

# MY MONEY DIVA

saving money, making money

## Moving Overseas Guide What You Need To Know



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Moving abroad whether for retirement or work is an exciting but slightly daunting time, and you need to consider every area of your life that will be affected – everything from your day-to-day lifestyle right through to your financial affairs can change.

Adjusting to the culture in your new home is something you can do at your leisure, but even before you go there are plenty of things that you need to consider before moving, and you will have some work to do in advance of going. How much work will depend on where you are choosing to move to.

So here is a simple guide to the things you should be looking at before you go:

### **Spend time in your new country**

It is unlikely that many people will decide they want to move to a new country – unless it is for work purposes – before they have spent any time there. But to be sure it is somewhere you are keen to be, you really should spend time in your prospective home before you go to live there long term. Having a holiday in a place is extremely different to living there, so you should try to spend some time living and, if applicable, working in the country you are planning to move to.

If your employer is sending you overseas on secondment, then you may have little choice in the matter. But even in this instance you should ask for a chance to spend time in the country and your new working environment.

One of the biggest changes – especially if you are moving out of Europe – could be the change in culture. Within the EU the culture may change slightly, such as a slower pace of life compared to the UK, but for countries further afield such as the United Arab Emirates or Saudi Arabia you may find a real culture shock as you are unable to do certain things we take for granted in the UK, such as drinking alcohol.

The Foreign and Commonwealth Office website is a useful source of information on a variety of countries and what is expected of you in them. Its website is at <https://www.gov.uk/government/organisations/foreign-commonwealth-office>

### **Visas**

People emigrating to the USA, Australia, New Zealand, or a number of other countries - whether they are working or retiring - may need to get a visa. Speaking to the relevant embassy in the UK is the most sensible course of action to find out what you might need, as they can tell you the type of visa you will need to get and any details on the latest fees you would need to pay to get one.

Many applications are now processed online, and it should be possible to click through to the relevant country's immigration department and fill in the relevant forms. However, you may not be able to do this for every country, so be prepared for some paperwork if this is the case for you.

It is important to be wary when you are searching the internet for information, as there are a number of companies that offer 'visa services' which could cost you more than going direct to the embassy and dealing with the application alone. For some people these services are worthwhile, but it is important to understand the costs involved before you sign up, especially as this will help you to determine whether the service is worth paying for.

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Make sure you are getting the right visa for your needs, because getting the wrong one could prevent you from achieving your aims when you arrive in your new home. If you need a work visa, get a work visa – not a visitor or student visa – as you may be turned away at the border if you have the wrong one. It should be simple to see what type of visa you need, but the embassy staff should help you if you cannot establish exactly what you need.

### **Employment**

Working abroad can mean a different set of paperwork, depending on how you are employed. For example, if you are employed in a country by a multinational company, a local employer, or you are going to try to find work when you get there, you may still require a visa. Checking the details for the country you are travelling to is essential to make sure you do not fall foul of the rules.

For British nationals travelling and working in Europe, there are no visa requirements as you have the right to live and work freely within the EU. If you are a non-EU national, different rules apply so you would need to check the requirements of each country.

Some jobs are forbidden to some people in certain countries, so it is vital to check in advance. For example, Saudi Arabia restricts the roles that women can take, and has previously passed a law which reserves 10% of all jobs for Saudi nationals to cut unemployment within the population.

So make sure you do your research before you make any financial outlay towards starting a new life abroad.

### **Health**

Certain countries will ask for health checks to be undertaken as part of your visa application to live there, and if you are found to have a condition which is listed as a particular concern, then the outcome will depend on the reason and length of your stay, and the type of job you were intending to do.

For example, Australia asks that you are tested for tuberculosis, HIV and hepatitis. If you have either HIV or hepatitis B or C you would be considered a “threat to public health” if you were working in the medical or dental profession, or your viral load was above a certain level, or there was a risk that your blood could come into contact with an open wound on a patient.

