Relocate to the USA – Guide to Financial Planning for no US Citizens

Those living (or soon to be living) in the United States on a green card or U.S employment visa face many financial, tax and legal issues that average American citizens do not. Unfamiliarity with the U.S. tax and legal environment often leads to poor long-term financial planning decisions and costly mistakes. To make cross-border financial matters more complicated, investors must now confront new international tax laws. This includes the U.S. Foreign Account Tax Compliance Act (FATCA) law and the Organisation for Economic Co-operation and Development Common Reporting Standard (CRS). Both laws present opportunities and pitfalls when it comes to cross-border financial planning.

Moving to the United States is a great opportunity to advance a career and build long-term wealth. With the proper advice and foresight, many costly mistakes can be avoided by using an advisor who focuses on financial planning for international clients. This guide outlines some key cross-border financial planning elements for foreign nationals living and investing in the United States.

U.S. Income Tax Residency and U.S. Immigration Status

The tax and immigration systems of the United States are closely linked. Many immigrants enter the United States initially on employment visas (H-1B, O-1, E-3, TN, etc.). Oftentimes, they eventually seek out a green card (permanent U.S. residency) or U.S. citizenship. For U.S. tax purposes, time spent physically in the United States is more important in most cases than the specific visa type.

There are two main ways to become a U.S. tax resident for income tax purposes. The first way is to become a legal permanent resident, which is also known as obtaining a green card. The second way is called the substantial presence test. If an individual meets the requirements for either of these two options, they will be treated as a U.S. tax resident and subject to U.S. income taxes on worldwide income and assets.

Substantial Presence Test

The substantial presence test is the most common way for a recent immigrant to become U.S. taxable. An individual is considered a U.S. tax resident if they are in the United States 31 days during the current year and for a total of 183 days during a 3-year period including the current year and the two prior years. The 183-day calculation includes all days in the current year, 1/3 of the days in a prior year, and 1/6 of the days in the year before. This complicated equation is important to understand as it will form the basis of when an immigrant to the United States is first liable for U.S. income tax.

Permanent Residency (Green Card)

Receiving a green card and using it to enter the United States is another way to become U.S. taxable. There is oftentimes no difference in U.S. taxation between receiving a green card and staying in the United States on an employment visa (G-4 visa holders are unique). However, there can be some major differences upon leaving (which is discussed later in the expatriation section). One advantage to obtaining a green card is increased flexibility to change employers, as a green card is not linked to any specific employer. U.S. immigrants should consider which immigration option is best for them long term. Applying for a

green card right away is not always the best option and may limit an individual upon leaving the United States.

Worldwide Taxation: U.S. Tax Reporting of Foreign Investments

The U.S. income tax system is more complex than most other country's tax systems. This is especially true when it comes to reporting foreign income or assets. The United States taxes its citizens and residents on their worldwide income. Similarly, all U.S. citizens and individuals domiciled in the United States are subject to U.S. estate and gift taxation on their worldwide assets. As described above, if any of the U.S. tax residency tests are triggered, full income tax reporting of all worldwide financial assets is required. Below are some common areas in which U.S. taxable individuals encounter complexity with foreign assets and investments.

Foreign Mutual Funds or Passive Foreign Investment Companies

Misreporting ownership of a foreign mutual fund is a common and costly mistake made by many foreign nationals who are U.S. taxable. Passive foreign investment companies (PFICs) are "pooled investments" registered outside of the United States. Pooled investments include foreign mutual funds, exchange-traded funds, money market funds, hedge funds and investments within non-U.S. insurance products. Almost any foreign-listed investment product other than direct ownership of stocks and bonds is likely to be classified as a PFIC by the Internal Revenue Service (IRS) and may be punitively taxed.

The best advice for most individuals who own PFIC investments is to sell these funds as soon as possible. However, this is not always possible for certain investments or strategies. There may be pre-immigration planning techniques that can lessen the tax impact of owning PFICs during U.S. residency (see section on pre-immigration planning). Rather than using non-U.S. investment products, investing in U.S.-domiciled funds through a U.S. brokerage company is the preferred way for U.S. taxpayers to save and build wealth. In many

circumstances, this also remains an appropriate way to hold investments upon leaving the United States. Foreign nationals in the United States should carefully examine their investment holdings to ensure they are compliant with U.S. tax laws.

