

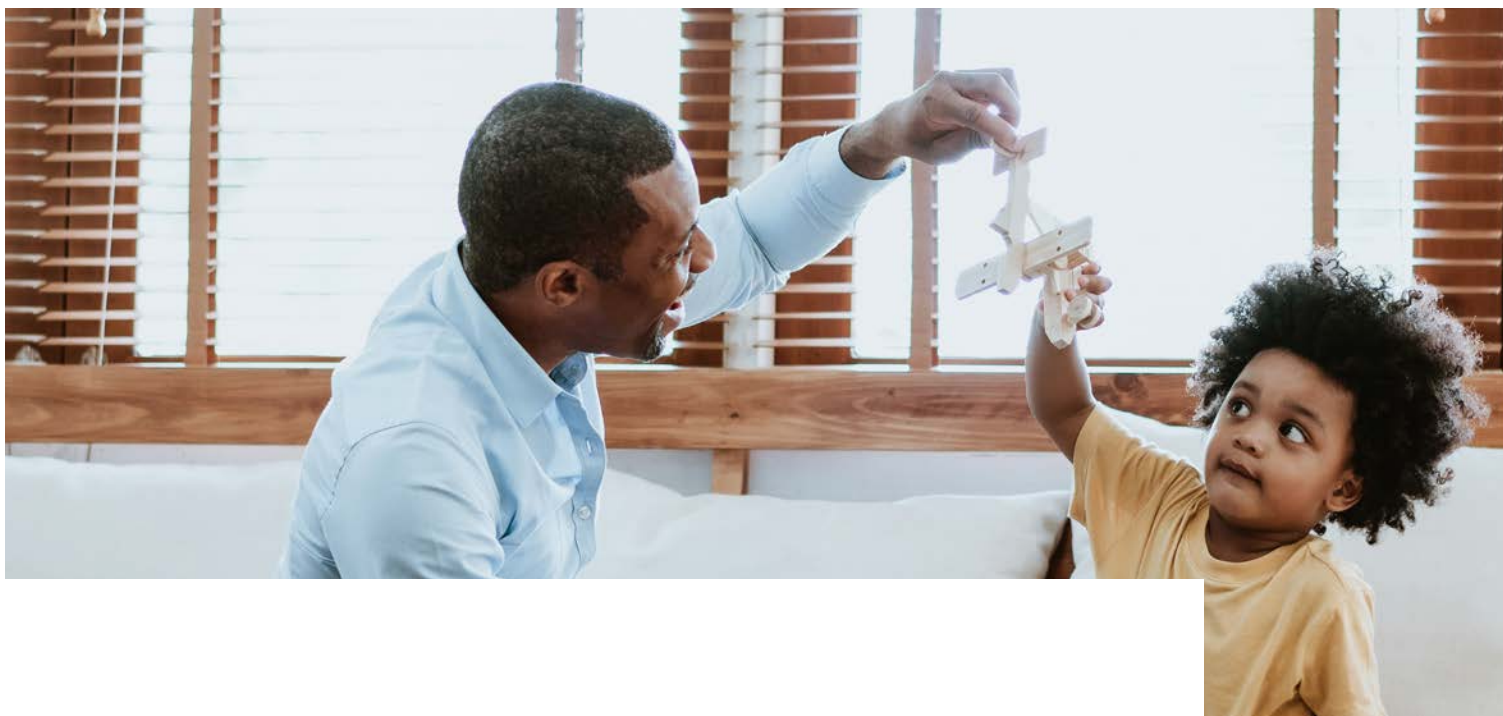


US Citizens Abroad

Facts You Need To know

Tax laws and legislation subject to change. Always consult a tax professional before investing. Skybound advisors offer services to US clients through Skybound Wealth Management USA, LLC, an SEC registered investment advisor.

Registration as an investment adviser does not imply a certain level of skill or education. No guarantees are offered of investment success or that you will attain your financial goals. Investing involves risk including the loss of principal.



As an international worker you are most likely receiving a higher salary and are probably benefiting from lower taxes. These two factors combined provide the perfect platform for planning your retirement.

However, with many advice firms simply not having the relevant toolkit at their disposal, US Expatriates and US connected individuals around the world are often left without good quality financial planning support.

As a result, not only are millions of international workers unable to utilize their expat status, they also face falling foul of the Internal Revenue Service who require all American citizens and connected individuals to declare their global income, even if they file foreign taxes.





FATCA – Know the FACTS

Introduced in 2010, FATCA stands for Foreign Account Tax Compliance Act, a law designed to make it easier for the IRS to keep track of both US businesses and persons that are generating income via offshore investments and bank accounts.

With FATCA came the instigation of heavy penalties for noncompliance and the general tightening of previous laws that were often overlooked.

Am I affected?

If you are either A US citizen or US connected individual, then FATCA legislation applies to you.

US Citizen –

- Born in the US
- One of your parents holds a US passport

US Connected –

Anyone who still holds a green card, regardless of where they reside is classed as a US connected individual.

