

## Thinking about spending more time abroad? What to consider

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Your summer trip to France was fantastic (even if you lost a bag or two at Charles de Gaulle) and now that you're back, you want to find a way to spend more time there.

Whether you're considering the digital nomad lifestyle or buying that €1 villa, this article is for you.

As advisors, we tend to draw on our personal experience as we help to develop strategies and plans with our clients. My personal life straddles multiple countries (most directly France and the US) and I've come to more fully appreciate the complications and rewards of living a cross-border life.

Our role is to help you (regardless of how many locations you touch) navigate any issues with the right team of experts and ensure effective coordination and execution of all the various moving parts. This becomes even more critical as you cross borders with different legal/ tax systems and add in the complexities of different procedures, deadlines, languages, etc.

To start the brainstorming exercise around spending more time abroad, we've posed a few questions to help guide your thinking (and also included some notes of caution about where your answers may take you!)

Questions	Our Thoughts	Specifics	France
<b>Where are you going?</b>	<p>If you're focused on one country, your questions, areas of interest, and team of resources can be targeted from the onset.</p> <p>If you are country agnostic, you can start more broadly and potentially optimize the costs/ benefits between locations before you choose one.</p>	<p>Visa requirements vary by country and length of stay and need to be planned for ahead of time. You should also be aware of any residency implications in the country(ies) you plan to visit that could trigger filing and/or tax payment requirements (with US or foreign government agencies).</p>	<p>France will impose income taxes on assets in France or based on a taxpayer's residency in France (unlike the US, which taxes worldwide income for US citizens).</p>
<b>Why are you going?</b>	<p>Some travelers may be looking for a way to relax each winter, while others could be looking at investment opportunities or a place to build long-term roots (in a country where a child has settled, for example). Your answer for "why" can help you set priorities and identify the resources you'll need on your team.</p>	<p>For any longer-term plan (or one that involves owning property abroad), your team of advisors should include professionals who specialize in the topics of immigration, tax, estate, financial (for cash flow/ logistics), risk (insurance), and any specialty areas (for instance, marital law).</p>	<p>In dealing with France, you will likely also need a <i>notaire</i> (a legally trained public official who handles administrative/ transactional acts in France). Most documents will also need to be officially translated and internationally notarized (with specific – and usually short – expiration dates).</p>

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<b>When would you like to go?</b>	<p>Planning ahead for the resources you'll need is critical (even for shorter term or more immediate arrangements).</p> <p>If contemplating a longer-term stay, you'll want to think about the type/ location of accounts and income streams that you'll be saving into or spending from. Additional risks to consider are around currency exchange rates and transfer costs/ taxes.</p>	<p>The timing of your move will have implications for your tax status for a given tax year. Many countries have tax treaties with the US which offer some direction on how financial assets/ income may be treated. However, there can be fundamental differences (and sometimes conflicting perspectives) on the treatment of certain assets, accounts or income flows (such as retirement account distributions, pension income, stock options, business interest income, etc.)</p>	<p>The treatment of Trusts is a particularly complicated topic between jurisdictions (as many civil law jurisdictions don't use them and only some may recognize them).</p> <p>Not only does France have extensive reporting requirements for Trusts but Trust assets or income could be subject to gift, inheritance, property wealth or other taxes.</p> <p>Planning for the treatment of a Trust and/ or the timing of any Trust distributions during your stay is critical.</p>
<b>Might your plans change?</b>	<p>The reality of living abroad is often more complicated than the dream. Working in flexibility, hedging your strategies, and avoiding irreversible actions (where possible) can preserve your options if your plans change down the line.</p>	<p>Fundamental differences in the systems of laws across countries can cause complications and/ or unintended consequences in your plans. Having informed professionals is critical to avoid particularly high costs in winding/ unwinding situations across borders.</p>	<p>France is not only a community property country but it also has forced heirship laws and a legal system based on Napoleonic Code. Owning property in France or being domiciled there can introduce confusion and/ or direct conflict with our common law system.</p> <p>If you're unsure about how permanent your presence may be in France, it would be simpler/ cheaper to avoid these complications all together.</p>

If you're committed to developing a plan for spending more time abroad, we also offer a few words of caution:

It's *not* better to act now and ask questions later: the penalties for non-compliance with various laws/ procedures can be particularly severe with cross-border issues.

Be careful about making assumptions about the process (literally *any* assumptions): Just because it works one way in one area or country does *not* mean it works that way anywhere else.

Get the right advice: We believe it's critical to work with advisors who are experienced working with cross-border issues. It's important that any such advisor is not afraid to ask even basic questions (given potential fundamental differences between jurisdictions – such as the legal code or inheritance laws). When we are involved in these situations, our aim is not only to get the right advisors on the team (immigration, tax, estate, accounting, etc.), but also to ensure that these advisors are communicating and executing in lock step on a coordinated plan.

Be patient and open-minded: You should expect increased costs, complications and delays when you add a cross-border element to your life. But for many (including me personally), the reward is well worth it!

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*Michelle is a Senior Wealth Advisor in our High Net Worth practice, which serves clients with \$3.5 million or more of investment assets. She works closely with individuals and families to provide comprehensive financial planning and investment management solutions. A few key areas of focus include working with multi-generational families, business owners, and families with an international presence. Michelle joined Ballentine in 2021 with over 16 years of experience across the fields of consulting, insurance, investments, and wealth management. Most recently, she was a Senior Client Advisor at TFC Financial Management. Before that, she worked in the RIA space with Crestwood Advisors and Fort Washington Investment Advisors. Michelle began her career as a risk/ management consultant for Navigant Consulting and subsequently worked as an internal consultant in the Leadership Development Program at Western & Southern Financial Group (a Fortune 500 company based in Cincinnati, Ohio). Michelle received a BA in Economics from Georgetown University, where she was also a member of the NCAA Division I swim team. She has an MBA from the Fuqua School of Business at Duke University and is a CERTIFIED FINANCIAL PLANNERTM. Michelle is involved with various non-profit organizations around the Boston community and nationally – including serving on the Duke Boston Alumni Regional Board and assisting multiple non-profit organizations with strategy development and financial planning. Michelle, her husband, and young son split their time between downtown Boston and the 16th arrondissement in Paris, France. In her free time, Michelle enjoys running along the Charles River, studying languages, and traveling.*

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