



Cross-Border Relocation

A workbook

Find out what you need to know before you relocate across borders to Canada or the United States.

PERREIRA
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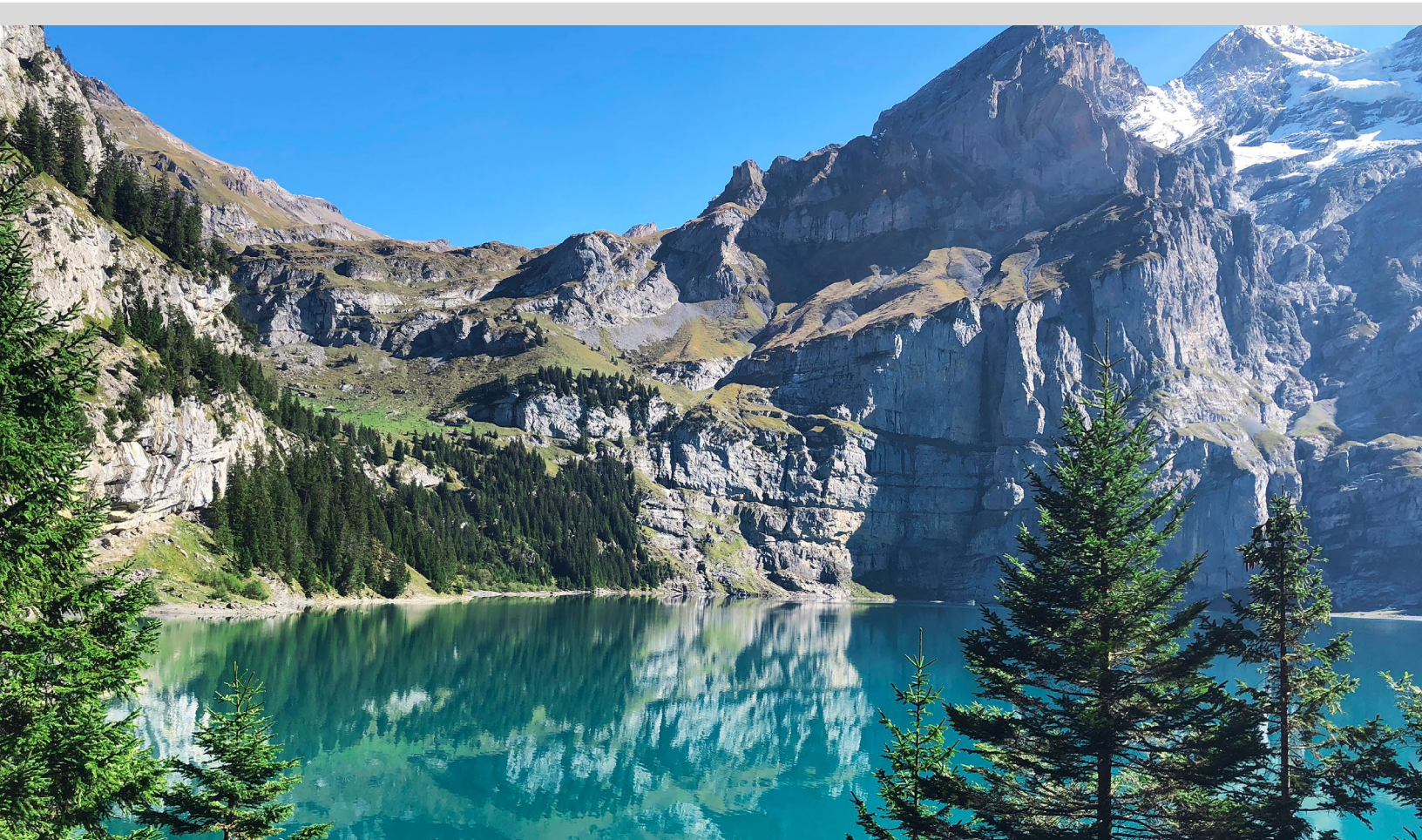
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Making a Cross-Border Move?

Not many people are aware of the financial implications of a cross-border move. Yet, it can have a long-term impact on their financial well being.

If you are left to navigate the regulations concerning investing and financial planning yourself, this guide offers some helpful tips and advice to make sure you are aware of some very important factors.

However, it is highly recommended that you speak with a cross-border specialist before relocating to avoid getting caught in a sticky situation.



Common Solutions & Issues

Issue

Solution

Currency

May take currency hits when moving investment assets cross-border.

Find a cross-border specialist offering portfolio services in Canadian and U.S. dollars.

Scattered Assets

Working with different advisors in different jurisdictions.

- Lack of cohesive investment policy
- Portfolios may not be properly diversified or out of balance

Find a dually-licensed advisor to manage investments on both sides of the Canada/U.S. border to ensure investments are properly diversified and balanced.

No Planning

No cohesive planning.

