

RETURNING TO AUSTRALIA

an expats guide



Wealth Adviser

Contents

Before you get started	2
Letter from the Wealth Adviser Library	3
Introduction	4
Overseas Property	4
Moving to another country can certainly broaden your understanding of many different things.	6
Finding employment	7
Financial matters	8
Dealing with the emotional impact of your return	9
Take the next step	9



Before you get started

This digital handbook contains general and factual information only, and is part of the Wealth Adviser library, published by:

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Before acting on any information contained herein you should consider if it is suitable for you. You should also consider consulting a suitably qualified financial, tax and/or legal adviser.

Information in this handbook is no substitute for professional financial advice.

We encourage you to seek professional financial advice before making any investment or financial decisions. We would obviously love the opportunity to have that conversation with you, and at the rear of this handbook you will find information about our authorised representative and how to go about booking an appointment.

If ultimately you decide not to meet with us we still encourage you to consult with another suitably licensed and qualified financial adviser.

In any circumstance, before investing in any financial product you should obtain and read a Product Disclosure Statement and consider whether it is appropriate for your objectives, situation and needs.

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Letter from the Wealth Adviser Library

Dear Reader

Welcome to the Wealth Adviser Library

This library was built specifically to facilitate the provision of sound financial information to everyday Australians.

Our mission is to build an accessible, comprehensively supported team of members who share our vision and commitment to providing tailored financial advice and a new foundation of financial understanding and security for everyone.

With a national network of likeminded experts, we have the potential to provide the financial building blocks for future generations.

Knowledge gives you a huge advantage

We believe that knowledge gives you a huge advantage in creating and effectively managing wealth; in planning to reach your goals; and in being prepared for whatever unexpected twists and turns life may present.

That's why our team of experts has created this series of digital handbooks and manuals that seek to inform you of not only the benefits but also the potential risks and pitfalls of various strategies and investments.

We trust you enjoy this publication and find it informative and professionally presented. Of course, your feedback is always welcome as we strive to continually offer content in a format that is relevant to you.

Take the next step

Wealth Adviser (a division of WT Financial Group Limited) supports more than 400 privately owned and operated advice practices around the country. We invite you to engage with one of our advisers to discuss what it was you were hoping to achieve when you obtained this handbook, and to establish if they can help you achieve your goals and objectives.

At the rear of this handbook you will find details on how to book an appointment.

Wealth Adviser Library

Introduction

Perhaps it is the effects of the global credit crunch and the perception that Australia is better placed than most other countries to ride it out. Perhaps it is the longing for 'home' and all that entails. Whatever the reasons may be, it seems that more and more Aussies are deciding to call time on their wanderings and are making the journey back to the 'Great Southern Land'. Towards the end of last year, the London Times reported a net outflow of 2,700 Australians per month from the United Kingdom. Anecdotal evidence suggests that this trend is repeated in most other destination countries. All of this means that large numbers of Aussies are currently working very hard at re-establishing their roots in Australia, with perhaps even larger numbers considering doing so in the near future.

If you fall into either category (recently returned or considering a return) you would obviously want your re-entry into Australia to be as pain free as possible. The purpose of this eBook is to help you to achieve this goal by offering some useful tips for making sound financial decisions as you reintegrate into Australian society.

Just a quick disclaimer: The underlying assumption of this eBook is that you have spent a considerable amount of time overseas and that you worked and accumulated assets during that time. Those who are returning from shorter overseas visits will perhaps still find some of the information useful but you will most likely have fewer questions about returning to Australia than returning long-term expatriates.



Overseas Property

Deciding what to do with property acquired while abroad is perhaps one of the most difficult questions returning expats will have to face. This decision is currently made even more difficult by the dismal state of the property sector in many of the world's economies. The choice that you will have to make essentially boils down to whether you should sell or enter the rental market. The final decision will obviously be informed by your own specific circumstances and the market conditions in the country from where you are returning. Therefore, there is no 'hard and fast' answer that can be applied in all (or even most) cases. Asking, and answering, the following questions should help you to come to a solution that will be right for you:

- Is now the right time to sell?
- It is true that there are very few property markets in the world that could currently be described as buoyant. This does not mean, however, that it is always a bad idea to try to put a property on the market. Conditions differ from country to country and city to city. Therefore, getting solid local advice about the prospect of a successful and profitable sale should be very high on your agenda.
- How strong is the rental market?
- Renting your property is only a realistic option if you can expect reasonable rental yields. Crunching the numbers by estimating your costs and rental income should give you a good idea of the kind of yield you are likely to achieve.
- How easy/difficult will it be to manage your property from Australia?
- Managing a rental property from half a world away could be a very complex and difficult undertaking. You should therefore seriously investigate different management options before deciding on putting

your property on the rental market. The best option is perhaps to entrust the property to an estate or management agent for a comprehensive management service. The downside to this will obviously be cost. You can expect to pay between 10 –15% of your rental income for such an arrangement. This could seriously eat into your profits.

