

Important Considerations for Living and Working Abroad

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Many people dream of living abroad — whether it's for an extensive work trip or for something longer term, such as retirement. But for all the wanderlust, it is important to stay organized to prevent unnecessary financial burdens.

First, retirees and workers will want to be certain of what type of travel and activities are permitted under the host country's visa program to avoid running afoul of any laws.

People moving abroad for work will surely have many cost of living related questions. Incomes may vary greatly in the same field in a different country. A prospective worker will want to know the length of the expected engagement, how

much they will be earning and if they will be well-equipped for their eventual return.

It is not just a question of how much a person will be paid in their new location, it is also a question of how they will be paid. Some currencies track reliably against the US dollar while other currencies vary wildly. Depending on the circumstances of the country in question, it may make sense to insist on being paid in U.S. dollars. Being paid in both currencies is also an option.

Taxes are always an issue for people working and living abroad, so it is necessary to work with a tax accountant who is equipped to handle cross border issues to make sure that U.S. and non-U.S. taxes are properly reported and paid. In this regard, maintaining relations with your trusted U.S. tax professional during your time away from the U.S. is recommended.

Storing money can be an issue for foreign workers and retirees, alike. Prior to 2010 some non-US banks engaged in activities that facilitated U.S. tax evasion by U.S. taxpayers through non-reporting of bank accounts held in non-U.S. banks and not paying appropriate taxes on income deposited in such accounts. In order to curb this practice, the U.S. Congress passed a legislation commonly known as the Foreign Account Tax Compliance Act (FATCA). The reporting obligations imposed by FATCA have dissuaded many non-U.S. banks from accepting U.S. expatriates working abroad as clients. In FATCA's wake, it has become increasingly harder for Americans to open bank accounts with foreign banks when living and working outside of the U.S.

For these reasons, it makes sense to maintain a banking relationship with the U.S. to prevent certain risks. That said, establishing some sort of banking relationship in the new country is also important for facilitating daily transactions and avoiding hefty conversion fees. Choosing a reputable bank may be difficult in some countries so it may make sense to keep only the bare minimum in a local bank.

Finally, insurance needs must be heavily considered — especially for people planning to stay abroad. It is important to note, for retirees, especially, that Medicare does not cover overseas health needs.

While most countries have national health systems, eligibility for non-citizens could

vary. For this reason, supplementing national health care with private health insurance could be helpful in case of an emergency.

There are many important factors to consider when deciding whether to work and/or live abroad, and many details to coordinate should the idea become a reality. For more information or guidance, contact your Anchin Relationship Partner or Ronald Kalungi, a senior manager in Anchin's International Services Group at [212.840.3456](tel:212.840.3456) or info@anchin.com.