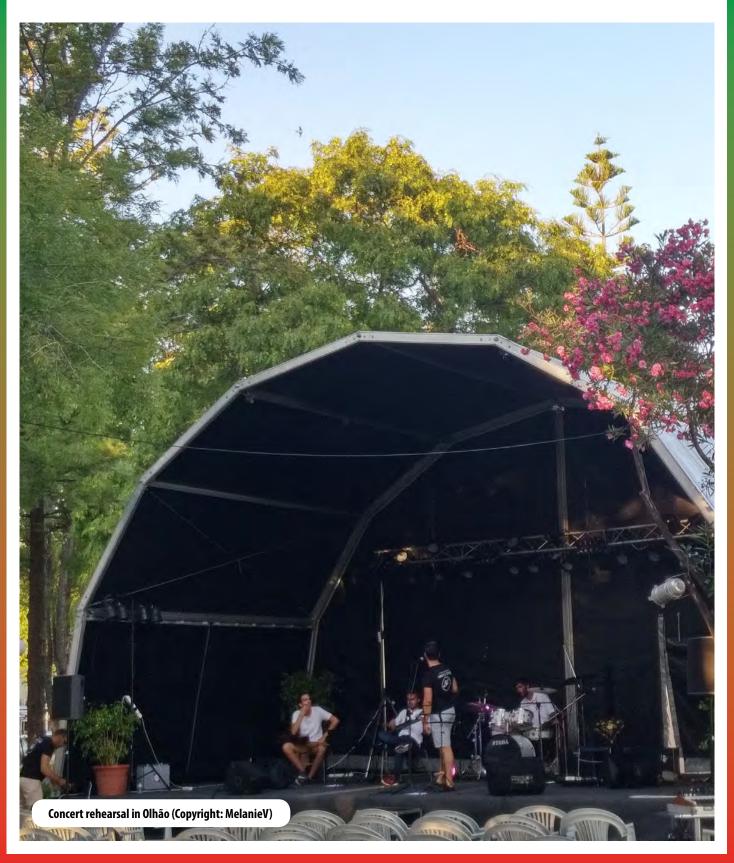
Further inland, Loulé works hard to attract visitors by hosting some large festivals, including a jazz festival and the Festival Med, a 3-day event that celebrates Mediterranean culture and international music—50 performances on 9 stages with street performers, food, arts and crafts, poetry, cinema, children's activities, exhibitions, and lectures.

In Vilamoura, the shopping is slightly more upscale, with yacht brokers and designer clothing stores in their marina area. Caviar and champagne are the food specials advertised here, but rest assured, you can still find a burger and beer joint if that's more to your liking. Driving in to the area, with its long boulevard-like street lined with tall trees and greenery, you know you're headed toward something different. Unlike the rest of Portugal, this high-rent district has a unique identity as part of the "Golden Triangle," along with Quinta do Lago and Vale do Lobo—or Almancil, depending on who you speak to—so-called as the borders of high property values in the Algarve.

Villas here are custom-built and large; many have all the latest bells and whistles like heated flooring and towel racks, while some have solar features. Many have all the latest in electronic home devices and the prices reflect that. Pools are standard, with security fences and gates, softened by beautifully kept flowering vines and bushes. Smaller villas may start at under 500,000 euros (about US\$580,000) but can quickly go up into the millions, depending on age and features. Even properties in the flight path of planes going into Faro can be multi-million-euro homes.

Faro has lots of shopping, as well. A bit more industrial in feel, the capital city is a great place to purchase a vehicle, as every car brand has a major dealership here, some almost the size of a city block.

Conveniently, the Algarve's driver's license bureau is also located here. Being the largest city in the east, Faro also has the best selection of grocery stores and other daily needs items. Downtown you will find the bus station next door to the train station, so along with the airport, Faro is well-connected to the rest of Portugal and Spain. Yet, just a few steps away from the bus station, you find yourself in a quaint section of shopping streets downtown. Wandering around near the marina with a couple large, modern hotels, Faro is an eclectic mix of old and new.



As you make your way east, in Olhão, you'll find lower prices for most items. Olhão is a bit less discovered, but that is changing quickly. Come soon if you want to experience the waterfront's charming feel. A leisurely stroll along the water comes with a free concert many weekends, some shopping stalls, and plenty of small restaurants and bars. If the small beach west of the waterfront isn't enough, take the ferry to the popular nearby strip of sand just beyond.