- What are the tax implications of my decision?
- The old saying about death and taxes will also apply to your decision about what to do with your property. You will need to consider what the impact of your decision will be on your income tax return (in case you decide to become a landlord). It could also be that you will be liable for Capital Gains Tax (in case you sell the property). It is highly recommended that you get competent tax advice, both in the country that you are about to leave, and when you get back to Australia.

Buying Property in Australia

Many of those ‘coming home’ do not actually have a physical home to come back to yet. It is therefore very common for returning expats to ask questions about buying property in Australia. This section will focus on providing answers to some of these questions.

Arranging a mortgage from overseas

It is possible, in some cases, to arrange finance for a property purchase while you are still abroad. Having an ‘approval in principal’ in place means that you will be able to hit the ground running once you get to Australia. Different banks will apply different criteria upon which to base decisions about providing overseas approvals. It would be worth your while to investigate some of the different options before contacting the bank of your choice directly. More information on ‘expat mortgages’ from some of the major banks can be found at the following websites:

ANZ:

<http://www.anz.com/unitedkingdom/en/personal/buying-property/expat-mortgages>

Commonwealth Bank:

<http://www.commbankuk.co.uk>

Westpac:

<http://www.westpac.com.au/internet/publish.nsf/Content/PBIT+Migrant+banking>

Doing your research

Deciding on the right property will require a lot of solid research, regardless of whether you plan on renting or buying. Here are some tools to help you to ‘do your homework’ properly, even if you are sitting half a world away!

Global Property Guide (<http://www.globalpropertyguide.com>) will help you to put your pending property transaction into a wider perspective. The site is chock full of penetrating analyses of market conditions, long term trends, taxes and costs, rental yields etc. It will definitely be worth your while to spend some time reading the Australian section of this very informative website before beginning your property search. It can be found at:

<http://www.globalpropertyguide.com/Pacific/Australia>

There are several websites, with Australia-wide coverage, that will allow you to do detailed searches of properties by suburb, price or specification. Spending some time on these sites will give you a good idea of what is available, and at what cost, before you even set foot in a particular suburb.

Two good places to start are:

RealEstate.Com:

<http://www.realestate.com.au>

Domain: <http://www.Domain.com.au>

Each state or territory has its own Real Estate Institute. The websites of these institutes will help you form a much clearer picture of the property market in your local area. Some of the sites will also allow you to search for properties marketed by institute members.

The website for the different states and territories can be found at:

New South Wales:

<http://www.reinsw.com.au>

Victoria: <http://www.reiv.com.au>

Tasmania: <http://www.reit.com.au>

South Australia: <http://www.reisa.com.au>

Western Australia: <http://www.reiwa.com.au>

Northern Territory: <http://www.reint.com.au>

Queensland: <http://www.reiq.com.au>

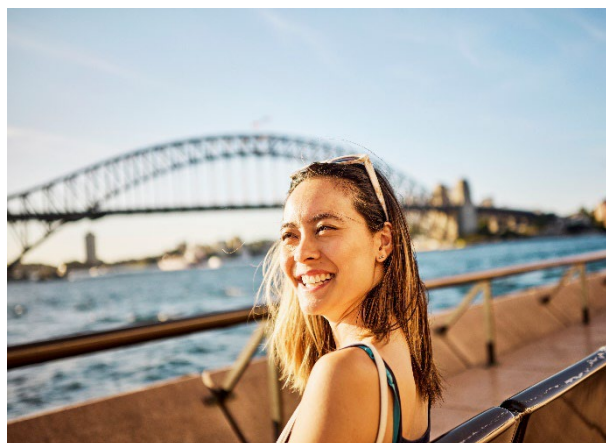
Australian Capital Territory:

<http://www.reiact.com.au>

First Home Buyer's Grant

There are several different programs, designed to help first time home buyers to 'get on the property ladder'. The most important of these is the First Home Buyer's Grant administered by the states and territories, and the waiving of stamp duty under certain circumstances. The First Home Buyer's Grant is usually a substantial payment that can be offset against the cost of buying your first Australian home. It is only available to citizens and permanent residents.

More information about the scheme (including amounts and application procedures) can be found at: <http://www.firsthome.gov.au> (Click on the icon representing your intended state or territory).



Moving to another country can certainly broaden your understanding of many different things.