Non-U.S. Pensions and Foreign Retirement Plans

Many individuals moving to the United States own legacy, non-U.S. pension plans and non-U.S. retirement accounts. Some common foreign pension plans include:

- Canadian registered retirement savings plans and registered retirement income funds
- Australian superannuation
- U.K. employer-sponsored pension schemes and self-invested personal pensions
- Hong Kong mandatory provident fund
- Swiss pillar pension system (pillar 2 & 3)
- Singapore Central Provident Fund

Individuals with these accounts may have not thought much about the potential U.S. tax consequences and special IRS reporting requirements. The United States has tax treaties with many countries that allow growth to remain tax-deferred as well as provide other tax benefits. However, many foreign pensions do not receive favorable tax treatment under U.S. tax laws and special tax reporting is required. An expert cross-border accountant will be able to make these determinations and report the foreign pension accounts properly on a U.S. tax return. Careful attention is required if an individual makes withdrawals during their time while a resident in the United States. Generally, contributions to a non-U.S. pension plan should not be made while living in the United States.

Foreign Trusts and U.S. Trust Structures

The United States imposes a very complex set of income tax and reporting rules applicable to foreign trusts and to U.S. trusts that become foreign trusts. If an individual is a beneficiary, trustee or grantor of a trust, a change in tax jurisdiction can have a significant effect on the tax exposure. Many trust structures do not travel well across international borders. It is vital to seek

professional advice in this area, preferably before immigration to the United States. A trust or corporate structure may possibly be adapted to better conform to U.S. reporting requirements and avoid potentially significant amounts of excess U.S. taxation. However, many of these opportunities evaporate upon becoming U.S. taxable. Thus, advanced planning is absolutely essential with trusts.

FBAR and FATCA Forms: Reporting Foreign Financial Accounts

Ownership of foreign financial accounts, even a simple bank account, requires special U.S. tax reporting obligations. A U.S. taxpayer must file Report of Foreign Bank and Financial Accounts (FBAR or FinCEN Form 114) to report foreign financial accounts. Financial accounts broadly include bank accounts, brokerage accounts, mutual funds, security deposits, insurance products, pensions and other types of foreign financial accounts. In addition, taxpayers with foreign financial accounts over a certain threshold must also file a FATCA Form 8938 to report the value. The FBAR and FATCA forms do not impose additional taxes and are merely informational forms required to be submitted to the IRS.

U.S. Tax Implications of Foreign Business Ownership

An ownership stake in a non-U.S. corporation or partnership creates significant tax reporting obligations for a U.S. taxable individual. The U.S. tax reporting requirements are becoming stronger and more burdensome in this area, especially after 2017 tax reform, which created the global intangible low-taxed income (or GILTI) provisions. U.S. taxpayers with ownership in foreign business entities commonly file the following tax forms:

- Foreign corporations (Form 5471)
- Foreign partnerships (Form 8865)
- Foreign disregarded entities (Form 8858)

These forms must be filed even if the business is not profitable. Therefore, upon becoming a U.S. tax resident it is better to start immediately filing these forms

rather than waiting until it is too late. Noncompliance with these international corporate reporting tax forms is associated with fines and penalties. As with foreign trusts, there are significant opportunities for pre-immigration financial planning when closely held ownership of a non-U.S. corporation is involved.

Pre-Immigration Planning for U.S. Tax Residency

Pre-immigration financial planning is often overlooked, but it is essential for individuals immigrating to the United States. For someone with non-U.S. assets, foreign trusts, or ownership interest in non-U.S. companies, there are certain tax elections and other considerations that should be contemplated prior to immigrating to the United States to avoid adverse U.S. taxation. These strategies can be as easy as selling certain assets to as complex as setting up a trust or corporate structure.

For example, an easy technique might be to accelerate the recognition of income before immigration. This might make sense when immigrating from a low or no tax jurisdiction, where the gain will be taxed at a much lower rate than it would be in the United States. On the other hand, there could be advantages to holding off on realizing losses until an individual is a U.S. taxpayer. Losses may be more beneficial to offset other U.S. taxes. This will depend on whether the tax rates in the home country are lower than those in the United States.

Another common strategy may involve using a drop-off trust. A transaction between an individual and trust will occur to step-up cost basis in assets before becoming fully U.S. taxable. This is an effective planning tool for individuals who need to sell PFICs or other low-basis assets during their U.S. residency. It may also be applicable to closely held business, which would be considered controlled foreign corporations.

