Business strategies FATCA

Hard work will reap rewards

With FACTA now a reality for millions of foreigners residing in the US and American expats abroad, laying the groundwork for an effective cross-border response has been essential. By Philip Teague

One of a few areas of concern that those who have a connection to the US should have is with the Foreign Account Tax Compliance Act (FATCA), which went live on 1 July. It will have a massive impact on Britons in the US and American expats in the UK who are the key focus of our strategic planning.

Building a strong UK/US cross-border financial planning service has taken well over a year of many dead ends and frustrating times. The hardest part of the creation was finding product providers which are willing to deal with Brits in the US and American expats.

Most advisers have come across situations where a client has moved to another country and they have been tasked with providing retirement planning options. You would have quite likely been told, by the annuity or income drawdown providers, that as your client is no longer UK-resident they are unable to offer them a solution.

It's who you know...

Alexander Beard historically has had an involvement with Britons in the US which stemmed from having clients in the music industry who emigrated there to further careers. Throughout this time, the company has gathered contacts and providers who are happy to deal with those who have a connection to the US.

This is a very broad spectrum of people who are affected by having factors like dual citizenship, assumed residency or pensions and investments not in the country they live in. When FATCA was announced, and after we had some time to consider the

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implications, we thought that our strategic planning needed to be more coherent and streamlined so that those affected by FAT-CA can be offered a service that can make large parts of their investment and pension planning, compliant.

Therefore, we needed to identify the target groups of people who will need UK/US cross-border financial planning advice.

Know your audience

The first group are Britons who are living or have retired in the US. These people are the unfortunate victims of FATCA, as they are quite likely to have investments held outside of the US. The second group are American expats in the UK.

There are other groups that will be affected, such as US expats in Europe, but they are so geographically diverse that it makes it very difficult to offer a solution which has any real structure.

With the target groups in mind, we then looked at what their needs and solutions would be. For example, Britons in the US will need to ensure that investments left behind in the UK or Channel Islands/IOM are IRS compliant under FATCA. They will also require a product to release retirement income and mitigate currency risk. This resulted in our AMVE\$T non-QROPS pension product for Brits in the US.

For Americans in the UK, they will have US domestic pension schemes (401k's and IRA's), the institutional providers of which are asking the clients to move because FAT-CA reporting requirement make the individuals unprofitable.

Now that we have identified who needs

this service and we have solutions for their financial planning problems, we need to deliver and market the service. In the US, we have been seeking bright and motivated advisers who have the same concerns as us when it comes to UK/US cross-border financial planning. At present we are operating in Florida, New York and California, and our challenge is to grow our coverage to the other expat hubs in the US.

So now we have a new UK/US crossborder financial planning service which we are proud of, but one which very few people know about. Advertising can be expensive and unproductive, so we decided the best source of clients would be those who are already being looked after by financial advisers.

The adviser may have a great relationship with them but, due to permissions and PI cover, will quite often be unable to service them. With this in mind, we started hitting the road in June presenting to IFAs on a number of topics including FATCA and our service proposition. Feedback has been good and we have already had two very good referrals. In conjunction with a multi-national tax specialist, we are conducting FATCA seminars in San Francisco, Houston, Boston and New York later this year.

This past year has been at times frustrating but, now it is finished, we are proud of the Alexander Beard UK/US cross-border financial planning service. It will give us the opportunity to attract a new source of clients and further establish ourselves in the US as a credible holistic financial planning service. •