While Tavira is the farthest east of the cities we've covered, it has been discovered by other European expats, driving prices up somewhat; but it's still reasonable for Europe. Your trip east to Tavira, the most unspoiled of the locations covered, will reward you with lovely, long beaches and outdoor beauty you can even enjoy by yourself, as if you were one of those long-ago Portuguese explorers.

A major feature here is Tavira island, reachable by a short boat or ferry ride (2 euros round-trip), with restaurants, some upscale, and plenty of room to claim as your own for the day. You'll even find a campsite, as the island used to be a fisherman's camp.



Language

Portuguese is the country's official language, but with Portugal focusing on tourism in the Algarve, along with that, English seems to have taken over... albeit, British English. You'll hear most any language during the summer months, but English, the tourism and business standard, is taught in all schools. However, outside the larger coastal cities, or when speaking with older adults not involved in tourism, you'll be well-served knowing some Portuguese.

Even locals admit that Portuguese is not an easy language to learn, but larger cities will have language schools and smaller cities will hold classes at local schools for anyone eager to learn. Private lessons are also available and a quick search on Facebook (or asking other expats) will give you a list of names to contact. The challenge in the Algarve is that locals often shorten words and speak quickly, making it tougher for beginners to understand. But any effort is usually met with patience and help, and those willing to learn are much appreciated.

In eastern Algarve, you hear more French, Danish, and Norwegian. France recently came up with some tax laws that sent many French looking outside their country for alternative places to live. People from Scandinavian countries like the more natural feel of East Algarve, as the Ria Formosa Nature Preserve prohibits development near the water and beach areas. As mentioned, bird-watchers come from all over to see the endemic species.

Buying A Home

When looking for a place to live, you have several options. You can purchase an apartment, townhouse, or stand-alone property. You'll also come across also run-down properties needing major renovation (think everything except a few walls), actually referred to as a "ruin." Be careful with these. Many people have bought one, thinking they can use a lot of sweat equity to renovate it and make it into something wonderful, only to find major restrictions on bringing a place back to life.

Often, you're not allowed to change the footprint of the property, meaning that you will not be allowed to expand it or even add a second story. Because it may have been built hundreds of years ago, there may not be space for a modern bathroom and kitchen and other living areas to today's standards.

Renovations will also take more time than you expect. Expat contractors will charge high prices. Locals may charge less, but may not speak much English, and will be working on Portuguese time, including taking the month of August off for vacation.

On the other end of the spectrum, many multimilliondollar villas are for sale. Celebrities as well as current or retired company owners from all over the world own a second or third property in Portugal. Wanting a quieter getaway, everyone from Madonna to Brad Pitt, John Malkovich, designer Philippe Starck, singers like Bonnie Tyler and Cliff Richards, and of course, the Portuguese soccer superstar, Cristiano Ronaldo, have made offers on or purchased properties in Portugal. Most expensive homes were custom-built and may include state-ofthe-art features, such as all solar lighting, total home automation systems, movie theaters, or come with their own vineyard or orchard with olive, orange, fig, or almond trees.

Anyone wanting a private home may see both types in the same vicinity! And, especially when looking for property with land, zoning protects historic property.

In East Algarve, your least expensive options will be inland, like in Loulé or the Olhão area. Both are gaining ground in popularity but currently offer the best value. Tavira has been better known among European expats, and so is more expensive. Faro, as the capital, is more built-up; you need to look on the outskirts for better value. The Vilamoura area is the most expensive, as it is mostly an expat community and the prices are reflective of communities in wealthier countries.

When purchasing property, financing for expats is possible, up to 75%. However, a major factor in loans for expats is time. The length of the loan won't usually exceed 15 years or age 65. You also need a tax ID number in Portugal, and expect a bit of paperwork. If purchasing in cash, be sure to check with your bank on how best to move the funds. Consider a currency conversion company to get a better rate and fewer fees when making the transfer. In addition, some American financial institutions, such as credit unions,

only allow a maximum withdrawal of funds abroad per day, in which case you may have the hassle of making withdrawals every day for a couple of weeks or more to receive your funds.

Besides the purchase agreement itself, paperwork will include a land registry certificate, title certificate, usage license and housing technical data sheet, energy performance certificate, and the property deed.