Timely implementation of pre-immigration financial planning is of vital importance. Many of these opportunities will not exist once an individual becomes a U.S. tax resident and/or U.S.-domiciled person for U.S. estate tax.

Individuals should consult a tax expert sooner rather than later to ensure these tax savings are fully utilized before making a move to the United States.

Investing While in the United States

Strategic investment and financial planning decisions need to be made while living in the United States to avoid pitfalls down the road. Foreign nationals should not stop investing and saving for retirement because they now are U.S. taxable. In fact, residency in the United States provides access to numerous investment options. This remains true even after leaving the United States and/or terminating U.S. tax resident status.

Investing Globally Through U.S. Financial Institutions

Green card holders and other visa holders may open U.S. financial accounts. This includes U.S. bank and brokerage accounts for long-term investing. With the right U.S. investment custodian and cross-border advisor, they will be able to keep these accounts even if they leave the United States.

Using a U.S.-based investment account does not limit an investor only investing in the United States. U.S. financial accounts can own practically any global publicly traded investment. Owning many of these investments through U.S. financial institutions will continue to make sense even if the day comes when the individual is no longer a tax resident in the United States. Many foreign nationals leaving the United States find it advantageous to maintain long-term U.S. banking and investing relationships to access low-cost investment options and global markets.

Currency Management and Currency Exchange Rates

An important factor for foreign nationals in the United States is dealing with currency fluctuations. Uncertainty in exchange rates may cause stress for individuals who hold assets in multiple currencies. Many immigrants to the

United States also worry about which currency to save and invest in for retirement planning.

It is essential to develop a long-term plan for cash reserves and investments. A portfolio should be developed that focuses on matching current assets with future liabilities. For example, an individual planning to retire in Italy should be more exposed to euro investments than someone who might retire back in the United States and spend U.S. dollars. Maintaining these currency exposures may be done tax-efficiently through U.S. brokerage accounts.

Remember that cash is not a long-term investment! Cash will depreciate over time due to inflation. This is especially true with low interest rates and even negative interest rates globally. Foreign nationals should focus on building a tax-compliant long-term investment portfolio that incorporates currency through equity and fixed-income exposure. Currency can affect cash flows and stock prices, but ultimately it does not matter what currency the price of a stock (or stock fund) trades in.

U.S. Retirement Accounts (401(k)s, IRAs and Roth IRAs)

Using U.S. retirement accounts when taxable in the United States is an effective way to reduce current U.S. federal and state income taxes. If planning to stay in the United States for more than a few years, the immediate tax deduction and deferral is very valuable. However, foreign nationals planning a short stay in the United States must pay attention to these U.S. retirement accounts as there may be additional complexity when moving to another country.

Often a first reaction, liquidating a U.S. retirement plan is usually a mistake upon leaving the United States. Not only will the entire amount be subject to ordinary income tax rates, but there may also be associated penalties for an early withdrawal before age 59 ½. If the investor is planning to leave the United States, they should examine the tax treaty arrangement that the United States has with their home country.

Some countries have very preferential tax treatment of U.S. retirement accounts while others do not. If there is no double tax treaty, distributions from retirement accounts may be withheld at up to 30% tax. Portions of this may be able to be reclaimed by filing a U.S. tax return (Form 1040-NR) if graduated income tax rates produce a lower result. Many individuals do not want to deal with the hassle associated with filing a 1040-NR.

It may make sense to leave assets in a U.S. retirement plan and withdraw them later in retirement. However, for others participation may not achieve the intended effects. Individuals should consult with a cross-border financial advisor or tax expert to understand the best outcome for their specific country of residence.

Purchasing U.S. Insurance as a Foreign National

It is important to understand insurance coverages as part of a comprehensive financial plan. U.S. insurance coverages may be drastically different than insurances in other countries. Most commonly, families in America typically have life insurance, disability insurance, private health insurance, property insurance and excess liability insurance.

Life Insurance – Many U.S. employers provide basic life insurance benefits. Although a valuable benefit, this may not be enough to adequately protect a family in the event of a premature death. Most families purchase additional life insurance outside of their employer arrangement that is more suitable to their risks.

Life insurance proceeds are not subject to income tax in the United States. The countries where foreign nationals reside may also have their own rules regarding the tax treatment of life insurance proceeds and clients should consult with their tax and legal advisors to understand the tax treatment of the policy by other countries. In addition, some non-U.S. countries may impose fines and/or

penalties on their residents or citizens who purchase a U.S.-issued life insurance policy.

