Democrats Abroad

Financial Planning & Taxes

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WHITE LIGHTHOUSE
INVESTMENT MANAGEMENT

Introduction

- Jonathan Lachowitz CFP® (USA & Switzerland)
- Financial Planner & Investment Advisor
- Founder of White Lighthouse IM in Lausanne
  - On Executive Committee of ACA
  - Board Member SFPO
  - Financial Planning Association – Chair (2009) of EAME – Cross border

Services Provided

- Investment Management: US and Switzerland
- Personal Financial Planning
  - Retirement Planning
  - Estate Planning*
  - Tax Planning*
  - US Insurance issues*: Esp: Life insurance, Long-Term Care, Annuities

(*Often in conjunction with other advisors: accountants, attorneys, notaries etc.)

My Clients

- Overseas and Domestic US Citizens
- Mixed Nationality Families
- Swiss Nationals – Overseas and Domestic
- 90% of my clients have some “overseas” connection
- I only work with people whom I am strongly assured they are complying with US tax laws.

Investment Planning

- Choosing a Bank or Brokerage in the US or overseas
- Tax consequences of investment decisions: e.g. US versus foreign mutual funds, titling of accounts
- How to manage a sizeable US 401k when retiring in Europe?
- How to split assets between mixed US/Non US couples
- Planning for selling an overseas home: calculation of capital gain/loss versus currency gain/loss

Investment Planning / Retirement

- Does a 2010 conversion from a traditional to a Roth IRA make sense?
- How to take advantage of Contributory or SEP IRAs even when living overseas
- US tax impacts of making voluntary contributions to a Swiss Pension; 3rd Pillar etc. Domestic Swiss advice may have adverse US tax consequences
- Roth IRAs for children

Estate Planning

- Estate Organization
- Choices about US or Swiss convention for settling of one's estate
- A-B-C Trust set-ups to preserve two individual estate tax exemptions for a married couple
- How to & implication of titling assets, bank accounts, credit cards
- Execution of a will when overseas
  - Overseas report of death
  - Form 5173 Transfer Certificate Application to IRS
- Non US person holding over $60k in US property (including) stocks is subject to US Estate taxes
- Non US Spouse inherits from a US Spouse – US Estate Tax implications
- Life Insurance

US Gift Taxes

- Limits between US and non US spouses in 2009 $133,000
- US person receiving gift of over $100,000 from a foreign person – IRS form 3520
- Limits between parents and children $13,000 (per parent, per child) in 2009

Misc Issues

- Repatriation to the US – Domiciliary States (e.g. Maryland & Massachusetts…)
- Implications of giving up US Citizenship
- Implications of giving up US Permanent Green Card when moving out of US

Tips for American Expatriates

1. Get a regular copy of your free annual credit report. +1 877 322 8228
2. Consider Implementing a security freeze to prevent id theft: http://redtape.msnbc.com/2007/11/now-a-way-to-st.html#posts
3. Get a regular copy of your US Social Security Statement: http://www.ssa.gov/
4. File your Annual US Tax Returns – **It may be checked upon passport renewal!**
5. Keep a US Credit Card, with a US address: Charles Schwab Inc. works with overseas Americans and no foreign transaction fees, no annual fee and 2% cash back.
6. Maybe Keep a US Address (For investing, credit cards & possible insurance.)
7. To get a US phone number (Try Skype, call 800 numbers for free)
8. Review Life Insurance and Long-Term Care Insurance in the US
9. Review a US based Will
10. Investigate what happens if you were to die while living overseas. (Swiss Law different than US)
11. If you plan to return to the US, work with advisors who are experienced with the US "system": Financial, Tax, Legal etc.
12. Travel to the US only on your US passport
13. Check out previous residence: "Unclaimed Property"
14. If you are married to a non American, make sure you know the estate planning and gift tax implications! There are advantages and disadvantages…

Questions after the presentation?

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