



Australian Living Abroad

Tax-Free Savings Plans
For Australian Expats



Get Your Ducks In A Row

As an Australian living overseas, it is likely you are in the enviable position of enjoying a higher income and paying lower taxes, if any tax at all. However, if you intend to return home at some point, there are some very important things you need to do before you return or you risk potentially losing thousands of dollars in unnecessary taxes upon your return.





As international financial planning experts, we spend our time sourcing products that exist specifically to aid Australian expats who intend to repatriate at some time in the future.

There are many investment vehicles available to Australians. Finding the right one can be tricky and to establish the right product for you in a e-guide like this is impossible. However, we can tell you this; you will pay more tax if you don't speak to a financial planner than if you do. In fact, if you speak to a Skybound advisor now, you will not pay any tax that you don't need to.

Saving Offshore Is Less Taxing

Significant changes to the tax system mean that non-resident Australian nationals now have the power to build their wealth offshore in an environment similar to that of a Superannuation scheme. Essentially this means they will pay no tax on their accumulated wealth when they return home. However, whilst Superannuation schemes only allow concessional contributions up to AUS \$27,500 annually, with this solution there is no maximum amount you can invest, making this a great way of creating a tax-free income later in life.

There is of course no such thing as a free lunch, but to enjoy these fantastic benefits all you have to do is hold your investment for **10 years**.

There are still a number of benefits if you are unable to wait 10 years (more information can be found in the technical section of this guide) but let's face it, 10 years isn't a long time in the world of investments and retirement planning.





No FAF-ing About

The Foreign Accumulation Fund (FAF) replaced the existing FIF rules, as a result, offshore investments are now treated in the same way as their domestic counterparts. For expats, this presented an opportunity to improve the tax efficiency of their investments using offshore investment linked insurance bonds.

Being able to consider offshore investments means you have a wider choice, this in turn allows for the potential to achieve greater returns on your investment.





You don't even need to be outside of Australia for 10 years.

In fact, you can return home at any point during that time. To take advantage of this fantastic opportunity all you need to do is open your investment account now whilst you are an international worker. You can even continue making contributions when you are back on home shores.

The Basics:

- You must start the plan from outside Australia.
- You can carry on contributing, even if becoming resident in Australia in future.
- As your investments grow, year on year, there is no tax reporting requirement and no capital gains liability.
- Before ten years, you can access funds if you wish, but will pay income tax (if resident in Australia).
- After ten years, there is no tax to pay on withdrawals. You can take out lump sums, or pay yourself a tax-free income – even if resident in Australia.
- When investing into the plan or product, each year you should not increase your savings by more 25% over the year before, otherwise the ten-year clock starts again.

Just as with your Superannuation fund, this tax efficient solution can be used for a range of financial goals such as estate planning, or saving for your children's education fees. Another benefit of this product is its portability. As an expat it's quite likely that you will move throughout your career. As such your investments need to be able to move with you and be restructured to take advantage of regional regulation.

Case Study

Bill is 48 and has been living in Indonesia for the last five years. He plans to return home in two years' time and continue working until he turns 58. Whilst working overseas he has accumulated \$300,000 in savings.

By opening a tax-friendly investment vehicle, created for Australian expats who intend to return home to retire now, Bill will be able access all his initial investment, plus any gains completely tax free by the time he turns 58.

Early Settlement

If a policy is held for less than 10 complete years and the policy has made an investment gain then:

- 100% of the gain is assessable if taken before the policy has been held for eight complete years.
- 2/3rds of gain is assessable if it is received before the policy has been held for nine complete years.
- 1/3rd of gain is assessable if received before the policy has been held for ten complete years.

For Example

A policy holder returns to Australia and fully surrenders all policies and makes a gain of AUS \$60,000.

If the policies were owned for:

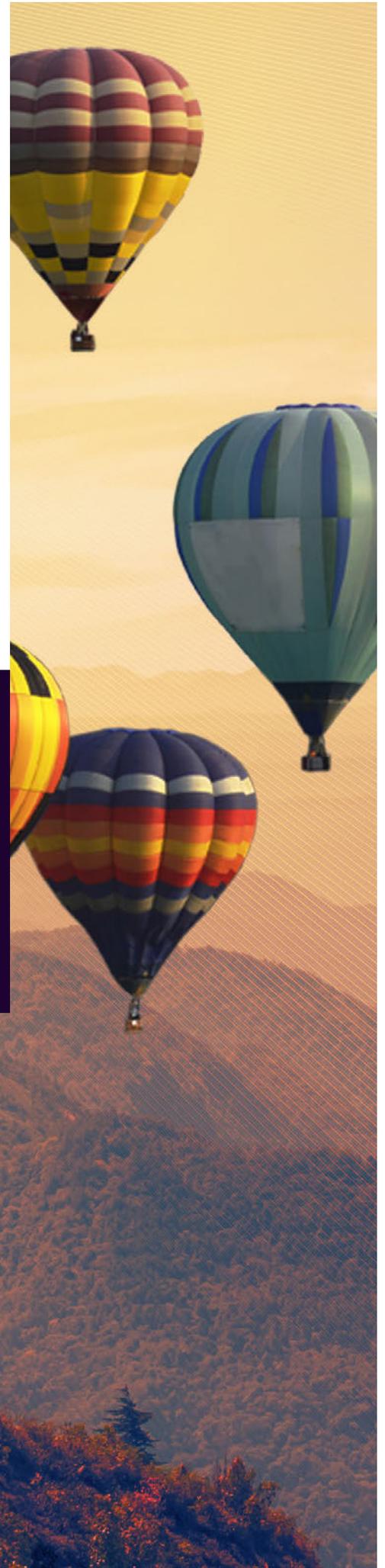
Less than 8 complete years	AUS \$60,000 is included in assessable income
Less than 9 complete years	AUS \$40,000 is included in assessable income
Less than 10 complete years	AUS \$20,000 is included in assessable income

Earning Your Money Is Your Job, How You Grow And Protect It Is Ours

And as global financial planning experts, we are always looking for ways to ensure you are able to keep more of your money.

Skybound Wealth Management is part of a group of several organisations, each of which is regulated in the respective jurisdictions where they are based.

Speak to a Skybound advisor to find out how you can use your international status to protect and grow your wealth in the most tax efficient way possible.





Securing Your Future.

Wherever You Are Today.

We exist to educate and guide you through the important decisions required today, to ensure you benefit from the freedom of tomorrow.

