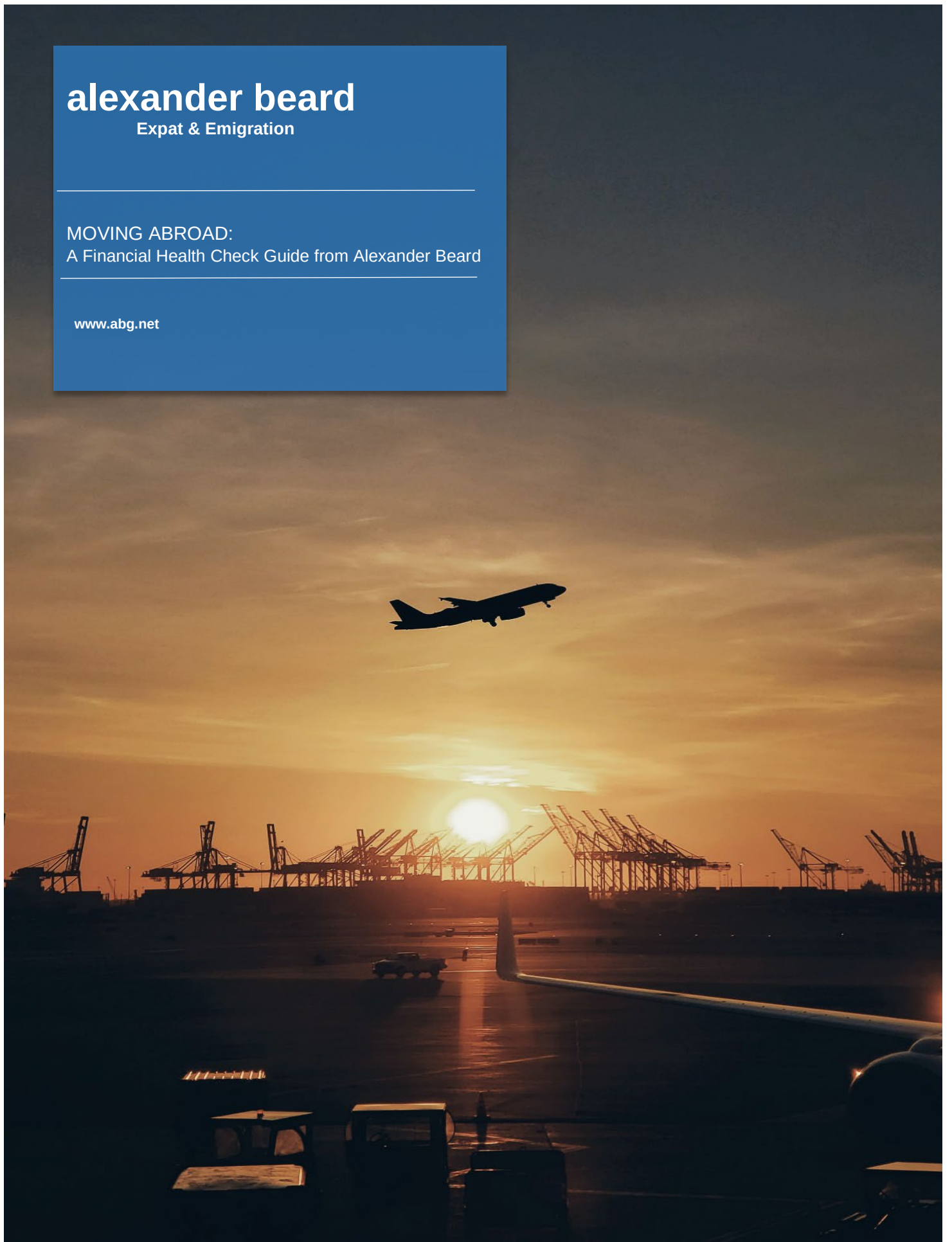


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Expat & Emigration

MOVING ABROAD:
A Financial Health Check Guide from Alexander Beard

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Global Reach, Local Service



Introduction

This brief commentary is a financial health check summary of the things to consider, when moving abroad, to keep your finances in order. Whilst moving abroad is an exciting prospect, it may create financial issues that you may not have even thought about and so hopefully this guide could assist you. Below is a short list of topics for reference and each will be explored in more detail, individually.

- **Permanent or Temporary move**
- **Main residence and Second home**
- **Pensions**
- **Address Changes**
- **Insurance and/or various other policies**
- **Existing savings and/or Investments**
- **Visa/Immigration Status**
- **Current/New Financial providers**
- **Double Tax Treaties**

Permanent or Temporary move

You may be planning on moving permanently to a new country. On the other hand, you may be placed on work secondment or on a temporary work visa which at some point will end and you will return. However, it is common that these plans can change over time.

Some examples to consider; you may feel you have moved permanently but your circumstances change, a sick elderly parent needs you, your adult child has their own child, and you decide to be closer to your new grandchildren, too expensive to remain, health issues. As you can imagine there can be numerous reasons why you may find you decide to return.

Alternatively, you may be really enjoying your life in a new country, but you are only there on a temporary work secondment or visa and at some point, the opportunity may arise whereby you could stay.

In either case, you are likely to have made financial plans in line with your move but not considered the alternative. Therefore, it would be prudent to consider both eventualities and weigh up the financial considerations before you leave or before you return.

Main residence and Second home

If you move temporarily or permanently, then you may be considering renting out your home. Of course, you will be abroad and so you may need to consider the costs of a management company to manage this for you. Also check if you are liable for any unforeseen additional taxes on this income whilst abroad. Some countries have specific rules about this.