The land registry certificate is key, as you may find that there are several owners to a property, such as relatives who inherited a home, and you need all of them to sign off on the purchase. This has been an issue with purchases done privately; it's not a nice surprise to find when going to sell that you share ownership with several others. Keep in mind, home inspections on existing property is not the norm here. Should you choose to have one, you'll need to search for a qualified person and go along with them to make sure they understand what you're looking for. However, their findings will not automatically affect the purchase in terms of price negotiation—it's more for your own peace of mind. At closing it's customary to have someone explain the documents you're signing to you if they're written in Portuguese and you don't speak the language.

Renting

Renting for those who want to live here long term is becoming a bit tricky. An annual, renewable rental is preferred. A six-month rental has become the minimum pre-requisite for a long-term visa for U.S. citizens. Holiday renters come from countries with a higher cost of living and are thus willing to pay the price to visit the popular Algarve. That discourages property owners from renting to someone all year around, when during the summer months they can easily make four times the income they might normally get.

Thus, July and August are almost entirely holiday rentals only. Combined with sparser accommodations in eastern Algarve versus in the west and a high season stretching into other months, you'll be hard-pressed to find an annual rental anywhere in the summer.

As a renter, your best bet is coming in fall or winter with a six-month rental, then using that time to look for a

longer-term contract, if needed. Once an owner finds a good tenant who pays on time and keeps the place clean and safe, they may be persuaded to forego the extra income for less hassle with breakage, cleaning, and property management. It's not all bad news for renters. As East Algarve becomes more popular and the economy grows, more rental apartment complexes are being built. However, as they are purpose-built, expect prices to reflect the demand for more modern and spacious units.

For better price/value, look inward, away from the beach. Olhão and Loulé are the more affordable options right now... or outside the city centers in the other areas.

Make sure you understand if the rental includes utilities (most rentals over one month do not) and whether the place has heating and/or air conditioning. See how strong your internet signal is on your phone if that is a must for you. How old and well-insulated the place is will also influence your comfort level throughout the year. Try to visit the area during different times of the day before signing the contract, as barking dogs or loud music from the bar down the street may not appeal to you late at night. Parking can be at a premium during the summer, so look for off-street or private parking if you have a car. If you don't have a vehicle, make sure you live within reasonable walking distance of public transportation... Otherwise, you may face a lengthy and possibly quite indirect walk to meet your daily needs. Or look to live in a city center.

Health Care

Americans and other non-EU expats are required to carry private insurance as part of their visa requirements. You need to show this every time you renew your visa, for your second year and every two years after that. Once you get your residency visa, you are technically able to use the local health care.

However, health care is beginning to show signs of stress from the millions of extra visitors each year. As you can imagine, this swell of extra people can't be accommodated easily in the summer, yet what do you do with all the needed staff once all the visitors go home?

And as most guests are EU members who aren't paying into the system, the small country with a tiny budget to match is scrambling to find an answer. This "bubble" of demand has created a unique challenge no other country has had to deal with. Thus, the standard of care in the public hospitals and clinics is suffering as overworked and underpaid professionals have to seriously consider their own personal situations. Portuguese doctors are known for being professional and highly-skilled but the stress of handling so many patients at once can't help but affect the level of care.

For non-emergencies, if you can wait, no problem. A wellness check may have to be scheduled a few weeks in advance—if you plan ahead, you'll be fine. The same with regular visits for any ongoing issue. It used to be that the doctors, and thus the level of skill and care, was the same for both the private and public systems, but that's starting to change. While the care level is still good in both, some doctors from other countries are choosing to be private physicians only. That means you must have private insurance or pay out of pocket to be seen.

As an American, this may be less of a concern than it might be for locals. Health care costs in Portugal are much less expensive than in the United States. What seems costly here is affordable in Stateside. Your annual health care policy might cost the same as one month's policy in the States. An recent ambulance ride for a new resident in the Algarve was at no charge, while in the States you would expect to pay over US\$1,000 in a large city (according to the U.S. Government Accountability Office).

Maintaining private insurance usually means faster appointment times along with almost all Englishspeaking health care providers to choose from. If you have an ongoing issue, consider using the public system for that and private insurance for other situations.

Faro has two private hospitals. Loulé has one. Vilamoura has a private clinic; Olhão, as well. Tavira has both public and private medical clinics.

Locally favored insurance companies include the Médis Network and Medal Seguros. These hospitals and clinics are within a network and only within Portugal. But the cost is so reasonable, they're popular plans with expats.

A local group that works with expats, AFPOP, uses their collective buying power to gain discounts to the plans for its members. Banks, like Millennium BCP, offer home and health insurance plans at reasonable costs.

