How to Live Abroad and Save More Money



Learn how to work from anywhere in the world and save more of your hard-earned money.

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When you make the leap to living abroad, money will always become the first concern for you. You may have lots of money in savings, but you will inevitably need more income to make your new international lifestyle sustainable.

Geoarbitrage is a term originally made popular by Tim Ferriss, the famous author who wrote “The Four Hour Work Week.” Essentially what this means is moving to a place with a lower cost of living than you are accustomed to while simultaneously keeping your same level of income.

Especially when it comes time to going out and having fun, splurging a little bit on a nice dinner, increasing your quality of life for a fraction of the cost, and so on. This way, you can continue living a fulfilling life while traveling the world.

Earn in Dollars, Spend in Local Currency

As a US citizen, you will likely be working for clients or have customers who pay in USD while you are living abroad. As this is written, the USD holds a strong weight around the world. You will soon discover that despite lower values for other forms of currency that your money will often seem more valuable than before.

This is especially true in developing countries where the USD is often traded for higher values than you might expect. Countries often get used to their comparatively-inflated currencies and the markets will have prices that can reflect this.

For example, what costs you $5 at home in the USA (such as a meal) can often be purchased abroad at the same level of quality for less than $1. When you earn USD, you will be well-equipped to go abroad and continue living your life with minimal restrictions. You can essentially save more money, while simultaneously increasing your quality of life!

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FEIE (Tax Benefits)

The Foreign Earned Income Exclusion (FEIE) is an IRS approved tax incentive for expats to pay reduced taxes. It’s an extremely popular topic of conversation among US expats living abroad since it can save up to $15,000-20,000 in extra taxes.

Essentially what the FEIE allows you to do is get foreign-earned income up to just over 6-figures tax-free. However, it's important to consult with a financial or tax professional on exactly who qualifies, and what "foreign-earned" income is. For 2021, the FEIE amount is $108,700, meaning every dollar you earn will essentially be tax-free if you qualify.

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Increased Quality of Life

Living in the USA can often take a toll. In case you weren't already aware, the prices for necessities like food and housing can be a lot more expensive than you can find in other parts of the world. The problem with this is that you will spend all month working for a paycheck that barely supports your needs and brings home a lot less savings.

When you live abroad, you get a little more freedom to choose what prices you are willing to pay. To do this, one trick to consider before moving to a new country is to search for the median cost of living for a particular country or city.

As a result, you can soon find yourself in an affordable setting that meets your budget while simultaneously unlocking a lifestyle that you previously imagined impossible. Want to have a 2-bedroom apartment for $500 or less in a city you always imagined living in? In many cases, this is possible if you move abroad to the right location.

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Spend Less, Save More!

When you finally put in all the effort to moving abroad, it's important that you strategically plan out your destination as one that has lower costs of living than you are used to. This

way you can start spending a lot less than previously while simultaneously putting more into your savings.

If you dream of one-day owning property, for example, you will need to have at least enough money in your savings to put up a down-payment on your loan. One of the best ways you can do this is by traveling the world, picking out places to stay with affordable costs of living, and setting aside money for savings each month.

Also, those dreaming of having their own sustainable online business will need to have the capital to invest. A business will almost always need a nice sum of investment before it reaches a sustainable level for consistent income. You'll also have much more cushion or run-way to maintain and grow your business while taking advantage of geoabritrage. That three-month runway in New York City can instantly turn into 12-months just by changing locations and transitioning to a remote structure!

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