Unfortunately, taxation is one of them! Becoming familiar with the laws governing your tax status is perhaps one of the less uplifting parts of the expatriate experience but it is something that you will have to do to make your return to Australia as painless as possible. There are obviously two areas that you will have to consider a) your tax status in the country you are leaving behind and b) your tax status in Australia.

Overseas Tax Status

It would be impossible to deal with the issue of your tax status in your destination country as the number of scenarios and permutations are as diverse as the makeup of the United Nations. It would make good sense, at the very least, to formally notify the relevant tax office of your departure before you leave. In this way you can avoid being held liable for tax while you are already back in Australia. This notification can, in most cases, be done by filling in a prescribed form and sending it into the tax office. Taking this step will also ensure that you do not inadvertently leave unpaid taxes behind since it will normally result in a final statement of account being drawn up (in some cases this could even lead to overpaid taxes being repaid). Leaving an unpaid tax bill behind is a serious matter that could create a significant amount of trouble for you should you wish to go back to your destination country in due course. Some countries will even go as far as trying to recover unpaid taxes by pursuing former residents through the Australian legal system!

Tax Status in Australia

As far as your tax status in Australia is concerned, the most important issue you will have to investigate is whether or not the Australian Taxation Office (ATO) considers you to be a 'tax resident' of Australia. If you are indeed a tax resident of Australia, you are liable for tax on your worldwide income.

If you are not a tax resident, you will only have to pay Australian tax on income generated in Australia itself. You will normally become a tax resident again as soon as you return to Australia. The challenge will be to determine your status while you are abroad and preparing for your return. Various tests are applied by the ATO to determine tax residency.

They include tests focussing on:

- **Residency**
Do you reside in Australia 'according to the normal meaning of the word'? (ATO's definition)
- **Domicile**
This refers to the more technical concept of being domiciled somewhere. It is possible to be domiciled somewhere without living there and this test looks at different scenarios where this might be the case.
- **The '183 Day Rule'**
Under this test, if you are actually present in Australia for more than half the income year, whether continuously or intermittently, you may be said to have a constructive residence in Australia unless it can be established that: -your usual place of abode is outside Australia, and -you have no intention to take up residence here
- **Superannuation**
This test covers Commonwealth and state employees in overseas service (e.g. diplomats, armed services personnel). It basically states that members of certain Commonwealth super-annuation funds remain Australian tax residents while they are in that service, regardless of where they serve.

All of the above should give you an inkling of how complex the issue of tax residency can turn out to be. You would therefore be well advised to get professional advice before returning to Australia, specifically on how and when to resume your Australian

tax residency (if you are indeed a non-resident).

More information can also be found on the ATO's website at:

<http://www.ato.gov.au/individuals/content.asp?doc=/content/64131.htm>

Finding employment

It could be that you have been out of the Australian employment 'scene' for such a long time that you feel unsure about how to proceed toward finding that dream job. This section should go some way to pointing you in the right direction.

A trawl through Seek (<http://www.seek.com.au>), the biggest Australian employment website on the internet, will give you a good idea of what is available. From there you can branch out to the job ads in the local press.

Advertisements that have appeared in the major Australian newspapers can be found on the following websites:

Sydney Morning Herald and The Age (Melbourne): <http://mycareer.com.au>

Adelaide Advertiser, The Mercury (Hobart), Northern Territory News, Courier Mail (Brisbane), The Australian and Weekend Australian: <http://www.careerone.com.au>

The West Australian: <http://olps.thewest.com.au/olps/employment>

Another way to access job opportunities in your field is to make contact with the professional or trade organisation relevant to your chosen career. Professional and trade organisations will often publish a newsletter or magazine in which job advertisements appear.

A list of Australian professional organisations, associations and societies can be found at:

<http://www.journoz.com/ausproforgs.html>

It could very well be that employers in your field normally recruit with the help of recruitment agencies. If this is the case, you will have to make a decision about which of the hundreds of agencies that operate in

Australia you should register with.

The AC People website allows you to search for agencies by city/area and by category:

<http://www.acpeople.com.au/agency>

Whatever strategy you follow in your hunt for a job, it is important that you capitalise on the value of the international experience that you have gained. Referring to this experience and the skills (and connections!) that you have gained in your applications and at interviews could just be the single factor that will give you the edge over other applicants.

Financial matters

Banking

Most Australians maintain their Aussie bank accounts while they are abroad. If this is not true in your case, you need not wait until you are back home before opening an account. It is possible to open an Australian bank account on the internet. You can then transfer funds into it so that it is 'waiting for you' when you get to Australia. The four major banks (ANZ, Commonwealth, NAB and Westpac) all offer this service. You will be able to make transfers into such an account straight away but it will have to be 'activated' (i.e. turned into a fully functional account) by presenting yourself at a branch of the relevant bank as soon as possible after arrival.