If you fall into either of the categories mentioned above and hold foreign assets valued at more than \$200,000 on the last day, or \$300,000 at any point during the previous financial year, you must complete a form 8938 tax return. Failure to do so can result in fines upwards of \$10,000 being issued and potential criminal prosecution.

What can you do?

In our opinion, financial planning isn't just about finding a product that offers the greatest return. The ongoing reviewing of your portfolio is crucial to ensuring you don't fall foul of the tax man either in the US or your adopted homeland.

Building up a substantial savings pot is a key priority and can be done by employing an approach that provides access to a wide range of investment opportunities. Such a strategy introduces diversity into a savings plan and reduces risk. However, for US expats the need to comply with IRS tax reporting as well as the introduction of FATCA means the underlying plan structure is an additional consideration.

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US Expats Accounts Closed

In recent years, a number of U.S. brokerages and Banks have either restricted or closed accounts belonging to American nationals and US connected individuals who no longer reside in the US.

For US Expats still reeling from the introduction of FATCA, this is yet another obstacle they must overcome when trying to set up investment accounts either in the US or their new homeland.

What Is Happening?

Since FATCA, the landscape for international investors has continued to change. The knock-on effect has seen many non-US firms shy away from assisting US expats. And now many US based firms are following suit. This has resulted in the restriction of services or even closure of expat bank accounts. There have also been instances where requirements of high minimum account values have been introduced.

As well as regular bank accounts, IRAs and 401(k) accounts have been affected too. And while the above has increased the complexity of investing for US expats, there are still options available.

Skybound Wealth USA's team of financial planning professionals understand the local hurdles that expats need to overcome and are on hand to help you use your international status to devise a path to guide you towards your investment goals.

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Investment Do's And Don'ts For Americans Living Overseas

To help you navigate your way through this minefield we have pooled together our experience and knowledge to compile a list of the top Do's and Don'ts all US expats need to know to help you to plan and save effectively for your future, as well as negotiating any bumps in the road along the way.



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Don'ts...

Don't Forget About FATCA!

If you are a US Citizen or US connected individual, and hold foreign assets valued at more than \$200,000 on the last day, or \$300,000 at any point during the previous financial year, you must complete a form 8938 tax return. Failure to do so can result in fines upwards of \$10,000 being issued and potential criminal prosecution.

Don't Forget To Diversify

As the saying goes; 'don't place all your eggs in one basket.' Always look to diversify your investment portfolio to help ensure you aren't reliant or over-exposed to a particular market.

Beware Of Foreign Mutual Funds

While investing in a US based Passive Investment Company has certain tax benefits, investing in a Passive Foreign Investment Company such as a foreign mutual fund you are taxed in a highly punitive manner for income tax, often at the highest federal income band rate of 37%.

Don't Do Nothing

Being faced with a myriad of complex rules and a lack of advice firms who offer support to US workers overseas, many US expats can give up before they even begin. Skybound's Information Center is on hand to guide you through the intricacies.

Don't settle for a poor service

Our team of US licensed Advisory Representatives not only have an understanding of US retirement accounts such as 401k's and IRAs, they have experience of how these work specifically for US expats and US connected individuals.

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Do's...

Do Be Aware of Your Tax Obligations

It is important to ensure you know how to use your retirements accounts both in the US and internationally to be tax efficient. Tax regulations differ all around the world. Being aware of not only legislation where you presently reside but how that might impact your future plans is a task in itself. Seeking professional advice is always recommended!

Do Help Protect Your Wealth

Your health and life are vital to your earnings potential and the future of your family. Without properly protecting your finances, you may be putting them at risk. For many expats setting up a protection plan is a straight-forward process, however you have probably guessed that's not the case for US citizens! The wrong type of policy could fall under the tag of foreign investment account in the eyes of the US treasury.

