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## Moving Abroad? Here's the Checklist: Part Two

A second installment of ideas to help you be prepared



Setting out the agenda. PHOTO: GETTY IMAGES/ISTOCK

By **JONATHAN LACHOWITZ**

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Planning to move overseas for a job, retirement, or just a change of scenery? Here is our second installment of ideas to help you be prepared.

### **INSURANCE**

Insurance regulations are often at the country or state level, so insurance that is valid or can be sold in one jurisdiction can often not be sold or used in another. If you are a resident of two countries, each with mandatory health insurance, it may be difficult to find a provider whose insurance is accepted (for medical and tax purposes) in more than one country. Long-term care and disability policies are often not valid or have reduced benefits outside of the country where they are purchased. Life insurance, if it was issued long enough in the past, can generally be kept when you move overseas, but there may be some currency risk to consider as well as financial regulations for policies that have a

cash or investment account associated with them. Life insurance can be cheaper or easier to get in one country versus another, so make sure you have the coverage you want.

Automobile insurance is often not portable. Your good driving record may not help you in another country, but if it does, bring your records with you and find out if you have to take a new driver's test to be licensed.

You should also review liability, travel, and ID theft to avoid unpleasant surprises.

## **CITIZENSHIP AND RESIDENCY STATUS**

One's residency status in a country often determines whether income tax is due only on the income earned in that country or on a worldwide basis. Depending on how the new country determines residency, you may be able to minimize tax exposure.

U.S. green card holders considering an assignment overseas should ask about the implications of retaining the green card, giving it up, or applying for U.S. citizenship. Immigration planning can have a big impact on taxation as well as the right to move freely and legally between countries. Make sure you understand the process of getting a tax ID number in your new country and when and how you should register as a taxpayer.

## **INVESTMENT PLANNING**

Investment regulations are different in every country and many financial advisors are commissioned salespeople who are not necessarily required to act in a consumer's best interest. Whether you prefer to do your investing yourself or hire another firm, make sure you are working with people who understand your situation and are competent to provide cross-border services.

U.S. expats need to be aware that most foreign investments could be subject to punitive U.S. taxation and costly compliance. Investing in U.S. exchange traded funds or individual stocks is usually better, particularly as U.S. mutual fund investments are generally off-limits to investors living outside the U.S.

## **ESTATE PLANNING**

The laws governing estate planning can be very different from one jurisdiction to the next. You may have prepared a detailed estate plan involving wills, trusts, re-titling of assets, powers of attorney, advanced medical directives and burial instructions. After an international move, much of your estate planning may no longer be valid.

If you expect your move to be short term and your estate is not particularly complicated, you may not need to have your estate documents reviewed. However, if the move is permanent and your estate is significant or complicated, schedule a review with an international estate-planning attorney.

Some simple things such as naming beneficiaries on a retirement or investment account can be done while you are living in the U.S. Once your residency changes, some of these options may no longer be available or may contradict the laws of your new country, creating legal conflicts down the road.

## **GOVERNMENT BENEFITS**

Find out whether everything from health coverage, such as Medicare, unemployment insurance, welfare and other government benefits may be available when you move.

If you are being asked to move for employment, check your employment contract to find out what government benefits you will be eligible for if you are fired overseas. If you are planning to retire abroad, you won't be able to use Medicare and you will need to make alternative health care arrangements. You may also want to find out if you can have your Social Security benefits paid to you abroad.

## **CREDIT RATING**

Credit rating information often does not follow you from one country to the next. Things you have taken for granted, such as having a credit card, mobile phone, car loan and a home loan, may suddenly be much more of a challenge. Initially you may have to pay more for financial services, so shop around and ask other people.

In the U.S., several banks offer pre-paid or "secure" credit cards, which can be a great way to build your credit rating. Additionally, there are services for overseas Americans to establish a U.S.-based account for credit cards and even car loans. All can help to build or maintain your credit rating.

Expats can become the target of identity theft, which can be harder to catch for those overseas. Consider using a credit-monitoring or credit-locking service.

## **VOTING**

Many countries give their overseas citizens the right to vote. Some countries require that their citizens register at their closest consulate or embassy and vote in person there. Others require voting though absentee ballot.

The U.S. allows its foreign resident citizens to vote by absentee ballot in the state where they were last registered to vote. Unless you plan to return to your former state or it is a state without an income tax, it is generally not a good idea to vote in state and local elections while you live abroad, as this may be construed as maintaining U.S. domicile, which might give the state the right to tax you on your worldwide income during your absence. State residence taxation rules vary by state; find out how your state makes this determination.

## **MORE RELOCATION DETAILS**

- Register at your embassy or consulate, which will have a lot of resources, especially if you run into difficulties. It is also a good idea to check their website to see what services they offer.
- Invest time in language lessons and cultural training.
- Consider taking your car, if you can. It can save many thousands of dollars, although it may have to be at least six months old.
- See if your accounts that are secured with two-factor authentication through text-messaging will still work with a foreign mobile phone.
- Pay attention to costs of data since international roaming charges can be enormous. If you spend a lot of time in more than one country, it might be cheaper to have multiple mobile phones.
- Make sure your passports and identification cards are up to date. Some countries require that passports be valid for at least six months to allow entry. Renewing passports for children and traveling to some countries with children has gotten more challenging. Check out local requirements well in advance.
- Each country has different requirements on whether you need notarization or other guarantees on documents. Find out where to get legal copies of your vital records such as birth and marriage certificates.
- Ask about internet access. Many websites could be inaccessible in countries with restrictions on certain IP addresses. Consider using a paid proxy server – a virtual private network — to “pretend” that you are in a certain country. This does not work in all cases and of course should only be used in a legal manner.
- Understand the rules for self-employed workers or small business owners. Many freelancers try to float under the radar but this can be against local rules and both dangerous and costly. Know the tax and legal requirements for working independently.

Moving overseas can be exciting and stressful. Planning the move can be challenging. Whether managing on your own or working with professionals it is best to start early, talk to many people and have a plan. While the internet has a lot of information, not all of it is up to date or accurate, so look for reputable sources and try to verify the information independently. Keep in mind that even somewhat well-intentioned advisors who have limited knowledge on complicated cross-border issues end up getting people in trouble and costing them lots of money.

Talking to people who have made a similar move recently or who specialize in assisting with such transitions can save lots of time, stress and money.

And if you missed “Part One,” you can find it here.



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