

FINANCIAL EDUCATION



IN THIS MONTH'S ISSUE



3 Ways to Manage your Savings Account as a US Based Expat Living to theAbroad

Page-2



The 3 Key Items to Know when Opening and Maintaining a Foreign Bank Account

Page-4



Staying Financially Literate – for the Old and Young.

Page-3



Americans Expats and U.S. Connected Persons Face Investment Challenges Across the Globe

Page-5

FOLLOW US AND GET IN TOUCH



3 Ways to Manage your Savings Account as a U.S. Based Expat Living Abroad

— Beacon Financial Education

As an expatriate living in another country, you may have worked long and hard in the U.S. before beginning a journey overseas. If this is the case, you most likely accrued retirement savings in a 401k or Roth IRA. These savings programs are monumental in the U.S., with a large majority of Americans choosing to opt in to these

programs to best prepare for their golden years. However, moving abroad can put your retirement in a sticky situation— is it worth it to withdraw? What should I do with my account now that I am overseas? When do I access it? In this article we'll go over some options for expats who have a US based retirement plan to give you an idea of how it may play out.

When it comes down to handling a U.S. based retirement plan while living abroad, most individuals choose to avoid tax penalties which may unnecessarily reduce your savings. With this in mind, let's take a look at the three options you can choose while handling your US based savings account abroad.



Transferring your U.S. Based Savings Account to a Foreign One.

This would be the most ideal situation. By transferring your account to a country which you are residing, it may be easier to deal with tax issues and all the sorts of restrictions that come with a retirement account. However, this process is not easy. US income tax regulations often prohibit the transfer of retirement accounts to foreign based entities. Transferring between plans within the US can be easy— for example, from a 401k to a Roth IRA. However, going from US to non-US is not easy. Although transferring a 401k type plan from US to non-US is rare, there are some specially structured corporate pension plans which may be able to. Check with your financial advisor if you believe your plan may fall into this category.

Removing the Money from your Retirement Plan.

If you are transferring residence from the US to another country, it may make sense to remove some or all of the money in the account. However, with this option, there will be a hit on the plan's bottom-line. Withdrawing funds from your retirement plan may result in loss of your tax-deferral benefits— a huge loss. In addition to

that, you may receive a 10% penalty for early withdrawal if you have not met the 59 ½ year age requirement. 401ks and Traditional IRAs could take the biggest hits to their bottom line because early withdrawal of these plans leads to taxes due on amounts that have been contributed pre-tax to the plan.



Staying Financially Literate – for the Old and Young.

—Beacon Financial Education

Financial literacy and a financial education go hand in hand. The truth is that understanding finances and how it affects you starts at an early age but must be managed throughout time and especially as you get into an older age. While the actual understanding of financial information changes with age & time, the need for such understanding remains steadfast. Acquiring financial literacy at a young age can set a nice foundation for financial decisions going into the future

and maintaining your financial literacy throughout age allows you to make your best decisions as you live out your future and into retirement. Throughout age, there are key core concepts that have to do with what it means to be financially literate and as an older adult, those key concepts build on each other into refined ones. This article goes over what those concepts are – for the youth and older adults – so no matter what the situation, you can learn a thing or two!



What to Teach Children

What it means to Earn

Earning as a child can have an effect on their future. Inspire your children to earn by rewarding them for odd jobs around the house. If they go the extra mile, reward them proportionately! The goal is to make your kids eager to earn. As a child, CEO of Camping World and star of CNBC's show, "The Profit", used to manage lemonade stands. He's been vocal that his experiences as a child introduced him to concepts that have made him successful in the future.

What it means to Spend

If you reward your child for jobs around the house, take money from their pay if they want to buy something. Have them understand that expenses have an effect on income. This way they'll know what it means to give away their money.



Perhaps they'll forgo asking for that lollipop at the checkout line!

What it means to Save

Often, kids want an expensive item to play with. Let them know that in order to get it, they'll have to save! By rewarding kids for their work, you'll give them an idea of what it means to save and how long it will take to get things. They won't take it for granted!



