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UK

10 top financial tips for British expats returning to the UK





There's a lot to consider when you move back to the UK after living abroad.

Along with organising the physical move, there are the more complicated tasks of figuring out your tax and financial position. Because many financial planners and advisers in the UK don't understand the nuances of offshore products and investments, this can be more difficult.

Smart preparation now can help you avoid any nasty or expensive surprises in the future. So, read on for 10 financial tips to help you make a smooth return to the UK.



Specialist advice for British expats

Alexander Peter Wealth (UK) Ltd provides specialist advice to British expatriates and international employees living around the world.

Licensed and regulated in the UK, our financial planners have a wealth of experience in working with overseas clients. Many of our planners have been expats themselves and relocated back to the UK, so they understand the issues you may face.

We have advisers based in the UK, Europe, Australia, and the US.

Experienced in helping other clients like you, we can help you:

- Pay less tax
- Set up and re-establish your life in the UK
- Advise and assist you in transferring assets cross-border
- Reassure you that you remain on track to achieve your goals with regular cashflow updates
- Ensure you're on track to afford your desired lifestyle in retirement

- Protect your wealth for future generations
- Settle into your new home, safe in the knowledge that your assets are protected.

We are privately owned and totally independent. So, you can rest assured that you will receive the most appropriate recommendations from the open market.

Wherever you live in the world, get in touch for high-quality, regulated financial advice.

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1. Start planning ahead of your move

Moving is complicated at the best of times and moving from one country to another even more so. This means that the sooner you start planning the better.

From checking you and your family all have up-to-date passports to thinking about schooling and term times for your children, make sure you've thought things through and have a plan.

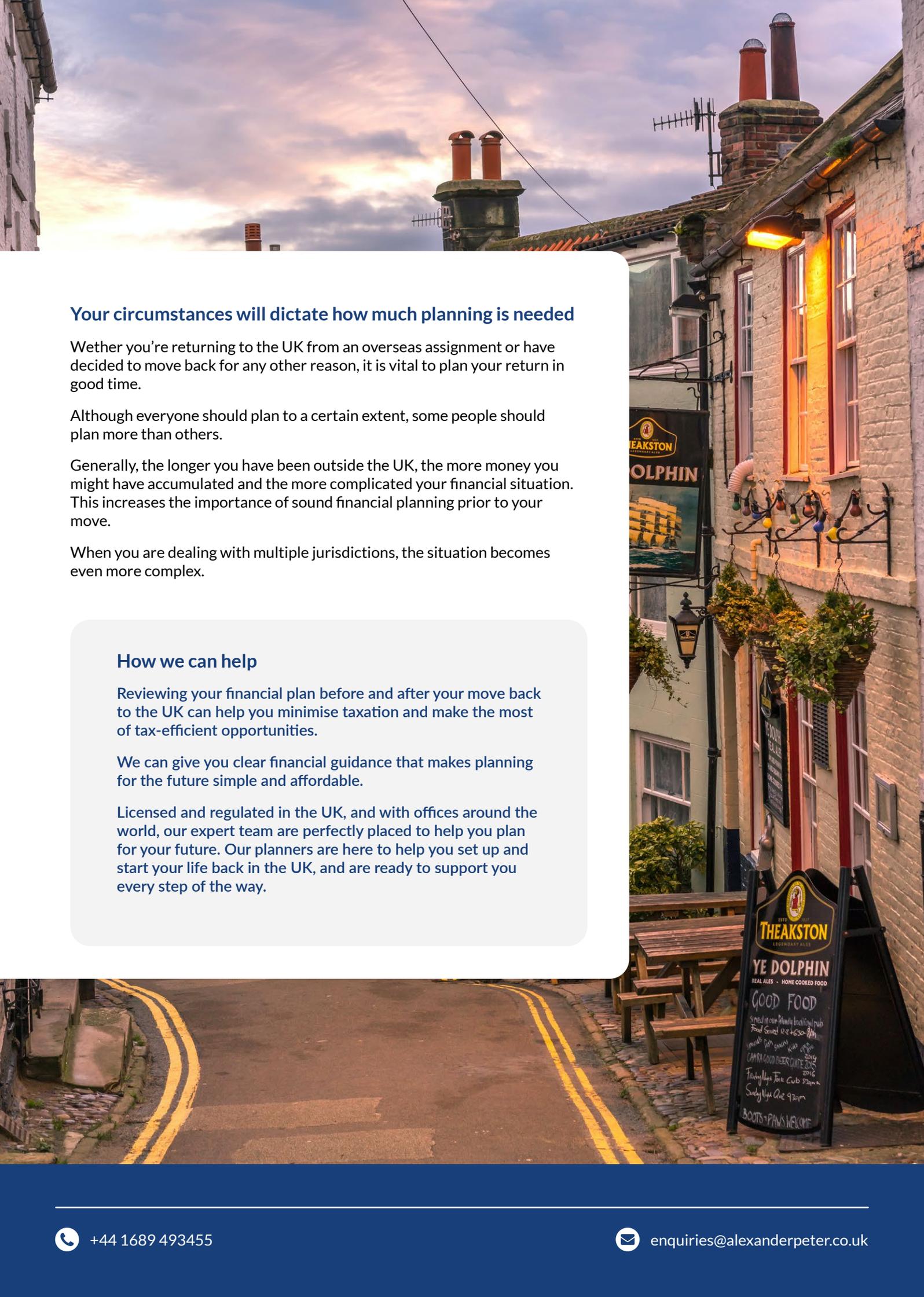
Before you return to the UK and become UK tax resident it is vital to ensure that any assets and structures you hold are UK tax-friendly.