Transferring Funds to Australia

Your two most accessible options for transferring funds back to Australia are:

- your bank and
- an internet based transfer service.

The advantage of making use of a bank is convenience since you should be able to make use of your local branch. The major disadvantage is price. It is well known that banks do not always offer the best exchange rates and that they charge relatively high transfer fees. If this is a major concern for you, an internet based transfer service is your best bet. These services are often able to offer much better rates as they do not have the same costs as traditional 'bricks and mortar' banks. They

also offer the advantage that you can register your overseas account with them which will enable you to make transfers from it to your Australian bank account even after your return. This could be very handy if you expect cash to come into your overseas account from the sale of an asset at a later date. It goes without saying that you should pick a reputable service with a proven track record. XE.com (<http://www.xe.com>) and FC Exchange (<http://www.foreign-currency-uk.com>) are good places to start your search.

Investments and Retirement Funding

The decision on whether to transfer investments or pensions and annuities to Australia is obviously a personal one that will depend on your own circumstances and investment profile. However, you should seriously consider whether or not it would be worth your while to bring overseas pensions and annuities over to Australia (if possible) and placing the funds in your superannuation fund.

Possible benefits to doing this include:

Control: If your funds are in an Australian superannuation fund it means that you will have much more control over the overall investment strategy and also over your retirement options than would be the case in many other countries.

Return on Investment: The fact that you will have a wider range of investment options available to you should, in most cases, lead to better long term results.

Death Benefits: The full value of a superannuation fund will be paid out upon your death. This contrasts favourably with the situation in many other countries where fund rules often lead to funds tied up in annuities being lost upon death.

Minimising Currency Risks: Having your retirement funds in the currency of the country where you plan to retire makes a great deal of sense. This will facilitate better long term planning and will shield you against the possible negative effects of currency fluctuations.

If you do decide to investigate the possibility of transferring pensions and/or

investments to Australia, it is highly recommended that you get professional financial advice before beginning the process. This will help you make the best possible decisions about the long term financial direction you should take.

Dealing with the emotional impact of your return

Most returning expats believe that returning home will be the most uncomplicated and natural step they could ever take. This belief does not recognise the fact that a prolonged stay in another country is bound to change you on many levels. Working through the stages

of culture shock in the new country probably turned you into someone who is comfortably bi- cultural in the sense that you perhaps feel just as “at home” in your destination country as you used to feel in Australia (this obviously depends on the length of your stay, the accessibility of your host culture and your cultural adaptability). Leaving this context could therefore very easily lead to a new experience of culture shock (only in ‘reverse’ this time) as you settle back into Australia. Experiencing ‘reverse culture shock’ can be very disconcerting and it is often made worse by the fact that many things changed (both in society and in your social circle) while you were away. Being aware of the phenomenon of reverse culture shock will help you to cope better with its effects when it hits! One of the best coping strategies is to seek out other former expats (preferably those who lived in the same country as you) who can serve as a sounding board for your experiences. One consolation may be that ‘reverse culture shock’ typically lasts for a much shorter time than the ‘proper’ culture shock that you would have experienced when you moved abroad. After all, you are coming back to where your roots are!

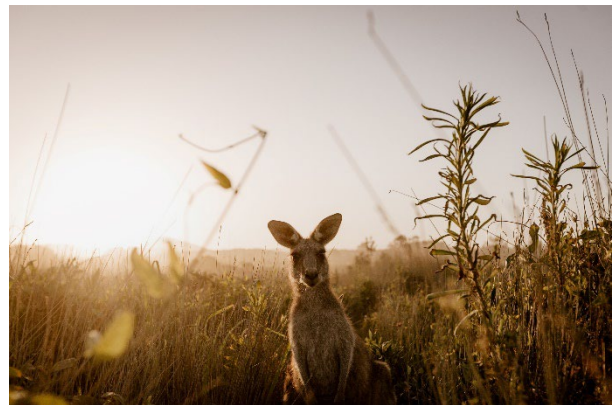
Take the next step

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Next you will find details on how to book an appointment with an adviser.

We look forward to meeting you soon.



Appointment booking request form

About the Adviser

Please complete the Appointment Booking Request below and scan and email to:

Appointments are available Monday-to-Friday.

Please nominate your preferred day, date and time to meet with us. One of our client services representatives will call you to confirm your appointment.

Our services

Preferred appointment day and time

Day

Date

Time am/pm

Contact details

If you would like us to contact you via email to confirm your appointment or to answer any questions you have, please provide a valid email address for our records.

Email

Your Details

Title

First name

Last name

Mobile



Reader Notes



Reader Notes



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