Do Plan Your Legacy

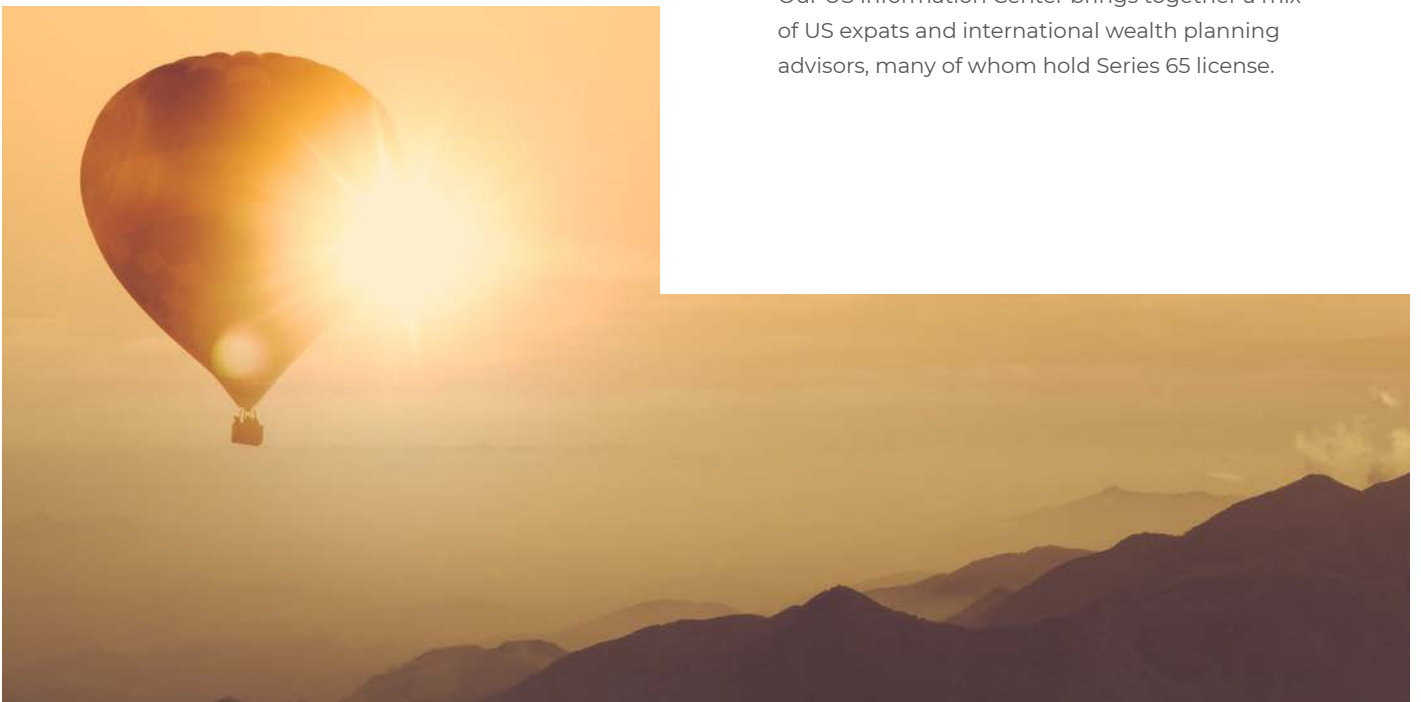
They say the two constants in life are death and taxes. When planning for the future consider what will happen to your wealth when you die. The estate plan you initiated back home could be invalid in your current jurisdiction or trigger taxes that completely undermine your long-term planning.

Do Invest Long Term

The value of investments can fluctuate over time, however history shows that the longer you hold an investment the greater the probability that you will exceed your desired returns. A typical reaction when markets dip is to think sell and sell quick. It's worth remembering though that a loss only becomes a loss when you sell at the reduced rate. Strong capital growth tends to come from long term investing rather than chopping and changing to try and make a quick profit

Why Choose Skybound?

Our US Information Center brings together a mix of US expats and international wealth planning advisors, many of whom hold Series 65 license.



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Product Focus –

Exchange Traded Funds (ETF)

Exchange Traded Funds (ETFs for short) have become a popular investment vehicle with expats in recent years thanks to a number of significant benefits, most notably their low cost, tax efficiency, and diversification.

Tax Friendly

Each trade within a mutual fund has the potential to attract capital gains tax. And with such funds adopting a heavy trading strategy, there is the possibility investors will see frequent tax deductions on any short-term capital gains. This is combined with deductions from any long-term gains and dividends can have a significant effect on the value of your investment. However, ETFs aren't taxed for gains until the asset is sold.

Often foreign mutual funds (ie based outside of the US) are taxed in a highly punitive manner for income tax, often at the highest federal income band rate of 37%, whilst ETF's are afforded much more favourable tax treatment.

Low cost

When compared to mutual funds that tend to have a high turnover of holdings, passively managed ETFs have significantly lower operating costs. This is in part down to the fact that ETFs replicate the performance of a specific index and therefore don't need a team of fund managers and extensive client servicing.

As a result, ETFs tend to be much more stable and with significantly lower fees reducing the drag on investment can outperform mutual funds over longer periods.

Diversification

Diversification is vital to help reduce an investors exposure to a particular asset class. ETFs provide quick access to a wide range of assets, currencies and markets. Being able to hold different currencies can be particularly beneficial should you choose to retire overseas, or should your children choose to stay on after you return home to the US.

For US expats still reeling from the effects of FATCA, ETFs are a welcome product to a troubling problem. However, we believe an effective financial planning strategy must not centre around one specific investment vehicle. Skybound's team of global investment advisors work constantly to find ways to help protect and effectively grow your investments so you can rest easy knowing Skybound is working towards the tomorrow you dreamed of.

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Helping Secure Your Future.

Wherever You Are Today.

We exist to educate and guide you through the important decisions required today, to help you understand the opportunities of tomorrow.

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