Many of the assets that you may hold in an offshore structure, such as a portfolio bond and/or retirement accounts such as QROPS and SIPPs, could cause a tax headache with HMRC.

To avoid any nasty surprises from HMRC on your return, make sure you allow time to plan your finances before you move.

Reviewing your financial plan before and after you move back to the UK can help you minimise taxation and make the most of tax-efficient opportunities.





Your circumstances will dictate how much planning is needed

Whether you're returning to the UK from an overseas assignment or have decided to move back for any other reason, it is vital to plan your return in good time.

Although everyone should plan to a certain extent, some people should plan more than others.

Generally, the longer you have been outside the UK, the more money you might have accumulated and the more complicated your financial situation. This increases the importance of sound financial planning prior to your move.

When you are dealing with multiple jurisdictions, the situation becomes even more complex.

How we can help

Reviewing your financial plan before and after your move back to the UK can help you minimise taxation and make the most of tax-efficient opportunities.

We can give you clear financial guidance that makes planning for the future simple and affordable.

Licensed and regulated in the UK, and with offices around the world, our expert team are perfectly placed to help you plan for your future. Our planners are here to help you set up and start your life back in the UK, and are ready to support you every step of the way.



2. Manage your income and living expenses

Draw up a budget for expected income and outgoings.

Think about how much it will cost to exit any existing financial obligations you have in the country you're leaving.

Do you need to pay out an existing mobile phone or cable contract? Go over your regular direct debits and standing orders and make sure you cancel everything you can in good time to avoid having to pay unnecessarily.

While it may be impossible to plan for every eventuality, it's wise to have an idea of your expected monthly costs before you move. If you've been away from the UK for many years, do your research and figure out living costs for the area you expect to move to.

It may seem pedantic but think about the exact location you'll be moving to. Living in London will typically have higher living costs than a rural town.

Know how much you are likely to spend on accommodation costs (whether on rent or your mortgage payments), food, fuel, transport, and utility bills. And remember to factor in non-essentials such as entertainment, meals out, or weekend trips away to catch up with family and friends around the country.

Even if you have a job to return to, there may be a period when you aren't earning, so make sure you have enough money set aside to meet immediate expenses.

Having a sound budget will give you peace of mind and reassurance that you have the necessary funds to maintain the lifestyle you hope to enjoy when you return to the UK.

3. Check the tax situation on your investments

UK tax liabilities depend a great deal on your residency status. If you are an expat returning to the UK and have lived abroad for less than five consecutive tax years, you are usually likely to be considered a temporary non-resident by HMRC.

However, if you have lived overseas for more than five years, you will be subject to different tax rules regarding your income and capital gains.