Keeping in mind that driving across the eastern Algarve on the toll highway only takes an hour, and the "city" highway, the EN125, about 30 minutes more, so you have access to any of these facilities fairly easily.

Average cost of a private plan will run from a discounted rate of 50 euros (about US\$58) a month to around 120 euros (about US\$140) a month per person for the most popular plans, depending on your age and coverage. But check closely, as costs rise after age 65; over the age of 70 it can be tough to find a policy at all. One option is to set aside some of the difference you used to pay in the States and then have your own health savings account to use when you do reach this age.

Want To Stay?

Americans wanting to live in Portugal for more than three months will need a long-term visa. Apply directly with the Embassy of Portugal in Washington, D.C. for your residency visa and make a trip to sign the application in their presence.

The good news is the law now allows you to be in Portugal while applying for your residency permit after you've arrived on your visa. There are several different residency options for Americans; professional help is best to work through your options.

With one of the shortest in-country residency requirements to citizenship—at six years—Portugal is a great option for getting a second passport and be able to travel freely within the EU. Citizenship also allows you access to the health care systems of other EU countries, should you want to travel around or eventually settle elsewhere.

The Golden Visa option provides instant residency based on investment made in Portugal. This investment can take the form of a property purchase in specified areas of the country. The Algarve does not qualify as of Jan. 1, 2022.

Depending on your situation, applying for residency can be easy—or not. You need to meet at least eight

requirements for most situations. Take care to <u>talk to a</u> <u>professional</u>, even if you don't end up using one for the entire process, as your situation may be unique to others.

Now is not the time to go by what you read online. Gathering information online is suggested, but when it comes to legalities, you're responsible for your own dealings. Many people have been sent back to their home country when found without the proper filings.

Portugal has become so popular with Americans; U.S. citizens should keep up-to-date on the latest requirements, as they've changed at least twice in the last two years. For more information on Portugal's visa requirements for U.S. citizens, check here.

Taxes

For expats looking for a tax break, Portugal is a welcome place to be. As a resident of Portugal (residing in-country for 183 days or longer a year, or having your main home here), you are taxed on your worldwide income.

Through the NHR (Non-Habitual Resident) law, new tax residents can apply for NHR status and enjoy tax benefits including a 10% tax rate on pension income and reduced or no income tax on other income. To be eligible for the NHR you cannot have been a resident in Portugal within the last five years. You also need to meet the residency requirements, such as spending at least 183 days in Portugal. This is especially good news for retirees, who may only have Social Security or a pension to draw from in their later years. Other income, like capital gains, is taxed at a flat, lower-than-normal rate.

Even nonresidents owe income tax on income made in Portugal. The tax rates range from 14.5% up to 48% on income over 80,640 euros (US\$93,268). In 2020, a flat rate of 25% applies to non-residents on their taxable renumeration.

A wealth tax was introduced in 2017 for people with high-value Portuguese property. Residency does not matter. The rates are 0.7% for individuals and 1% for property valued at over 1 million euros (about US\$1,160,000).

However, individuals can claim a 600,000-euro (about US\$694,000) allowance, or 1,200,000 euros (about US\$1,388,000) for property jointly owned by a couple.

Interest and investment income is taxed at a flat rate of 28%. Keep in mind that Portugal needs its tax base to expand, as many of its young people leave to make more money in other countries for the same work. Which leaves older people who don't work and a national health care system that someone needs to pay for. Business owners, including investors with rental properties, take up some of that burden.

The wealth tax also applies to businesses. The rate is 0.4% for property owned by any company.

If you're interested in opening a small business in Portugal, the most common would be a limited liability company, here referred to as an LDA. Formed by at least one shareholder with a minimum capital investment of 5,000 euros (about US\$5,800), the company must have a bank account in Portugal. Supposedly, the process has been streamlined and it's possible to create a company in a matter of a day or less.

Most service businesses don't take all credit cards, especially American Express, because of the high fees the business has to pay to the credit card company. However, businesses that cater to tourists are more likely to welcome most, if not all, types of credit cards and other forms of payment, like *multibanco* cards, a form of debit card.

Most bill payments are direct deposit or "transfers" from your bank account, another reason a local bank account is mandatory for a business. Service businesses, such as real estate offices or lawyers, often require wire transfers from clients.

If you're moving to Portugal as an employee or want to find a job, you need to have a visa that allows you to work locally.