The 3 Key Items to Know when Opening and Maintaining a Foreign Bank Account

— Beacon Financial Education

A successful stay abroad comes with lots of preparation. The longer the stay, the more the preparation. And if you are planning on putting down roots in Europe, make sure you understand the European financial system as it relates to the American version. America has tons of regulation that is different than anywhere else in the world. So, while having a US passport can have lots of benefit, there is a small price to pay when being associated with Uncle Sam (or it could be a large price).

This article isn't to convince you not to stay in Europe but is rather a way for you to understand the varying regulations that come with having a foreign bank account as an American. That way you can completely own your stay abroad (at least from a financial perspective) and have a successful trip.

In this article, we'll go over three key items to understand when opening and/or maintaining a bank account as an American expat.

Know FinCEN Form 114

Ab, FinCEN Form 114. It just rolls off the tongue...

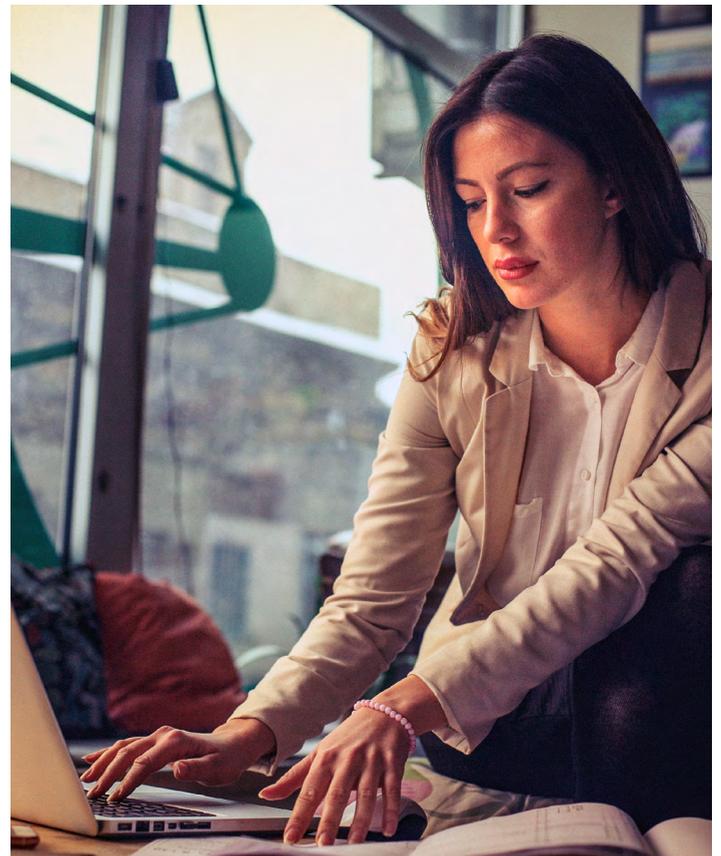
Jokes aside, FinCEN Form 114 deals with foreign bank accounts that have more than \$10,000 in aggregate at any time in the calendar year. If you own a bank account totalling this amount or more, then you will be required to submit this form. From 1970 to 2013, this form could be filed in paper form but starting after June 2013, this form is now submitted electronically. Known also as FBAR (Foreign Bank Account Report), FinCEN Form 114 can have hefty penalties for failure to comply. If failing to file is found to be willful, penalties can incur between the greater of \$100,000 or 50% of the account

balance. Non-willful penalties for failure to comply with FBAR are less but can still be a burden.

So, speak with your financial advisor today to ensure you are up to date with FBAR and your FinCEN reporting duty.

Navigate Double Taxation

Earlier, we mentioned Uncle Sam's affiliation comes (most likely) with a price. Double taxation is that price. Unlike almost every other country, the United States taxes its citizens on foreign income even if that income is earned with foreign partners in a foreign country.