If you've spent time visiting the UK while living overseas or start to have accommodation available in the UK before you actually return to the UK for good, you may find that you become a UK tax resident ahead of the date of your move.

The date you become a UK resident is crucial to your expat tax status and you need to be aware of the financial implications before fixing the date for your return.

You may not have the luxury of being able to choose the date of your return. But, wherever possible, you should start planning for your relocation a full tax year ahead of your move back to the UK.

To keep things simple, many financial planners and tax advisers recommend returning at the start of the tax year (6 April).

Make sure you are up to date with your filing obligations with HMRC and that you review all your financial interests, such as pensions, investments, accounts, and property.

Check the position of your investments

Depending on where you are moving from, if your investments have appreciated in value, you might want to consider selling them ahead of your move to realise gains before returning to the UK.

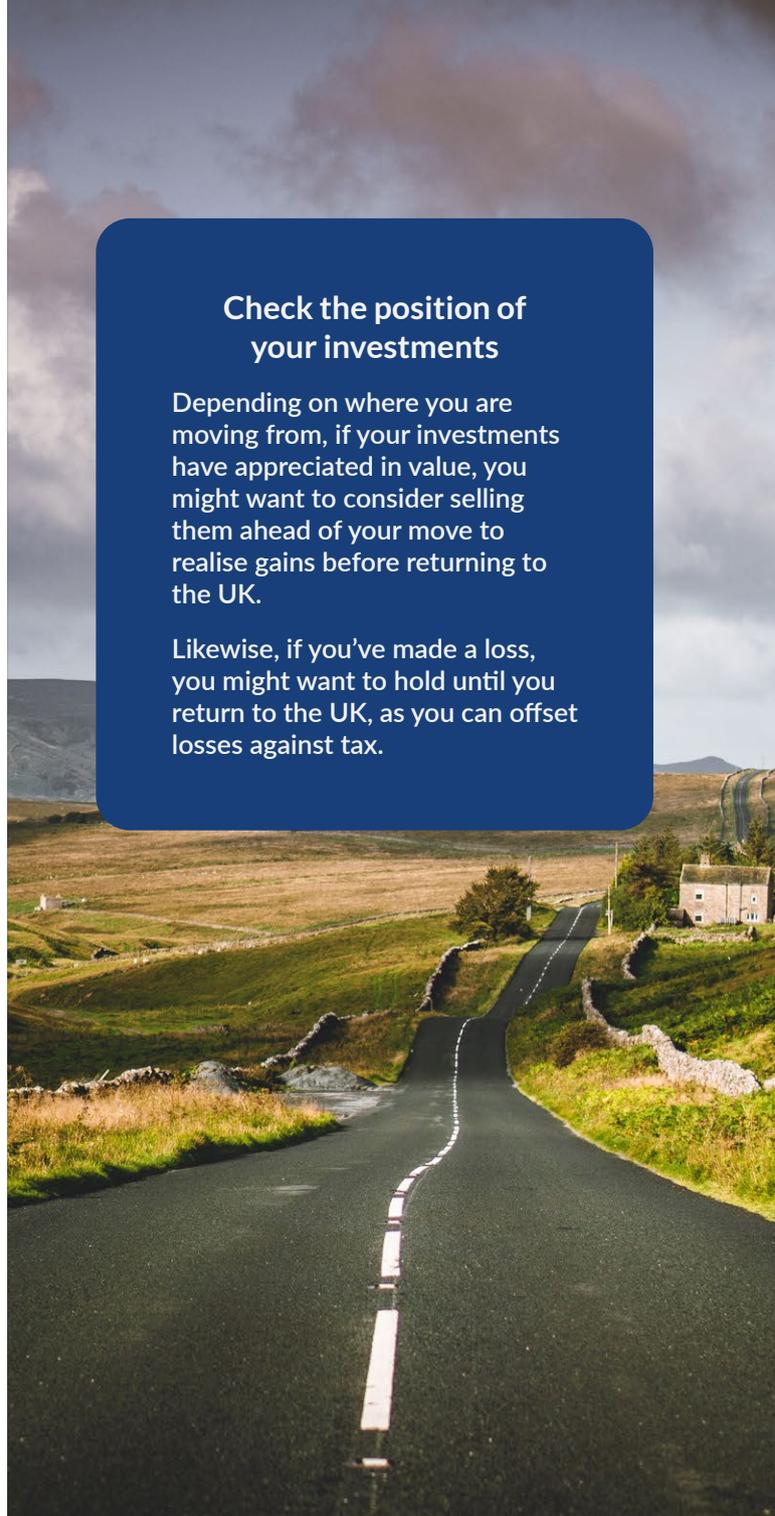
Likewise, if you've made a loss, you might want to hold until you return to the UK, as you can offset losses against tax.