If the move is permanent, selling your home is a big commitment and finite, so this needs a lot of thought before you go. If you decide to sell pre move, typically, most countries will not apply tax to any gain. However, if you sell whilst abroad your home will be considered a second property and will likely have tax consequences which could be large.



Pensions

It is probable that you are a member of either a works pension or private pension. Once you leave, in most cases, you will become a deferred member of your home scheme. If moving on a temporary basis some countries may allow you to maintain your pension with them and contributions could continue for a short period. However, if this is not allowed then we suggest you discuss if you will become of a member of a plan overseas. Pensions are a very important asset and you do not want to lose out on any benefits you may be entitled to.

If permanent, then we suggest you speak with your new employer about their pension benefits and if it is possible to move your current pension to the new employer's plan abroad. Or you may find that it is possible to transfer your pension to a third party, which may remove or reduce tax liabilities.

Also, check to see if you can still receive any Government pensions if abroad and/or can you take part in the new countries Governmental scheme. Is it possible you could get both countries Government pensions due to some form of formal agreement, typically, known as Social Security Agreement?

As you can see pensions and their rules can be complex and each country will have their own rules which can get even more complex when you move abroad. This is why we would advise you speak with an expert before you move.

Personal Details and Address Changes

This point may seem rather trivial at first but can make your life abroad much easier. Today, we live in an age where we can all access our financial lives online. This allows us to keep an eye on our bank accounts or financial assets in a much simpler way than we used to.

However, it is worth contacting providers to check if they have online access and get all your logins up to date. Also, if moving permanently notify them of you new address if possible before you go. Many institutions may ask for proof of your new address and so this may not be possible to do until you move but some allow you to amend beforehand.

Try to amend as many accounts as you can, as some firms may require original birth certificates or an original passport with original utility bills etc. in order to amend the simplest of your details. When, this could cause a lot of difficulty and hassle.

Again, this may not be such an issue if it is a temporary move but as we mentioned this could turn to a permanent situation.



Various Insurance Policies

This is an area that we come across regularly. When you move abroad, you may have some insurance policies in place that need you to continue making payments for a set period. Some policies may not allow you to cease without charging you an exit penalty or until the term has finished.

With some life policies, you may still have to pay for a period, but they refuse to cover you in the event of death due to being overseas. Your home insurance may need to be maintained if you plan to rent it out whilst abroad.

This is worth checking with the providers before you leave.

Savings and/or Investments

Another common feature when moving abroad is leaving financial assets behind which in some cases could be a useful investment diversification strategy. However, like pensions, this can get rather complex due to how they may be treated and/or taxed, possibly in both countries.

For example, some of your investments or savings may provide tax efficiency for residents or even allow tax-free growth or withdrawals. However now that you have moved abroad, these assets may no longer remain tax free or tax efficient and so it may be prudent to move the assets/money to your new country and use their tax efficient products.

This is an important part of financial planning when moving abroad, so consult with an expert before you go.

Visa/Immigration Status

It is worth looking into your status before you leave. Some countries may have immigration rules whereby they view you as a new citizen whilst the country you left also considers you their citizen still. Your new country may require that you to give up your original citizenship which is something you may not be willing to do. Both countries may consider you a citizen and upon death make a claim on your overall estate since each country may not recognise the other countries courts.

For example: British law will consider you as domiciled for life unless you change that status. This can be very complicated to achieve and if you do not amend this status the UK may apply inheritance tax to your global assets, even if you have been abroad for decades. Consider you have done very well abroad and amassed a large asset base, the UK could tax anything over the nil rate band of £325k (£650k for a couple) up to 40% and so your wealth could nearly halve in value for your beneficiaries.

This is another very important part of financial planning due to the potential of large assets and so consult with an expert before you leave.



Current/New Financial providers

- You may find that your current bank or other financial institution may not allow you to maintain an account with them if you move permanently overseas.
- Some may allow for a period of transition but eventually, may ask you to close the account down. Should this occur, it could have a knock-on effect for you.
- When reaching retirement age, you may become eligible for a pension income, either from a company, a private and/or a state pension. Some pension providers or government may not allow or have the ability to pay you overseas and without a bank in your country of birth, they may struggle to pay you.
- Alternatively, if you move temporarily some banks in the country you move to may not allow you to open an account with them or if they do may apply high charges because you will only be a temporary client for them.

Action Point:

Therefore, contact your providers and explain your circumstances with them and check if it is acceptable to maintain your account with them. If not, at least you have time to find another more accommodating provider or bank.

Double Tax Treaties

This is an easy one and should take no time at all, especially with online access!

Check to see if the country you are leaving has a double tax treaty with your new country. If the treaty is robust enough, some can be rather weak, it should prevent you from being taxed twice.

However, this may not always be the case even with a treaty in place and so it may be worth considering consulting a tax expert.

Moving to or from the USA? you must consider the implications of FATCA: see our recently produced: [A Guide to FATCA](#)



About Us:

Founded in 1987 by its current Executive Chairman, Alexander Beard Group has built a strong reputation working with globally mobile expatriates and their families, as well as people who have/or are considering relocating overseas on either a temporary or permanent basis.

This resulted in the creation of our Expat & Emigration division to specifically assist globally mobile clients, many of whom will have cross-border tax and pension questions that may require careful advice and ongoing planning.

The success of this part of the group has, along the way, led to the establishment of a permanent, locally regulated offices in the USA, Australia, France and South Africa.

Our advisers have many years of experience dealing with international financial matters and our Expat & Emigration division are regarded as specialist cross border advisers who could assist you with your move abroad.



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