

WEALTH MANAGEMENT

Team America: The Importance Of Working With US-Aware Advisors In The UK

"Growth is never by mere chance; it is the result of forces working together" - James C Penney, American Businessman and Entrepreneur, Founder of the JCPenney Stores.

Building a strong team of professional advisors is crucial for people moving to the UK and adjusting to life in a new country. Dealing with financial issues, paperwork and planning can be overwhelming for families that are busy with work commitments and time spent adapting to the culture of their new home. Therefore, it is essential to have a team of trusted advisors who can provide the foundation for dealing with unexpected events, whether positive or negative.

Moving to the UK, and adjusting to how life works across the pond, can be a daunting task. The right team of professionals can provide the foundations for dealing with unexpected events, whether positive or negative, and building the right team from the outset provides the comfort that there is always someone on hand to help.

The UK and the US have enjoyed a 'special relationship' for generations that has fostered a healthy tradition of transatlantic migration in both directions. As the relationship has grown and developed, so too have specialist advisory practices like MASECO Private Wealth, who enjoy 'simplifying the complex' when it comes to being American and living in the UK or vice versa. Finding the right Wealth Manager is a strong starting point as they often become the 'quarterback' of your advisory team. The skill of a good advisor also involves knowing their limits and it remains important to tap into a wider network of professionals in the US-UK space as and when required. Often, experienced advisors for UK clients might be restricted or less qualified in their ability to advise on the US considerations, and it is preferable to work with professionals with a proven track record of helping Americans in the UK. The following are some of the most common situations requiring cohesive teamwork:

1. Tax Compliance:

a. Americans in the UK must consider tax implications from a UK (HM Revenue & Customs (HMRC)) and US (Internal Revenue Service (IRS)) perspective, which often involves working with someone who understands the interplay between the two tax systems by interpreting the US-UK tax treaty and ensuring proper usage of foreign

tax credits. This creates a third field in tax for specialist US-UK advisors, and a good Wealth Manager can introduce you to an appropriate firm.

- b. You may benefit from paying taxes in the UK within the calendar year to allow you to file in the US and not overpay taxes, having to reclaim them at a later date. This highlights the potential benefit of working with one firm on both tax returns.
- c. Interests in Trusts and company shareholdings often require deeply specialist advice from professionals for dual taxpayers. Your Wealth Manager should be able to flag areas that require closer attention from a tax or legal professional.

Families with a transatlantic financial footprint may have to consider inheritance tax and probate in both the US and UK

2. Estate Planning

a. Families with a transatlantic financial footprint may have to consider inheritance tax and probate in both the US and UK. To avoid any contentious disputes during probate and ensure assets are distributed appropriately, drafting a Will that allows for flexibility in retirement could be sensible. Lawyers that understand both jurisdictions are rare, but your Wealth Manager should know where to find them.

- b. Trusts can be effective estate planning tools when set up correctly. As is often the case, what works in the UK for a Briton might not be appropriate for those holding a US passport. Legal and tax professionals with a clear understanding of the US and UK are invaluable when setting up wealth protection vehicles for future generations, as-is your Wealth Manager for ensuring the underlying investments are held in a diversified, tax-efficient investment strategy.
- c. Life insurance policies established in another jurisdiction may not always remain fit for purpose when you move. Your Wealth Manager can assess the policies from an investment and currency exposure standpoint and bring in professionals on the insurance and tax side to determine whether it might make sense to wind down existing policies or consider a restructure (for instance, migrating them into Trusts) with the help of a specialist lawyer.

3. Purchasing Property:

- a. If an American is buying a new home in the UK, they may need a specialist mortgage advisor or credit specialist to help them access the best rates on offer.
- b. A US-UK tax advisor might be required to comment on remitting assets to the UK for the purchase, selling down property in another jurisdiction, or to clarify the ongoing US tax implications of taking on and repaying debt in a currency other than the US dollar. There could also be US tax implications of paying down large portions of overseas debt, particularly if the US dollar strengthens over the loan period.
- c. Your solicitor might need to consider the legal ownership structure, particularly between US and non-US spouses.

4. Business Ownership:

- a. A common theme for US taxpayers in the UK is that not every UK-based solution is fit for purpose, which remains true when it comes to setting up corporate entities.
- b. A combination of specialist wealth, legal and tax advice can be a valuable resource for startup creators, legal partners or those looking to transfer their existing businesses across the pond amidst ever evolving regulations.

5. Banking Relationships

- a. Private Banks often impose higher than standard minimum cash balances on US individuals living in the UK. Such individuals may benefit from being introduced to lending options against their invested assets, whether in the UK, US or offshore, or to banks that have a wider range of options for Americans living in the UK.
- b. Business and personal banking options are available that allow for accounts to be held and payments made in multiple currencies, including the US dollar and Pound Sterling.

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6. Charitable Giving

- a. Donating can be more tax-efficient for the donor in many cases if they seek the advice of a firm that understands how to create tax-relief from both an IRS and HMRC perspective when making donations in either jurisdiction.
- b. For wealthier families, setting up a Foundation or Donor Advised Fund can have a multitude of benefits, from tax-efficient investment to ensuring donations are tax-efficient on both sides of the Atlantic. Specialist firms exist to set up charitable giving solutions fit for dual US-UK taxpayers.

Americans have a natural gift for finding their counterparts when they relocate to the UK, be it through youth softball leagues, Oscar viewing parties, college alumni events, or watching late-night playoff football games on a Sunday down at Passyunk Avenue (in West London... not Philadelphia).

Advice professionals have gleaned some of this similar social spirit, and so firms that enjoy working with Americans in the UK are becoming ever more familiar with one another and will share best practices and recommend clients to work with one another.

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This collegiate spirit and specialist network is an important asset, and so whether you are wondering if it makes sense to fund an ISA account like your British neighbours (usually not, unfortunately) or whether an element of your financial plan requires legal or tax advice, your Wealth Manager will be happy to direct you to an appropriate professional for the job and advise on future-proofing your investment portfolios and pensions.

The Legal Stuff

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