How we can help

Getting the right advice is crucial to ensure you don't fall foul of the more complex investment rules or end up paying unnecessary tax.

Many of the assets that you may hold in an offshore structure, such as a portfolio bond and/or retirement accounts such as QROPS and SIPPs, could cause a tax headache with HMRC.

We can help you understand your full financial picture and plan for your return to the UK. This will allow you to return with confidence, knowing that your wealth will be protected and managed effectively with tax-efficient solutions designed for your new life back in the UK.



4. Consider what to do with your overseas pension funds



If you've been contributing to a pension in the country you're leaving, we can help you figure out the best approach to consolidating your pensions. We can also ensure that your retirement savings are invested according to your objectives and tolerance for risk.

It is possible to transfer an overseas pension scheme into a registered UK pension scheme. However, this depends on the terms of the pension scheme you want to transfer into.

You may struggle to find a pension provider willing to accept the transfer. In situations where money is arriving from another country, the pension provider is likely to need to carry out anti-money laundering checks to verify the source of the funds being transferred.

If you have already started drawing on your pension while living overseas, this may add extra complications as you'll need to find a UK provider willing to accept the transfer and continue the payments in the UK.

If you have a qualifying recognised overseas pensions scheme (QROPS), you must inform the QROPS provider when you return to the UK. If you transfer your funds or take benefits from your QROPS, the scheme itself must report payments to HMRC, regardless of how long you were a non-UK resident.

Already started drawing an income from a pension scheme? If so, you will be liable to UK Income Tax once you return to Britain. This is true whether you have a UK-registered pension scheme such as a SIPP, or if it's a QROPS.

We will help you ensure that the income you draw from your pension, and any other assets, is done tax-efficiently.

You may have a variety of options, but if you don't seek advice before you return to the UK, you could limit your choices.

We can help you understand all your options

Pensions and retirement planning can be complicated. If you have retirement savings in two countries, it's vital that you're aware of the different rules and regulations that apply to how and when you can take the money.

Talk to one of our expert planners to discuss your situation in detail. They will help you explore all your options and establish steps you should take to protect your retirement savings and help you understand the amount of money you'll need to enjoy the retirement you desire.

Whatever your financial objectives, Alexander Peter can help you plan to meet these goals.

We will use sophisticated cashflow modelling to project your income and expenses into the future. Of course, to give you a realistic measure, we'll also consider the moving parts such as inflation, taxation, and life expectancy. This will help you get a more accurate picture of what lies ahead and build a robust financial plan to help you work towards everything you hope to achieve.

Regular cashflow updates will help provide reassurance that you remain on track to achieve your goals.

A pension is a long-term investment. The fund value may fluctuate and can go down, which would have an impact on the level of pension benefits available. Your pension income could also be affected by the interest rates at the time you take your benefits.



5. Decide whether to keep or sell your overseas property

When returning to the UK, you'll need to decide whether to keep or sell your home abroad.

If you decide to sell, the prospect of having to organise the sale of your overseas property can seem daunting. Take time to find a good agent to manage this for you. This is particularly useful if you'll be returning to the UK before a sale is complete.

The same applies if you decide to keep the property and rent it out. A good agent will help relieve the burden and worry of having to organise things yourself.

As well as getting a good estate agent, you should also engage an independent solicitor or lawyer. Should you end up leaving the country before you've managed to sell your property, you'll have peace of mind that you've left the legal matters with someone who is used to handling them.

Remember to pay your taxes

If you sell your overseas property for more than you bought it, you may need to pay Capital Gains Tax (CGT).

Some countries, such as Spain, will withhold a proportion of the sale money until they have determined your tax position.