Disability Insurance – Disability insurance provides benefits if an individual is unable to work. Foreign nationals must be very careful buying supplemental disability insurance and be sure to understand all the benefits. For example, the first instinct for many immigrants in the United States may be to return to their home country where family and friends are located. Many disability policies do not pay benefits to someone no longer physically residing in the United States. Thus, premiums were paid for insurance that cannot be used when needed.

Health Insurance – The U.S. health insurance system is complex. Most individuals receive healthcare coverage from their employer, but not always. It is possible for foreign nationals to purchase private insurance policies as individuals from public exchanges. Most state governments operate websites that facilitate the purchase of health insurance.

Property & Casualty Insurance – This is a broad insurance that includes coverage to structures, property and belongings in the event of vandalism, theft and more. It is commonly referred to as homeowners', renters' and/or car insurance. Individuals owning property in more than one country may be able to obtain discounts when working with an international carrier that can combine coverages in multiple jurisdictions.

Excess Liability Insurance – An umbrella insurance policy is extra liability insurance coverage that goes beyond the limits of the insured's homeowners' or auto insurance. It provides an additional layer of security to those who are at risk of being sued for damages to other people's property or injuries caused to others in an accident. This coverage is inexpensive and is recommended for most individuals.

Other Financial Planning Issues to Consider While in the United States

There are many other U.S. financial planning issues that may be new topics for recent immigrants to the United States. Below are examples unique to the U.S. tax and financial system briefly summarized from a cross-border financial planning perspective.

College Savings – Many foreign nationals would like their children to attend U.S. universities. If a family is certain that they will reside in the United States when their children attend a U.S. school, then using a 529 college savings program may make sense. 529 college savings accounts may also be used at many foreign universities. However, caution is warranted when starting a 529 college savings plan if there are definitive plans to leave the United States. No foreign jurisdiction recognizes the tax-free nature of a 529 plan—which may create future country of residence tax issues down the road.

U.S. Social Security – Green card holders and other workers in the United States on employment visas pay into the U.S. Social Security pension system. These employees accrue credits in the U.S. Social Security system. To obtain benefits, a minimum of 40 credits (10 years of work history) is typically required. The United States maintains bilateral social security agreements (known as totalization agreements) with many countries that help coordinate government pensions when contributions are made to multiple systems. It is possible to use credits earned in the U.S. system to obtain benefits in another country. Individuals who qualify for Social Security benefits may receive payments even if they no longer live in the United States and/or are no longer U.S. taxable.

Tax Filing – The United States uses a calendar tax year. The U.S. tax filing and payment deadline is April 15 for federal and state tax returns. Employers and investment custodians provide tax forms necessary to complete a tax return before this filing deadline. Payments for taxes owed must be made by April 15, although it is possible to request an extension for six months to file tax returns.

Purchasing Real Estate – Many foreign nationals decide to purchase real estate in the United States. There are no restrictions upon non-U.S. citizens buying property. However, upon terminating U.S. tax residency, the real estate may

become subject to the Foreign Investment in Real Property Tax Act. This can create additional tax withholding obligations and complexity. Special legal structures may be used by nonresidents to minimize taxes on U.S. property ownership.

Credit History – U.S. lenders use a centralized system to score the creditworthiness of a borrower. It may take several years to build a credit score that would enable a foreign national to obtain a loan or mortgage. If an individual is a recent arrival to the United States, speaking with a specialist who works with foreign nationals may be the best way to secure a mortgage on a real estate purchase. There are many unique lending options that may help individuals secure an appropriate mortgage or alternative financing arrangement (asset-based financing).

Cross-Border Estate Planning for International Families

As the global economy expands, so does the need for proper international estate planning. Estate planning can be a relatively complex process in any situation, but the process becomes even more complex when it involves a non-U.S. citizen and multiple jurisdictions. The next section is an introduction to some basic international estate planning issues for green card holders and other foreign nationals living in the United States.

Who Is Subject to U.S. Estate Tax?

U.S. citizens, domiciles and U.S. situs assets (assets located in or having a connection to the United States) are subject to U.S. estate tax. Being subject to the estate tax as a U.S. citizen is easy to determine but understanding when a non-U.S. citizen is considered domiciled is much harder. Under IRS rules, a foreign national is a U.S. domicile if they are present in the United States with the intention of making the United States their home and have no present intention of ever leaving.