In other countries such as the United Arab Emirates, you would have to have a blood test when you apply for a residence visa, and you would be deported if found to have HIV, hepatitis B or C. Again, the rules vary dramatically so you should check thoroughly with the country you intend to live in before you go.



### **Healthcare**

Britons love to moan about the state of the NHS in the UK, but one thing is for sure – if you live in a country with no free-at-the-point-of-access care, it becomes clear just how good the NHS is for us. When you

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move abroad, you may not have access to a State-funded care system, so it is worth considering private medical insurance before you leave the UK, which may need to cover you and your family depending on your circumstances.

If you are likely to travel with your work through more than one country, it would be best to get a policy that is 'global' – so no matter where you are, you know your medical bills will be taken care of. This is vital, as being taken ill in America – one of the most expensive places to become poorly – could literally bankrupt you.

Insurers that can help with these needs are companies such as Allianz Worldwide Care, Bupa International, Aetna International, Aviva, and Healthcare International. It is vital to check the details of any policy carefully to check for any exclusions for pre-existing conditions, and to make sure the things that matter most to you are covered. If you have had a condition within a period of time – often five years but this can vary depending on the insurer – that particular condition may be excluded from cover until you have been clear for the required period.

Employers who are sending their employees overseas will often take care of your healthcare need for you as part of a relocation package, but do not assume this is the case. You should check that you and your family are covered on any policy, and negotiate a deal with them if this is not happening already. Remember though, this could have an impact on the amount of tax you pay.

### Getting a home



Buying a property – and being intent on buying property – is a very British thing to do, but to ensure you do not make a mistake when you buy your property overseas, it is probably worth renting a property for a period of time when you first arrive.

This gives you the freedom to check out the area that you think you want to live in permanently, and to spend time as a local understanding all of the good and bad points of the local area. For example, you may have not realised when spending time there on holiday that the crime rate is higher than you would like it to be, or that it can be very noisy at certain times of the year.

Renting gives you the freedom to move in the short term if you find that your dream destination is more of a nightmare. For some, renting might be a better long-term option than buying too, especially if you intend to spend five or six months of the year overseas, and the remainder back in

the UK. If you think about renting somewhere for, say, €1,000 a month and you were considering spending £100,000 buying a property, you could rent at that amount for 20 years for the same money as buying.

Of course, this would mean that you would not have a property at the end of the process to show for it, and if you were renting out the property as well you could generate an income for yourself while you were not living there. But you would not have to worry about getting an agent to take care of the property while you were not there, and you would also not be tied to the area. If you fancied going elsewhere for a change, you could. For some people, this would not even be a consideration, so it is best to go with what you feel most comfortable doing.

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Spending time searching for properties to see before you leave the UK will save time when you get there, and if you can set up meetings with local estate agents in advance as well, that will help to speed things up. Just like in the UK, first impressions count, so make sure you are presentable when you turn up for your first appointment and any viewings.

Also, it would be wise to rent out your property in the UK, if you have one, at least initially. No-one likes to think that something will go wrong, but you can never tell how you will feel about emigrating until you get there. If it is not for you, then by not selling your home in the UK you have a familiar place to return to.

### **Moving**

Dealing with an international move yourself is possible, but is likely to be fraught, so it is probably worth getting international moving specialists in to help you get your worldly goods overseas.

Many people will sell as much as they can before they go, which cuts down on transport costs and can free up money to use to replace items while you are settling in abroad. Taking pets abroad can be tricky – and costly – so make sure you check out any pet passport requirements your chosen country may have to ensure Fido does not spend longer than necessary in quarantine.

### **Transferring your funds overseas**

Once you have sold any items you do not want, such as your car, furniture and perhaps even your home in the UK, you will have a significant amount of money to start your new life with. To ensure you keep as much of it as possible, you should think carefully about the best way to transfer that money overseas.

Some banks will allow you to move money between accounts at no cost – it will depend on the type of account you have in most cases – but generally the banks will charge you very high fees to move money from one country to another. So you will need to do some research before moving your money.

