



Exporting advice to expatriates

There are more than 1 million Australian expatriates earning high incomes, paying lower rates of tax, accumulating substantial savings and willing to pay fees for quality advice and support, and who, in my opinion, are not very well served by our local financial services industry. Would you be interested in finding them?

Just think about it. You're working for a multinational company in Australia, paid well, but after paying off the mortgage, school fees, holidays and housekeeping, you're not left with very much at all. You certainly don't think about making any investments. But then your company posts you to Hong Kong and provides you with a generous expatriate package, including a higher salary, housing, school fees and a range of other benefits. Now you've got money literally burning in your pocket. You've never had so much disposable cash. You're sitting in a bar thinking about how you're going to invest it all when you're introduced to a local financial planner. He seems like a good chap, trustworthy, knowledgeable, articulate, successful. Before you've had a chance to think about it very much, you're giving him all your money to invest, not just the money you've accumulated so far, but future savings as well. It's only when you get back to Australia you realise you might have been a bit hasty in deciding who you should trust with your best chance of supercharging your long-term savings plan.

This is a very common scenario, as many Australian-based planners will tell you, having been through the heartache and pain of trying to unravel some of the offshore arrangements sold to expatriates who haven't enjoyed the protection, transparency and regulatory environment we are used to in Australia. Wouldn't it be better if the local industry could get to these people first, before they leave, and help them develop a plan to maximise their savings and investment capability during their time overseas? To make sure that, when they come back, they are substantially better off?

Australian expatriates are a very attractive market segment for financial planners. Consider some of the following:

- In most cases, Australian expatriates have to be well compensated to give up their first-class lifestyle in Australia and move to another country. In some Asian countries, for example, this can lead to a significant increase to their basic remuneration;
- Moving from a high-tax country like Australia to a country that imposes lower rates of tax on salary

and, in the case of most Asian countries, only locally-sourced income (excluding capital gains and/or offshore investments) provides expatriates with a significant opportunity to accumulate substantial wealth at a significant rate;

- Many expatriates are provided with suitable accommodation as part of their remuneration package, which allows them to rent out the family home in Australia, creating opportunities to pay off their mortgage faster or negatively gear into new investments; and
- Unlike some other nationalities, a very high percentage of Australians eventually return to Australia, no matter how much they enjoy their time overseas. Having met many Australians living overseas, it is very rare you meet one who isn't yearning to return one day. This means they have to be thinking about accumulating their wealth to invest and spend in Australia one day.

What's needed is a concerted effort by the industry to educate Australian expatriates, and the companies, stakeholders and other service providers that serve them, about the benefits of tapping into the wealth of knowledge, experience and expertise that exists in Australia's financial planning industry, not to mention the extra protection provided through our regulatory regime, to help them take full advantage of their time overseas for long-term wealth creation and protection.

If this is an area that interests you, start building your connections with any of the following groups:

- The international human resource management departments of Australian multinational companies, which often become the most important link to home for many Australian expatriates;
- The international tax departments of the large and medium-sized accounting firms, which provide tax (but not usually investment) advice to expatriates, and take responsibility for the completion of the Australian tax return for Australians living overseas who retain assets, or derive income, back in Australia, will also be a useful source of technical knowledge and support;
- The large and growing area of providers of advice and services to Australians moving to and from Australia, for example, relocation agents, removalists, recruitment agencies, cross-cultural trainers, language teachers, migration agents and human resource consultants; and
- Australian trade, business, social groups and networks around the world. □

In most cases, Australian expatriates have to be well compensated to give up their first-class lifestyle in Australia and move to another country. In some Asian countries, for example, this can lead to a significant increase to their basic remuneration.