For example, an executive moving to the United States on a short-term assignment (several years) would generally not be domiciled in the United States. The expectation is that the executive will return home after completion of the assignment. If, however, the executive extends the term of U.S. residency or acquires a green card, the factors would probably swing in favor of the executive attaining U.S. domicile. There are no set rules for determining domicile, but obtaining a green card is a very objective fact that points toward domicile. Courts review immigration status and many other subjective factors when deciding such cases.

Many families find themselves in mixed nationality marriages. When two U.S. citizens are married, the surviving spouse can inherit any amount of money free from immediate federal estate taxes. This is not true for a non-U.S. citizen married to a U.S citizen. Any assets passed to a non-U.S. citizen spouse (even if they are a resident alien and hold a green card) are subject to federal estate taxation over the allowable exemption ($12.92 million in 2023). A trust structure, commonly referred to as a QDOT (qualified domestic trust), may alleviate some of these adverse effects, which is discussed later in this article.

Exempt assets from U.S. federal estate tax for an estate of a non-U.S. decedent is limited to $60,000. Any amount over $60,000 is fully subject to estate tax. The U.S. has several estate, gift and inheritance tax treaties in effect with other countries. In certain instances, the exemption amount may be increased by an applicable estate tax treaty provision. Estate and gift tax treaties may also alter other rules related to the taxation of the transfer of assets.

Creating U.S. Estate Planning Documents – Wills and Living Trusts

As the U.S. estate tax exemption limits are currently quite high, most individuals do not need to focus on planning strategies to avoid estate tax. Estate and probate planning may instead focus on efficiently passing assets to the correct beneficiaries. Effective estate planning often centers on a will, trust, medical directives and power of attorney documents specific to the state of residency.

An attorney licensed in the state of residence can prepare these documents. In the United States, a will is used to direct how assets will be transferred upon death. Unlike many other jurisdictions, individuals may freely direct assets to pass to anyone (no forced heirship). A will is also vitally important for individuals with children, as guardianships may be set up in the unfortunate case that both parents pass away. In addition to a will, most attorneys also prepare other legal documents such as medical directives and financial powers of attorney.

A living trust (revocable trust) is another common U.S. estate planning tool. A living trust is a legal arrangement through which assets are placed into a trust for benefit during an individual's lifetime and then transferred to designated beneficiaries at death. For U.S. income tax purposes, the trust is an alter-ego of the grantor. The main benefits of a living trust arrangement are to provide privacy on the disposition of assets upon death and to avoid or minimize probate costs. When using a will, an estate goes through probate, the court proceedings through which assets are distributed according to a decedent's wishes by the executor of the will.

A living trust, on the other hand, does not go through probate, which often means a faster (and private) distribution of assets to heirs and continued management of assets post-death. Foreign nationals may use a living trust to arrange their affairs while living in the United States. However, caution is warranted because when leaving the United States with a living trust arrangement, a new country of residence may not recognize this legal agreement and possibly impose punitive taxes on the trust.

Mixed Nationality Marriage: Using a Qualified Domestic Trust

A couple in which both spouses are U.S. citizens have a combined estate exemption of $25.84 million (2023). In addition, U.S. citizen spouses may also utilize the unlimited marital deduction to transfer wealth estate and gifts freely between each other. Families whose wealth is under the lifetime exemption limits often do not need extensive U.S. estate tax planning.

However, in a marriage where one spouse is not a U.S. citizen (not merely a U.S. permanent resident/domiciliary), there is no unlimited marital deduction. The U.S. spouse only has their lifetime exemption of $12.92 million (2023). Assets above this amount, even if passed to the non-U.S. spouse, are subject to U.S. estate and gift tax.

U.S. citizens married to green card holders and non-U.S. citizens often utilize a planning technique called a QDOT. QDOTs were more common when the U.S. estate tax exemption limits were lower. Today, QDOTs are still an important planning tool for a U.S. citizen spouse with wealth approaching the $12.92 million lifetime allowance (2023). Estate planning attorneys may also liberally incorporate these into estate plans in case estate tax exemption limits change in the future.

A QDOT is a special kind of trust that allows non-U.S. citizens who survive a deceased U.S. spouse to take the marital deduction, even if the surviving spouse is not a U.S. citizen. A QDOT may be elected after death by the executor of an estate to preserve these tax benefits. After assets are placed in a QDOT, the surviving non-U.S. spouse receives income from the trust but does not own trust assets. Trust distributions of income to the non-U.S. citizen surviving spouse are exempt from the estate tax.

