

## Your 2020 New Year Resolutions...



Here are some financial resolutions to help with the 'prosperous' part of 'Have a Happy, Healthy and Prosperous New Year in 2020'.

Here we are - It's the New Year again...

The festive season is behind us and there is a good chance there is a new gym membership or weight-loss plan high on your list of priorities.

But maybe now is the time to take a look at your finances as well?

Let's go through some practical New Year resolution steps for 2020...

## Open an offshore bank account...



Many expats frequently move from country to country, for business trips, or to new postings.

Setting up yet another local bank account, and transferring cash from country to country can be inconvenient, to say the least.

By opening an offshore bank account, you can ensure ease of access to your cash, wherever you are in the world, as well as holding the hard currency of your choice (not always available in your country of residence).

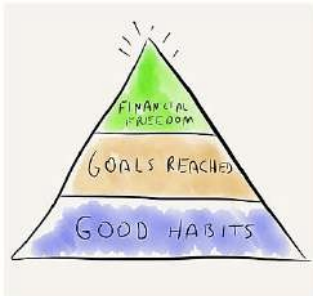
It may also be possible to mitigate some tax liabilities, as well as avoid the European Bank Restructuring and Resolution Directive of 2014 and similar legislation in other on-shore jurisdictions.

## Set up an emergency fund...

We never quite know when the routine of everyday life may change. Unexpected things happen all the time.

This can be even more difficult to cope with for those of us who reside outside the protection and comfort of our home countries. Even millionaire sports and film stars need financial planning, and should have '*setting some cash aside*' as a priority on their financial 'to do' list. This cash should be enough for several months' living expenses and kept as cash in an offshore bank account .

## Set financial goals...



What are your plans for the future?

Deciding on your life plans should be a fun enjoyable exercise, but the old adage 'If you don't plan to get somewhere, you're not likely to arrive' is so very true.

Try to develop your ideas and dreams, so they become real, achievable goals.

The American actress, Lily Tomlin said, 'I always wanted to be somebody, but now I realize I should have been more specific'.

The more defined, specific and clear your dreams are, the better the chance of achieving them.

A good financial consultant will help you set specific, quantifiable financial goals, with clear plans and methods to ensure you achieve your life dreams.

## Make a Will...

Writing a Will (or reviewing an existing one) should be on everybody's 'to-do' list.

Having a Will is important if you want to take care of your loved ones, particularly in cases where there are ex-spouses and children from previous marriages. Do make sure you consider any life changes, and update or rewrite your will accordingly.

Failing to write a will can leave families in chaos, financial hardship and distress at the worst possible time. Expats might want to consider writing a separate will for every country in which they have assets.

## Review your spending...

It happens to most of us from time to time- we seem to have spent much more than we thought.

The New Year is as good a time as any to take a close and critical look at spending. As expats, we may live in countries where some everyday items are more expensive than we are used to, whilst others are much cheaper. Add into the mix different currencies, international business trips and a lively social life, and it is very easy to lose track of spending.

Take the time to assess your spending, consider increasing regular savings or pension plans to take full advantage of your expat income, or work out how much you should be setting aside for your other life goals.

## Pay off debt...



The modern world sometimes seems to be all about debt- credit cards, store cards, car loans, mortgages.

There is nothing wrong in using any of these facilities, but it is very easy to get carried away.

Take the time to find out what interest rates you are paying, and consider paying off or consolidating, starting with the higher interest debts. Try to use cash or a debit card, rather than the credit card, for purchases.

Investigate options for remortgaging for a lower interest /fixed rate product if possible. Interest rates are low, but are very likely to rise over the next 12 to 24 months, as central banks start to increase base rates.

The inappropriate use of debt is the quickest way to risk your financial security, so reduce your exposure as much as possible.

## Enjoy saving excess cash...

This sounds crazy at first - (what is there to enjoy about the dusty, tedious topic of financial planning?)

But once you start making regular savings, it can actually become enjoyable and this is an important factor in planning for your future.

## Review your investments & refine your portfolio strategy...

Many people invest with no real structure or aim in mind, and really need a framework and context for making informed investment decisions.

This tends to lead to the common mistakes of making decisions based on short-term emotions.

**Being recklessly conservative.** Fear of market volatility means that for some, there is safety in cash deposits, but with interest rates below inflation, capital will quickly lose value.

**Having too big a holding in one stock.** Liking a particular stock is fine, but do not put all of your eggs in one basket. It can be an easy decision to keep buying into your favourite company, especially if it also happens to be your employer, and you are accruing shares as bonuses or share -save schemes. Please review, rebalance and diversify.

**Reacting to media.** These days, there are 24-hour financial news channels making a living by airing “tradeable” information. It is not reasonable to even try to keep up. The key is to sift valuable information out of all the noise. Successful investors gather information from several independent sources and conduct their own research and analysis. Relying on the news as your source of investment analysis is a common investor mistake because by the time the information is aired, it has already been factored into market pricing.

**Chasing past performance.** When a stock market is earning double digits, it’s tempting to want to be more adventurous. Equally, when the market eventually declines, it can be even more tempting to sell everything and stop the pain. All investments tend to go in cycles and this approach will automatically encourage you to buy near the peak and sell closer to the bottom. Exactly the opposite of what you know you need to do (buy low and sell high).

Do yourself a favour and take time to discuss an investment strategy with a competent financial adviser.

## Take a hard look at your retirement plans...



With people living longer; and around the world, state benefits providing ever less retirement income, everybody needs to plan for their own retirement.

Retirement planning for expats need not be as difficult as it sounds.

Membership of your employers retirement or pension plan can be one of the best deals for you, and there may be tax deferring opportunities and employer contributions to enhance the deal.

But you still need to know if this is sufficient, or do you need to do more to ensure your comfortable retirement?

There are many other tax-advantaged investment options if you have no employer scheme, or need to improve on what your company scheme provides.

This may also be an ideal time to assess and consolidate all those pension plans you arranged in the past.

## Review your life insurance...

If you have a family to consider, mortgage or loans, or business commitments, it is important to ensure your life cover is adequate.

Consider the ongoing cost of school fees and the other costs of raising your children, how a mortgage might be paid, or how your business would survive on your demise.

Also look at existing cover - How much will your employers insurance really pay, and will it be paid to your family? Do your existing policies in your home country still provide cover in your country of residence? Are these plans in trust, or are beneficiaries nominated? Are there inheritance or other taxes to be paid on the death benefit, which could reduce the benefits substantially?

## Get advice when you need it...



These days, with so many financial articles and comments written on web sites and expat blogs, it is tempting to assume you can get all the advice you need from them.

Don't because this is opinion, ideas, guidance, and thoughts. Some are misleading. Some are very well-written, valid, interesting and thought-provoking, but it is not personalised advice.

The complexity and sophistication of financial products has increased immensely in recent years, and changing tax legislation can have a profound impact on financial decisions.

This is particularly deceptive when the changes are in your home country but you are an expat. You may not even be aware of the new legislation, or if you are, then its impact may be more significant for you than you realise.

Where you can deal with your finances yourself, do so, but do not be shy about asking for professional advice when you need it.

## Streamline your financial affairs...

Make sure you keep good records and sort out your financial documents and statements.

Be prepared to throw away the ones that are no longer needed, and file the remainder in order.

Make your financial life as simple and easy to manage, and you're more likely to keep up with it.

Make an effort to change bad personal financial habits, focus on some good ones of your own and create your own financial security with these New Year's resolution ideas.

***The Strategic Expat wishes you all the best for a happy, healthy and prosperous 2020!***