

# A FINANCIAL GUIDE



## UK Expats Living in the United States



**BLACKTOWER**  
FINANCIAL MANAGEMENT GROUP

# A Financial Guide for UK Expats Living in the United States

Relocating from the UK to the US can be exciting, but it also comes with a unique set of financial challenges. From managing pensions and investments to understanding cross-border tax rules, the questions that arise are often complex—and the answers depend on careful planning.

At Blacktower Financial Management, we specialise in helping British expatriates make sense of their finances abroad. This guide addresses some of the most common concerns UK expats have when moving to or living in the United States.

## The First Step: Your Financial Health Check

Before making any big financial decisions or seeking advice, it's important to understand your current financial position in detail. Think of this as a “financial health check.”

**Here are key questions to ask yourself:**

- **Emergency savings** – Do I have a rainy-day fund to cover unexpected expenses or unemployment?
- **Lifestyle needs** – How much income do I require to maintain my lifestyle now, and what will I need in retirement?
- **Monthly cash flow** – Are my monthly expenses sustainable, or am I depleting capital?
- **Investment performance** – Where are my investments held, and what returns are they generating?
- **Retirement outlook** – Are my pensions and retirement accounts aligned with the future I want?

Completing this assessment will give you a clearer picture of your priorities and potential vulnerabilities. It also provides a solid foundation for working with a cross-border financial adviser.



## Tax Planning for UK Expats in the US

One of the most pressing concerns for UK expats in America is taxation. Fortunately, the UK and the US have a **Double Taxation Agreement (DTA)** in place. This helps make sure that you will not be taxed twice on the same income.

### Key points to remember:

- **Pension income** – You cannot be taxed on the same pension income in both the UK and the US. The DTA allocates taxing rights, and with the correct planning, you can often eliminate UK tax on your pension altogether.
- **Investment income and gains** – As a US resident, investment income and capital gains are typically taxable in the United States. Your state of residence may also impose taxes, so obtaining tailored state-level tax advice is crucial.
- **Reporting requirements** – The US has stringent reporting rules, including FATCA (Foreign Account Tax Compliance Act). Failing to disclose UK-based assets correctly can result in penalties.

With the IRS taking an increasingly proactive stance on expat reporting, professional guidance is strongly recommended.

## Retirement Planning: UK vs. US Systems

The UK and US pension systems operate under different rules and cannot be merged. For example, you cannot transfer your UK pension into a 401(k) or IRA. This means most UK expats in America end up with **two distinct retirement systems**:

1. UK pensions accumulated before or after leaving the UK.
2. US retirement savings built through employment in the US (such as 401(k)s and IRAs).

Both sets of pensions need to be considered together when creating a long-term retirement strategy.

## Accessing UK Pensions as a US Resident

As a non-UK resident, your access to UK pensions can be limited. Most UK providers will not allow “flexible drawdown” from abroad. Instead, they may restrict withdrawals to lump sums or fixed annual payments.

For many British expats in the US, the solution is an **International SIPP (Self-Invested Personal Pension)**. This is a UK-based, FCA-regulated, HMRC-approved pension scheme designed specifically for overseas residents.

### Benefits of an International SIPP for US Residents

- Flexible drawdown – Withdraw as much or as little as you need, when you need it.
- Currency choice – Invest in USD and access global fund managers like Vanguard, BlackRock, and Fidelity.
- US banking access – Pension proceeds can be paid directly into a US bank account in your name.
- Nil Tax Code (NT Code) – With the correct NT Code in place, pension income can be paid gross of UK tax, leaving taxation solely to the US authorities

By consolidating UK pensions into an International SIPP, expats can gain greater control, flexibility, and alignment with their new country of residence.



## Considering a Pension Transfer: What You Need to Know

If you are a UK expat now living in the US, you may be considering whether to transfer your UK pensions into an International SIPP. This decision should not be taken lightly.

### Important factors include:

- Tax implications in both the UK and the US.
- Exchange rate risk when moving funds between GBP and USD.
- Investment strategy so your portfolio matches your goals and risk tolerance.
- Estate planning so your pensions are structured efficiently for your heirs.

Blacktower offers a dedicated **Expat Wealth Management Service**, regulated to provide advice to US residents. Our advisers can guide you through the pension transfer process, helping you avoid pitfalls while maximising the benefits.

## Beyond Pensions: Other Considerations for UK Expats in the US

### While pensions often take centre stage, expats must also consider the following areas:

- UK bank accounts and ISAs – ISAs lose their tax-free status once you are a US resident, and reporting requirements are complex.
- Currency exposure – Managing investments across two currencies can increase volatility in your portfolio.
- Estate planning – UK inheritance tax rules may still apply to your assets, even if you live in the US. Coordinated estate planning across both jurisdictions is vital.
- Social Security & State Benefits – The UK and US have a totalisation agreement that helps protect eligibility for state benefits, but claiming rules must be understood in detail.

## Taking the Next Step

The financial landscape for UK expats in the United States can be daunting, but you do not need to navigate it alone. Whether it's pension transfers, tax reporting, or cross-border estate planning, the right advice can make all the difference.

At Blacktower, we have decades of experience supporting expatriates in Europe, the US, and beyond. Our international footprint means we understand the rules in both jurisdictions and can help you create a seamless, compliant financial plan.

**Contact Blacktower today to schedule a confidential consultation and discover how we can help you structure your finances as a UK expat in America.**





LIFEGUARD  
OFF-DUTY  
NO HAY SALVAVIDAS  
TRABAJANDO  
EMERGENCY TELEPHONE 911  
TELEFONO EMERGENCIA 911  
KEEP OFF

BEACH WATER QUALITY  
ADVISORIES  
For information regarding current ocean  
water sample test results, advisories,  
and closures, scan the code, visit the  
website, or call the hotline.  
www.publichealth.lacounty.gov/beach  
1-800-525-5662  
Beach users are cautioned to avoid water  
contact near flowing creeks and storm drains.

# Our Heritage Protects Your Horizon



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