It is important to keep in mind that a QDOT only defers estate taxation; U.S. estate taxes will still be due at the surviving spouse's death. To avoid these taxes, a non-U.S. spouse could acquire U.S. citizenship. This strategy is only possible if either the surviving spouse was a U.S. resident at the decedent's death or no taxable distributions were made from the QDOT prior to the surviving spouse becoming a citizen.

A QDOT may not always be the best solution for a mixed-nationality couple. If a non-U.S. citizen spouse lives or intends to live in a jurisdiction that does not recognize or punitively taxes trusts, a QDOT may be counterproductive. An alternative strategy may be purchasing life insurance within an irrevocable life

insurance trust that can provide for the estate tax upon the death of the U.S. citizen spouse.

Receiving Foreign Gifts or Inheritances From Abroad

The United States does not tax a foreign inheritance received by a U.S. citizen or resident. However, a U.S. citizen or resident who receives a gift or inheritance from a nonresident alien, foreign trust or estate in an amount over $100,000 must report the receipt on a timely filed IRS Form 3520. Failure to file risks a penalty of up to 25% of the value of the gift or inheritance. Beyond the reporting of the actual foreign inheritance, foreign property or investments may be subject to other U.S. tax reporting.

Leaving the United States and U.S. Exit Tax

Many foreign nationals and green card holders eventually make the decision to leave the United States. There can be significant tax consequences depending on the length of residency. It is essential to begin planning for this before making any immigration decisions.

Expatriation: Relinquishing a Green Card or Giving Up U.S. Citizenship

As a starting point, it is necessary to understand that immigration and tax statuses are separate but related. Giving up a green card for immigration purposes does not necessarily mean that a U.S. tax status is terminated. It is essential to properly terminate permanent residency for both immigration (U.S. Citizenship and Immigration Services) and tax (IRS) purposes.

Careful attention needs to be paid to time spent on the green card in the United States when going through this process. Note that time spent on an employment visa does not count toward the “8 out of 15 tax year” rule. For example, someone in the United States on an H-1B or other employment visa may strategically extend their time on that immigration status. However, remember that if an

individual had a green card for only one day in the tax year, the entire tax year would count toward the 8 out of 15-year rule. It is vital to know that the exit tax applies only to citizens and those holding green cards for at least eight years; other United States taxpayers who are not citizens (e.g., non-green card residents) are not subject to the exit tax.

Expatriation: Covered Expatriates and Exit Tax

Once it is determined someone is a U.S. citizen or long-term tax resident (holding a green card for "8 out of 15 tax years"), the next process is determining if the IRS will consider them a covered expatriate. An expatriate is deemed a covered expatriate if any of the following statements are true:

- Has an average annual net income tax liability for the five preceding tax years ending before the expatriation date exceeding $168,000;
- Has a net worth of USD $2 million or more as of the expatriation date (aggregate net value of worldwide assets); or
- Cannot certify under perjury proper U.S. tax compliance.

Individuals expatriating must certify their status on the question of becoming a covered expatriate on IRS Form 8854. All assets will be treated as having been sold for fair market value the day before the expatriation date. On most assets, the long-term capital gain rate of 23.8% applies. Further, there would be an additional ordinary income tax imposed on any deferred compensation, pension plans, stock options, IRAs and other tax-deferred vehicles, including specific foreign pensions. There is currently a $713,000 USD exemption amount per person that can be used to offset some gains.

Leaving the United States as a covered expatriate has dramatic long-term estate tax consequences. U.S. persons who receive gifts or bequests from covered expatriates pay 40% tax. This is one reason why many American citizens living abroad long-term do not give up their citizenship. If a green card holder has children who might live in the United States long term and possibly become U.S. citizens, this tax hit is essential to avoid and plan around.

Investing and Financial Planning for Foreign Nationals in the United States

Global families must understand and prepare for the challenging U.S. legal and tax environment. The most effective way to accomplish these goals is to establish and follow a comprehensive cross-border financial plan. Too often immigrants and their advisers are unaware of United States tax opportunities present in the pre-immigration phase and only become cognizant of tax issues when post-immigration ramifications arise.

Source: https://ceritypartners.com/insights/guide-to-financial-planning-for-non-u-s-citizens-living-in-the-united-states/