

Key expat financial concerns

IT'S natural to experience culture shock as an expat but the real shock will come when you consider just how complicated proper investment or financial planning becomes once you expatriate from your home country. Following are some of the key areas you will need to have a plan for and likely consult with knowledgeable experts about.



Finance

By Don Freeman

fund than you would otherwise need to back home. This emergency cash fund should be large enough to cover things like medical emergencies where cash may need to be paid upfront or to cover repatriation to your home country should you need to return home.

You also need to keep in mind and plan for the likelihood that various social welfare entitlements like unemployment compensation or disability from your home country probably won't cover you while living abroad and you may even need to re-establish residency back home in order to qualify.

Tax planning

If you are an expat from certain countries, like the United States, where there is worldwide taxation or maintain a residence in your home country, you could face double taxation (unless there is a tax treaty in place) – meaning you need to consult with a tax expert to find out what taxes you and your investments could be liable for, as investing in various offshore investments marketed to expats as a way to lower taxes may actually not make sense.

Education planning

If you have children, you will not only need to have a plan for how to pay for their university educa-

tion, you will also need to have a plan for how to pay for their international school fees up until they are ready for university.

If your employer is currently footing the bill for most international school fees, consider yourself lucky, but you better have a backup plan in the event you don't always have an employer willing to do so in the future.

Health care planning

The older you get, the harder and more expensive it will be to get good expat health insurance coverage while your home country's retirement health care scheme will likely not cover you while abroad – meaning you may need to plan on returning home after a certain age or if your health deteriorates to a certain level.

Retirement planning

If you are an expat working abroad, you might be paying into your adopted country's government sponsored retirement program and still be eligible for a pension back home if there is an appropriate tax treaty. If not, you will need to plan on saving and investing a considerable amount of extra money for retirement.

Estate planning

No-one likes to talk about the inevitable but planning for the inevitable becomes much more complicated if you have assets or family members who need to be



Living abroad has its advantages, but if one doesn't plan accordingly, the disadvantages could make expat life more difficult. Photo: 401(K) 2013

provided for both in your adopted country and back home. If your financial and family situation is complicated, you better find a lawyer or lawyers who are experts in estate planning back home and wherever you currently reside.

At the very least, make sure you have a written will and appropriate power of attorney documents kept in a safe place.

Don Freeman is president of Freeman Capital Management, a Registered Investment Advisor with the US Securities Exchange Commission (SEC). He has over 15 years experience and provides personal financial planning and wealth management to expatriates. Specializing in UK and US pension transfers. Call 089-970-5795 or email: freemancapital@gmail.com.

Remittance planning

If your income is largely fixed and denominated in a currency different from the currency of the country you are an expatriate in, you will need to have a plan for dealing with exchange rate fluctuations as well as the transactional cost of remitting your money to you.

In the worst case scenario where the exchange rate makes a big and sustained movement not in your favor, you may have to plan on making major cut backs on living expenses or even return home.

Inflation planning

Chances are, your home country has low inflation as well as low interest rates, but emerging markets like Thailand tend to have much higher rates of inflation that your income or investment returns will need to keep pace with while keeping risk in mind as high returns can often mean higher risk of losses.

Emergency planning

As an expat, you need to tie up cash in a much bigger emergency cash

Time: the most precious commodity

TIME keeps on slippin, slippin, slippin... into the future. I am pretty sure I have heard that song more times in my life than I ever wanted to. I apologize if I have offended any of you out there but the song does actually point out a very good reality of our existence. Our time here is very limited and therefore time really is our greatest commodity.

Similar to our own life cycles, every bull market also has a finite lifespan and the more of

your gains that you can hold onto between bull markets, the much better off you will be in the end.

When it comes to our finances, the time value of money is the first concept they teach in almost every Finance 101 course on the planet. A pile of baht is not going to be able to buy the same amount of goods in twenty years that it does today, so the same money in

Retirement Years

By David Mayes

different periods of time are very far from equal in real terms.

However, if you invest those same baht at a rate above inflation, magically you can now buy more goods in twenty years than you could with your same pile today.

Recovery time from investment draw-downs is where I have seen lost time affecting people's real wealth the most, as this compounding time lost (even at low interest rates), is in fact, lost forever.

This is where I think most people's positive attitude towards taking risk is stronger than it probably would be if they thoroughly understood the power of compounding. If you keep taking small steps forward you will eventually cover a lot of ground. When you have to make up lost ground, especially if you have to make up a lot of lost ground, this is time that is lost forever.

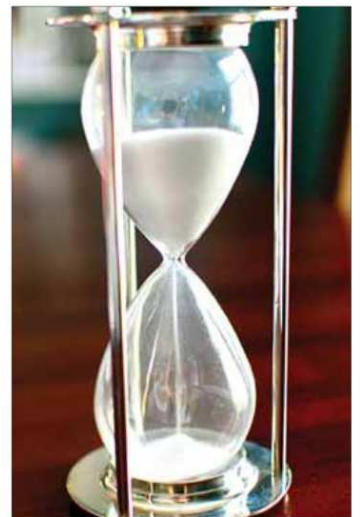
The good news is that there is almost no investment mistake that time cannot rectify. Even if you will not heed my warnings and

ride the coming stock market crash to the bottom, you can recoup it all given enough time, especially if you don't panic and sell mid-crash. This has been the pattern on Wall Street for centuries so don't beat yourself up too much. The big institutions prey on the psychology of crowd behavior.

In time, if you learn to be fearful when others are greedy and greedy when others are fearful, you can buy assets at a steep discount when everyone else is running for the doors.

One such opportunity is not that far away in my opinion. If you keep heavy in cash and investments that do well in a bear market, the less time you will lose when this five year old bull heads for its grave.

You will also have a clear head to see that a stock market sell-off is a not a tragedy for all. Many see it as a "Super Sale" that comes around once every five years or so.



Time can rectify most financial mistakes, but time lost is lost forever. Photo: Jamiesrabbits

David Mayes MBA resides in Phuket and provides wealth management services to expats around the globe. He can be reached by emailing: david.m@faramond.com, or phone on 085-335-8573. Faramond UK is regulated by the FCA.



Siam International
38/54 Nanai Road,
Patong, Kathu, Phuket 83150



❖ Legal consultation Contact: K.Joy
❖ Company formations Tel: 076 346 149
❖ Notarial Fax: 076 346 150
 certifications Email:
❖ Contracts siamint@loxinfo.co.th
❖ Work permits
❖ Bookkeeping
❖ Visa service
❖ Translations