If you are charged this tax both in the UK and in the country your property was located, you may be able to claim "double tax relief". Because the rules vary from country to country, it's wise to seek professional advice.

We can help you understand the full picture. Licensed and regulated in the UK, many of our financial planners have been expats themselves and relocated back to the UK, so they understand the issues you may face and can help you plan accordingly.



6. Know where you're returning to

Plan where you'll be living when you return to the UK.

If you have a property you're moving back to, ensure it is empty and in a decent state to return to. If you don't have a property to return to, decide where you want to live and line something up before you arrive back in the UK.

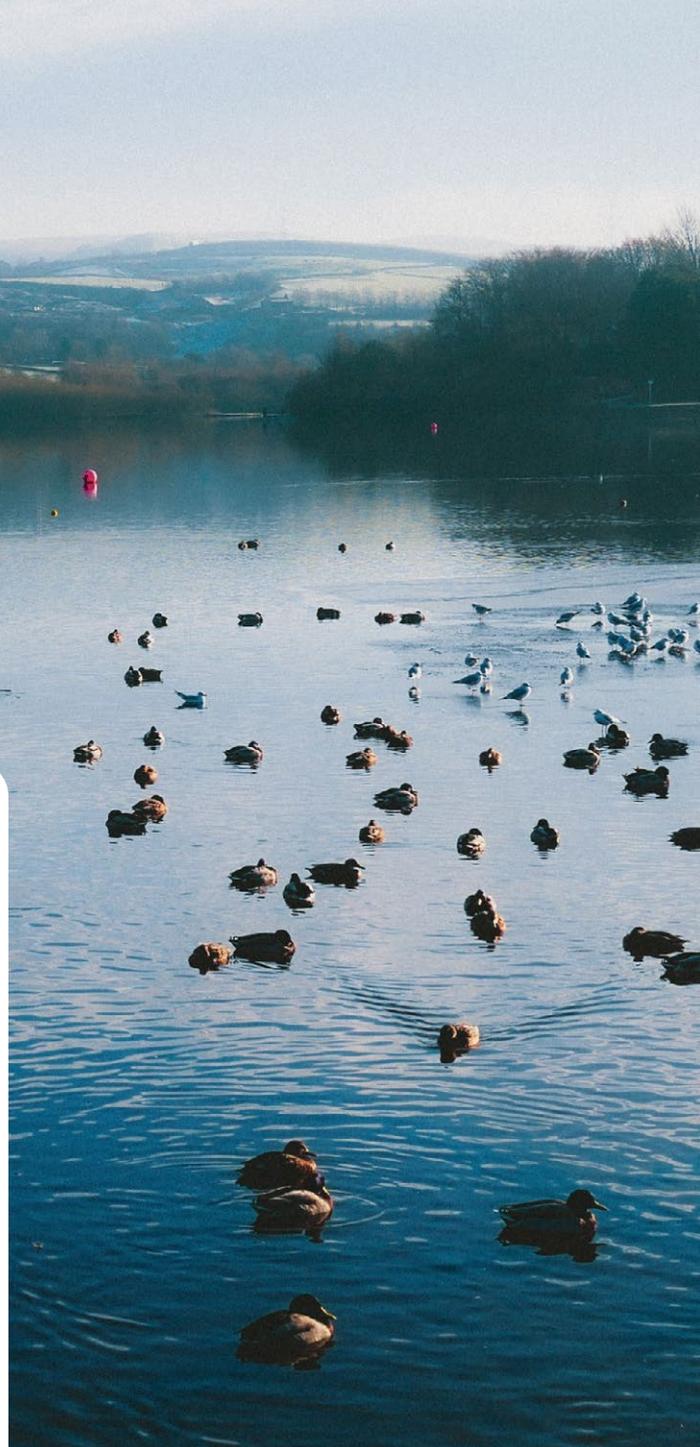
If you've been away from the UK for a long time, things may have changed significantly when it comes to getting a rental contract or a mortgage.

Unless you know someone you can live with for a short while or you've retained a property in Britain, chances are you'll need to rent somewhere to live when you arrive back on British soil.

Most letting agents require references from previous landlords. They will also run a credit check before allowing you to rent a property. Many returning expats fall at each of these hurdles.