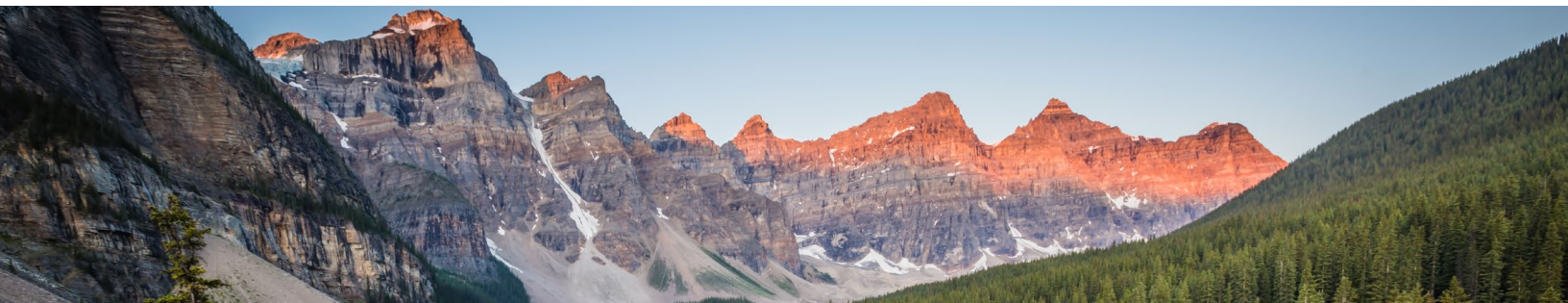
- Clients don't know where they are at with their financial goals

An overarching financial plan taking into account assets on both sides of the border with a focus on retirement income planning strategies.

Tax Reporting

May be holding investments or account types that require additional reporting to the tax authorities.

Structure investment accounts and account types in order to minimize reporting requirements to the tax authorities.



Americans Residing in Canada

Retirement Accounts

- Once a U.S. citizen establishes residency in Canada they are often “fired” by their U.S. broker and given 60 days to find a new home for their IRA or receive a check for the proceeds (subject to U.S. taxes and potential penalties and fees).
- Cross-border specialists are able to facilitate rollovers to IRA and 401K accounts keeping the funds tax sheltered and avoiding a taxable event. There is no need to roll an IRA into an RRSP.
- Since RRSP contribution room is based on the previous year’s earned Canadian income an American relocating to Canada cannot contribute to these programs until their second year of residency.



Investment Accounts

- U.S. citizens may set up investment accounts in Canadian or U.S. dollars. It is best to structure investment portfolios with individual securities such as stocks, bonds, and U.S. ETFs versus mutual funds to simplify tax reporting.
- Canadian Mutual Funds and ETFs are considered “passive foreign investment corporations” by the IRS. This means there is additional reporting required which means additional costs. Some Canadian mutual fund companies issue QEF reports which help with the required reporting.
- If you are repatriating to the U.S., you can transfer the individual stock and bond securities “in kind” - no need to sell holdings.



Canadians Residing in the U.S.

Retirement & Investment Accounts

- With special exemptions, Canadian advisors can manage RRSPs for Canadian clients residing in the U.S. - tax filings are required by IRS.
- Some U.S. states do not recognize the tax treaty and RRSPs are subject to tax on income earned.
- Non-registered investment accounts cannot be held in Canada by Canadians residing in the U.S. unless held with a U.S. registered brokerage firm. These accounts must be managed by a U.S. licensed advisor like Raymond James (USA) Ltd.
- Canadian dollar assets when moved to other U.S. brokers will most often result in currency conversion to U.S. dollars.

Checklist for Cross-Border Relocation

Americans in Canada		Canadians in the U.S.	
U.S. Retirement Accounts			
IRA <ul style="list-style-type: none">May need to engage a specially licensed brokerage firm that can manage cross-border assets. 401Ks <ul style="list-style-type: none">Consider the pros and cons to roll over a 401K to an IRA.		IRA <ul style="list-style-type: none">Set up an IRA account. 401Ks <ul style="list-style-type: none">Set up a 401K account.	
Canadian Retirement Accounts			
RRSPs <ul style="list-style-type: none">Can begin to contribute after first year income earned.		RRSPs <ul style="list-style-type: none">Check to see if the state they are moving to recognizes the Canada/U.S. retirement account tax treaty. If not, may need to restructure investments to be more tax efficient.	
TFSA			
TFSA <ul style="list-style-type: none">Tax sheltered savings accounts.Not recognized under Canada/U.S. tax treaty. No tax benefit to hold.		TFSA <ul style="list-style-type: none">Tax sheltered savings accounts.Not recognized under Canada/U.S. tax treaty. No tax benefit to hold.	
Investment Accounts			
U.S. Investment Accounts <ul style="list-style-type: none">Non-residents of the U.S. are not allowed to purchase or reinvest in U.S. mutual funds. Canadian Investment Accounts <ul style="list-style-type: none">Avoid purchase of Canadian mutual funds as this increases tax filing costs and complications.		Investment Accounts <ul style="list-style-type: none">Canadian investment accounts must be transferred to a registered U.S. brokerage firm. Structure of investment portfolios are important for future mobility. U.S. mutual funds could present issues if you move back to Canada.	



Bernardine Perreira
CFP®, TEP, CIM®
Wealth Advisor

Bernardine is a dual licensed financial advisor specializing in Canada/US cross-border investment management and financial planning for executives and professionals. In addition to a full suite of Canadian and US investment services, she can assist Canadian residents with IRA accounts and inherited IRA accounts held in the United States.

Bernardine's many professional accomplishments include the Certified Financial Planner (CFP) designation and the Trust and Estate Practitioner (TEP) designation. She holds an Ontario Insurance Agent License as well as her Canadian and US Securities licenses.

She is one of the first advisors at Raymond James to immerse herself in the firm's cross-border investment management service. Bernardine's expertise is well regarded in the Canada /US cross-border community, and she is frequently asked to speak at US tax symposiums and professional development webinars for tax professionals who wish to learn more about cross border investment management strategies.

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