Choice Of Schools

More and more expat families are settling in eastern Algarve. The laid-back lifestyle, outdoor living environment, and low cost of living are appealing to a wide range of families. Many northern European families especially are happily settling in to life here.

A mix of public and private/international schools are available, and, of course, opinions vary.

Many believe that the best way for children to integrate and learn the local language is to attend a public school. Both Loulé and Tavira are considered to have good ones. If it's an international or private school you're looking for, the school in Vilamoura, which often has a waiting list, is considered a top option. Another international school, in Porches, more central in the Algarve, offers a bus system throughout the region, making this an option to check into if an international school is a priority.

If you're looking for a specific feature, say French lessons, facilities for special needs, or adherence to a certain learning system, the earlier you inquire, the better. Start looking into schools as soon as you start planning your move to give yourself time to check out your options. Get on a list, if necessary, and allow your children plenty of time to start making friends and learning the language if that's part of your plan.

Accessibility

Access in eastern Algarve is mixed. In Olhão, the terrain is flatter, and that makes for easier walking; however, the city is spread out and with the new, larger stores being built around, walking involves long distances. Faro is larger and even more spread out. Tavira's main attractions downtown are located in a hilly area. Loulé is similar.

The downtown areas throughout East Algarve are full of cobblestone streets, tricky for anyone when wet and making for a bumpy ride, or walk, around the area.

Vilamoura is in-between, with some sloping areas but flatter terrain near attractions, although getting to the popular marina area will involve a series of steps no matter the direction.



Openness

While mostly Catholic, Portugal is a laid-back country with a tolerant disposition to those outside their norms. The gay population seems to have noticed and more people are moving to Portugal as a result. Some in the British LGBT community especially, who've vacationed here for years, may have been spurred on by Brexit and are now moving throughout Portugal, including the Algarve. Southern European countries, generally, are much more tolerable to alternative lifestyles than many areas in the States.

While Americans still don't make up one of the largest expat groups in the Algarve, more are relocating here. As the number of permanent expats are growing in East Algarve, it would follow that the number of LGBT expats is, as well. Of the couples I've met or know, all feel welcomed and safe both while on holiday and in their new adopted home.

Bringing Furry Friends

If you're wanting to bring your dog or cat or other pet, the laws are not too onerous in Portugal. In fact, the Portuguese seem to love their animals, or not, depending on your perspective. Those living outside the main cities say the sound of dogs barking at night is the anthem of Portugal...

Ownership is not limited to private homes or villas. Many apartment complexes allow dogs, especially in permanent housing. In the Algarve, many rental complexes also allow pets.

Portugal just added a law that makes it illegal to not rent to people with dogs. However, owners and managers aren't necessarily appreciating the law and often charge extremely high pet rental fees to offset or discourage those with pets from staying there. One four-star complex in the Algarve charges US\$150/night additional for people with dogs. Another new law gives restaurants the option of allowing non-guide or medical dogs inside the premises under certain conditions.

Current laws to bring your pet, like a dog or cat, include your pet being microchipped, getting their rabies vaccinations, and having your veterinarian complete an international health certificate. More information on bringing your pet from the United States to Portugal can be found here.

Side note: Donkeys are still used by some immigrants to pull carts; the occasional braying can be heard as they're driven in the Algarve cities where they live.

Behind The Curtain

Even paradise has its detractors. What are the biggest issues in this laid-back area by the sea?

As Portugal has long been on the lower-income end of Europe, some of the infrastructure could use some help, especially the local highway that links the cities of East Algarve. With the region's newfound popularity, that could all be improving soon.

Health care is being challenged by the throngs of new tourists. The public transportation system hasn't been updated to serve even those moving here permanently. Some areas have major gaps in service.

Having your own vehicle is a necessity in eastern Algarve for now. Driving is a challenge, as well, as these quiet and patient Portuguese become a lot more aggressive behind the wheel...

Left-hand turns on the highway combined with people walking and biking on the shoulders create a treacherous mix. The Algarve's older city roadway uses roundabouts instead of traffic lights, and using them correctly is still a bit of a gamble. The toll highway further north carries steep tolls that add up if used on a regular basis, so plan your trips accordingly.

Along with the tourists comes some crime that seems to follow the most popular spots in Europe in the summer, although crime is down 10% over last year so far. Crimes of convenience might include purse snatching, burglaries, and car break-ins in places like mall or beach parking lots. Common sense helps tremendously. Don't leave items in plain view in your car and keep your purse on you at all times when out in public.