You may not have up-to-date references and your UK credit history may not reflect your current or recent earnings. If you're returning to a job this can help, as it will allow you to show proof of earnings, a contract, and a reference from your employer.

If you're buying a UK property after living abroad, to avoid any money laundering legislation, you'll need to prove where your funds are coming from.



Organise your living arrangements early

Start sorting out your accommodation well in advance of your return.

These things always take far longer than expected.



7. Make sure you have the right protection in place

Good financial planning includes taking steps to protect yourself and your family against the unexpected.

It is important to review your personal protection plans regularly. Moving back to the UK is a big life event, so it's sensible to take a good look at what cover you have in place and what you might need to make sure you and your family will be financially protected, should the worst happen.

For general insurance, check price comparison sites and factor costs of car insurance and home insurance into your household budget.

To protect your long-term wealth in the event of ill health, talk to an experienced planner for advice on income protection insurance, health insurance, and critical illness cover.

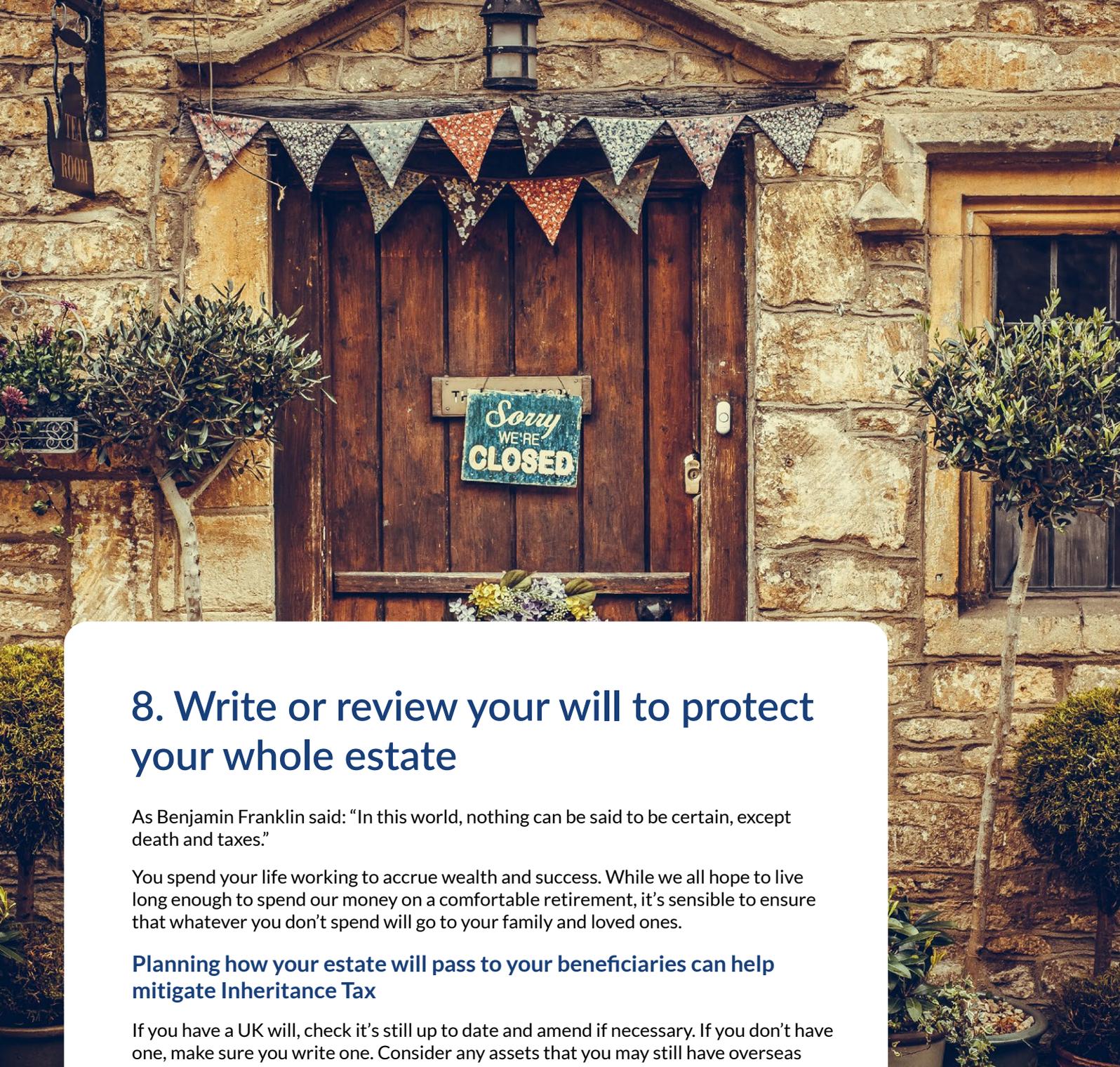
Policies and the cost of premiums can vary greatly between providers. We can help by making sure you get the cover you need at the right price.