Currency brokers can typically offer you better rates than you will get from the bank, and the costs are often much lower too. When you consider that a 4% boost to exchange rates – which is a typical amount compared to the bank exchange rates – on a £100,000 transfer is £4,000, the amount of money you could save is considerable.

A currency specialist can offer you services that you would find it hard to get at a bank, such as the ability to fix an exchange rate in advance so you are not at the mercy of currency fluctuations that could eat into your life savings.

Check the rates you would get with a number of specialists, such as HiFX, Caxton FX, Moneycorp and FairFX, and also with the banks to see where you will get the best exchange rate. Of course, you need to take the fees into account too, so be sure you identify all of the costs you face.





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### **Taking your pension**

If you are moving abroad to retire, you will need to consider what to do with your pension to make sure you keep as much of your income as possible.

The rules on how you can take your pension changed enormously in the UK in April this year, and pension freedom now means you can take as much or as little of your pension as you like at any time. The one caveat is that the first 25% of the pension amount you take is tax free, the remainder is taxed at your marginal tax rate. So if you are a 40% taxpayer, you would be taxed at 40%.



Bear in mind though, that if you took enough money from your pension to tip you into the 40% bracket for this year – as the taxman will consider the money you take is income – you will lose 40% rather than, say, the 20% you were expecting. This could prove costly, and you should take advice before you do this.

Moving your pension overseas via what is known as a Qualifying Recognised Overseas Pension Scheme (QROPS) used to be a very appealing prospect. But now the UK rules have changed, the need to use a QROPS has been reduced significantly, and HM Revenue & Customs is constantly changing the rules under which these work, which can make it very difficult for someone to meet the criteria. That is not to say they do not have their place – one particular benefit is that they allow you to have your pension paid in the same currency as you are paying your bills in – but again, you should take expert advice before you move your pension abroad. Making a mistake with this can result

in an extremely hefty tax charge, so do not take this decision lightly.

Some pension schemes will not allow you to move your pension overseas, including the unfunded public sector schemes used by teachers, nurses and Armed Forces personnel. Other schemes may be reluctant to allow you to move your pension because of their scheme rules. So this is also something to bear in mind. Also, just because you have the freedom to move your pension does not necessarily mean it is the best thing for you. The main risk to your income is currency risk when you are transferring money from one denomination to another, but again the currency brokers can help you reduce the risk you are taking with these transfers.

Your State pension will be paid to you when you are overseas, and that is impossible to move in any case, so you would need to deal with those payments separately to any other pension. One important consideration is that if you move to countries such as Canada, Australia or South Africa – among others – your State pension is frozen at the level it was when you left the UK. So it will not rise in line with inflation or earnings and will ultimately be worth less and less in real terms as the cost of living rises in your new home.

### **Tax and liabilities in the UK**

Once you have finally decided to make the move, you should let HM Revenue & Customs know that you are moving overseas, and also let the Department for Work and Pensions know too, as they will need to arrange to have your State pension paid to you when you are overseas. You should also try to clear as many of your debts as possible in the UK, as it helps to make a clean financial break.

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Tax is one of the most complicated elements of moving abroad, so to ensure you set up your affairs in the most tax-efficient way, you should speak to a tax specialist before you leave. Taking advice on how to deal with your investments, pensions or general financial position could result in you saving a lot of money. Leaving these elements to chance could be extremely damaging financially, especially as there are some countries that will impose a tax charge on the money you take into the country with you.

There are some things to be aware of that could benefit you considerably. For example, if you are in a PAYE job in the UK, and you leave part way through the tax year, then the chances are you will be due a rebate. Your UK tax liability in this case is split equally into 12 parts that you pay each month, and is based on being paid a full year's salary. If you only work six months, then you will have overpaid in each of those months, and the taxman should give you a rebate.

### **Enjoy it!**

There is plenty to think about when you emigrate, but it is a great adventure and you should most definitely enjoy yourself. Sorting out your affairs before you go as far as you can will give you and your family the best chance of a bright future.