Speaking of tourists, they tend to take over in the summer, so expect to struggle to find parking at the beach or in popular tourist areas, although the problem is worse in the west.



Graffiti, prevalent throughout Europe, may bother you. The Algarve has its share. Older homes most likely aren't insulated and lack heating and air conditioning, which are prime conditions for mold when humidity is high.

And while every country has its government red tape, not knowing the language will magnify your frustration. Using professional help whenever possible, will be more efficient and help keep your stress level down. Going with the flow will also help you in restaurants.

While you may love the knowledge that a table is yours for the evening, remember the flip side of that coin. Fast food is not a concept practiced here, so don't be in a hurry to eat and run, as your waiter will be slow to bring the bill. But that's not necessarily a bad thing...

Is It For You?

Eastern Algarve is perfect for those with a love of nature and the outdoors. The warm weather and laid-back life near the sea harkens back to a slower time spent with friends and family enjoying the sunshine and outdoor activities. The pace is yours and can be dialed up or down, depending on your wants and needs.

Outdoor activities to keep all family members busy abound, or, if you prefer, you can find a quiet spot (yes, they still exist) and do nothing but watch and listen to the nature around you.

If that's too quiet for you, check out the local festivals, like in Loulé—but this is not the party or nightclub area of the Algarve.

From Faro, the Algarve capital, you can connect to any place you'd like in the Algarve, Portugal, or the world. But accessibility can be an issue if you have trouble with steps and walking. Europeans, in general, are used to walking more than most Americans. Parking lots don't necessarily pull up to your destination. Remember, Europe was built centuries before cars.

Portugal has both cobblestone streets and sidewalks. They wear well but make for uneven and slippery walking at times, especially in hilly areas where most city centers and attractions are located.

If you're not used to an international flair, both in style and language, you might not be ready for the Algarve. There are plenty of expats here, but most are not American. You'll hear and see people from all over the world, especially northern Europeans and, of course, Portuguese. Your waiter may speak English, but your neighbors may not.

If you thrive on year-round cultural activities like opera and theater, this may not be your place. In summer, you'll find plenty of live performances, but winters are much quieter.

Loulé is a bit inland—not your destination if you're looking for a sea view. Vilamoura appeals to those looking for a more upscale feel. Everyone there speaks English. However, the quaint Portuguese charm of Olhão or Tavira will be missing. Tavira is

quite a ways out, on the way to Spain rather than other Portuguese cities.

You'll want a car to get around conveniently in this area, but driving at certain times of the day is long and tedious. The main highways across the Algarve take you east to west, so you'll want to take care during sunrise and sunset, as the sun may be in your eyes the entire time, depending on your direction.

If you're ready to slow down and savor moments in the sun... discover a healthier lifestyle and food... find a safe place with an emphasis on family and friends... live a first-world life at third-world prices... or make a good investment with the benefit of an EU passport... without a language barrier to start... you have several options in eastern Algarve.

Pick your favorite town and settle in. No need to rush... except to beat the others looking to get here before you. 🕩



Melanie is originally from the Midwestern United States. After deciding to live in Europe, she has spent time living in Spain and now Portugal. She is a freelance writer, thrilled to be living a dream and sharing her adventures with others.





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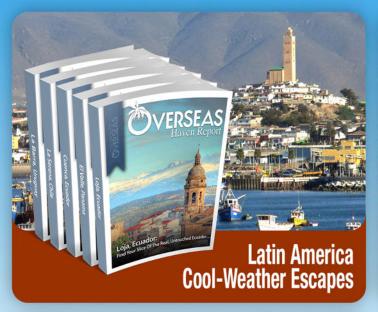
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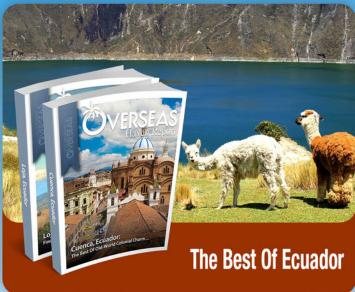


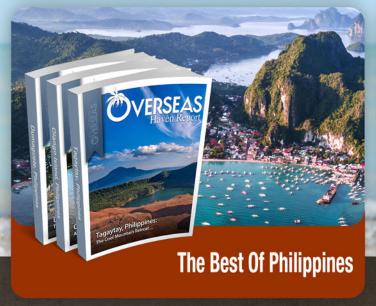


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