Many people choose to have life insurance as it offers valuable financial security for your family if you die.

By providing a cash safety net to help your family keep paying the bills, life insurance can help remove the burden of money worries at a difficult time.

Remember to pay particular attention to your life insurance

Your costs and expenses may change significantly when you move back to the UK and it's important to ensure that your family will be able to cover living costs if you're no longer around to support them financially.



8. Write or review your will to protect your whole estate

As Benjamin Franklin said: "In this world, nothing can be said to be certain, except death and taxes."

You spend your life working to accrue wealth and success. While we all hope to live long enough to spend our money on a comfortable retirement, it's sensible to ensure that whatever you don't spend will go to your family and loved ones.

Planning how your estate will pass to your beneficiaries can help mitigate Inheritance Tax

If you have a UK will, check it's still up to date and amend if necessary. If you don't have one, make sure you write one. Consider any assets that you may still have overseas and make sure these are accounted for.

Different jurisdictions will have different ways of managing your assets on your death. To protect all your assets, you may need separate wills. Two wills will ensure your loved ones are protected and your assets are distributed according to your wishes.

We can help you figure out the best approach to consolidating your pensions and ensure that your retirement savings are invested according to your objectives and tolerance for risk.

If you have more than one UK pension, you can consolidate them into a single self-invested personal pension (SIPP). This could mean less admin and reducing the fees you're paying.

It's important to plan ahead to make sure your money is protected, ends up in the right hands as quickly as possible, and avoids unnecessary taxes on the way.

How we can help

We can help ensure that your savings and investments are set up properly, helping to reduce the chances of your estate being eroded by taxes.

Fully licensed and regulated in the UK, Europe, Australia, and the US we can help with the decision-making and practicalities of all your estate planning needs, taking UK and international tax rules into account.

The right structure can also help make probate smoother and ensure that assets are passed on to your beneficiaries as quickly as possible and with relative ease.

The Financial Conduct Authority does not regulate estate planning, tax planning or will writing.



9. Get the right expert help

As you will have gathered, there's a lot to think about when returning to the UK.

It's wise to work with a professional financial planner experienced in advising clients in the UK and the country you are leaving. You should also consider seeking help from a tax specialist and currency exchange expert.

A tax adviser will help you protect your wealth from taxes that might arise when moving your assets between countries. Wherever possible, it's helpful to return to the UK at the start of a tax year, as the clear demarcation will make things simpler to manage.

If you're moving significant sums of money between countries, the exchange rate can make a big difference. So, when moving substantial sums between countries, it's sensible to do so with advice from someone who specialises in currency exchange.

A currency exchange specialist can use a series of instruments to ensure you're getting the best possible rate.



10. Talk to an experienced financial planner

Alexander Peter Wealth (UK) Ltd provide specialist advice to British expats and international employees living around the world. We provide tax-efficient and tax-compliant solutions for those who have found a new home overseas and those returning to the UK.

With so much to consider, it's important that you work with someone who understands the financial systems in both the UK and the country you're leaving. Getting the right advice is crucial to ensure you don't fall foul of the more complex investment rules or end up paying unnecessary tax.

We'll help you take advantage of the opportunities and avoid the threats

We can give you clear financial guidance that makes planning for the future simple and affordable.

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The value of your investment can go down as well as up and you may not get back the full amount you invested. Past performance is not a reliable indicator of future performance.

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