Americans Expats and U.S. Connected Persons Face Investment Challenges Across the Globe

—Beacon Financial Education

EXpats face unique financial challenges living outside their home country. Americans & U.S. connected persons face even tougher challenges with regard to their investments - many financial institutions in their new local country no longer allow U.S. connected persons to hold investment products and increasing

numbers of U.S. financial institutions are closing brokerage accounts for U.S. connected persons with overseas addresses. Additionally it is not possible for those living outside the United States to invest in U.S. mutual funds.!

The U.S. Foreign Account Tax Compliance Act (FATCA) has paved the path for subsequent and more global regimes, notably the Common Reporting Standard (CRS). Providing an investment solution to expats including an American or U.S. connected person

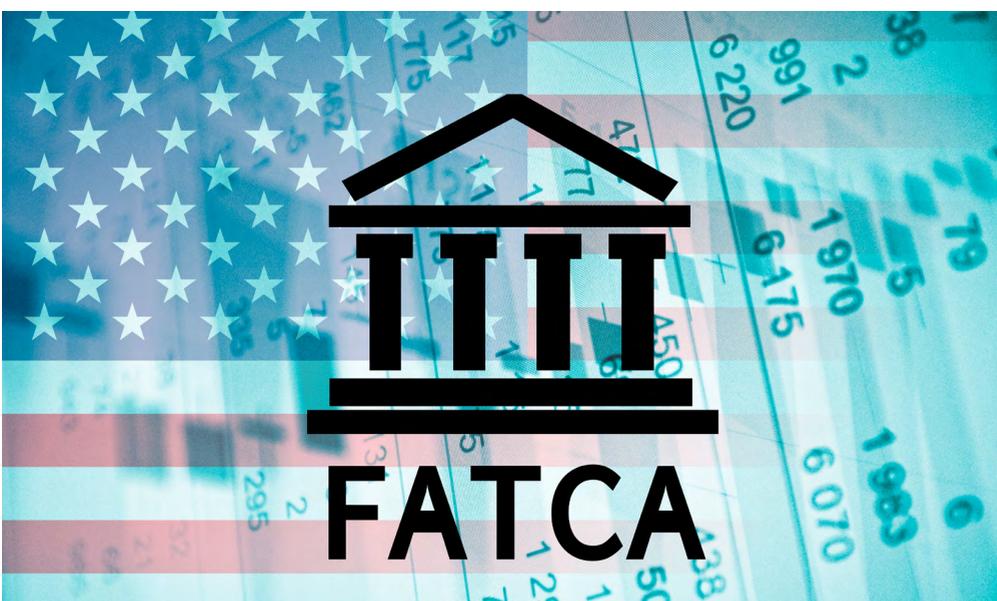
was difficult in the past, not any longer thanks to UAB®.

The recent increase in renunciation of U.S. citizenship by wealthy citizens living abroad is likely a result of dual taxation and excessive U.S. expat taxes assessed on U.S. citizens'

worldwide income. Complex and changing tax reporting regulations limit the investment options for these underserved individuals.

In considering investment options American & US connected persons need not only to consider the investment returns and the quality of the investment manager but also factors such as the liquidity of the investment (from daily stocks to pensions where benefits may be taken until retirement), the standing of the country that regulates the investment, and the ability to correctly report for taxation purposes.

If you want to know more about solutions that are available for expats, including Americans & US connected persons, then please contact us and we will connect you with a cross-border financial adviser.



Beacon Financial Education wants to thank all the wonderful expat friends we have made and the preferred partners who provide excellent service to the ever-growing global mobility community.

We are looking forward to developing new seminar programs and speaking more about the importance of financial education.

We offer daily posts on topics such as Expat life, American's living abroad, global mobility, economic news and so much more.



We are Expats too!



✉ info@beaconfinancialeducation.org 🌐 www.beaconfinancialeducation.org

PLEASE FOLLOW US AND GET IN TOUCH

Beacon Financial Education does not provide financial, tax or legal advice. None of the information should be considered financial, tax or legal advice. You should consult your financial, tax or legal advisers for information concerning your own specific tax/legal situation.