



Financial planning for migrating to Australia

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Introduction

Australia is considered one of the world's major immigration nations. Since 1945 over 7.5 million people have made Australia home, with the resident migration population now estimated at 30 per cent of the overall population. In 2017 more than 190,000 migrants will come to Australian shores.

There is little question that leaving a country, family and familiar surroundings is life-changing. Add to this the financial challenges of starting life in a new country, and it's clear family, emotional and financial advice and support is essential.

Financial Spectrum understands migration and the financial challenges that come with a move of this magnitude. From asset transfers and overseas pensions to understanding the Australian taxation system, we help migrants manage what can seem an overwhelming process.

We hope this eBook helps provide an overview of some key financial considerations relating to migration. As always, we strongly recommend you speak to professional financial planner who understands the migration process to ensure you make financially timely and relevant decisions.



Migration categories

There are three primary migration categories.

1

Skilled migration

This has historically been the most common migration route to Australia. In 2015, 64 per cent of all migrants were part of a skilled migration program. The top three occupations within this category were accountants, IT professionals and registered nurses.

2

Family migration

The second most common category, at 36 per cent of all migrants. Of these, 75 per cent were spouses, fiancés and partners of Australian citizens and permanent residents.

3

Special Eligibility migration

The third most common category, including refugees and other special needs migrants.



Financial relocation considerations

We like to think financial relocation is as important as physical relocation, but unfortunately many of the financial aspects are overlooked amongst the logistics of making the move. So putting aside the functional elements, make sure you remember your financial life has to move with you.

Below are some options and considerations for moving assets. We encourage you to talk to a financial planner to determine which options best suit your individual needs.

Cash migration

Many people, particularly those that have not had access to an online banking environment, believe carrying cash is the best way to move it around. What they may not know is amounts over \$AUD10,000 need to be declared to Australian Customs and fees and duty may apply. If you are planning on carrying amounts of this size or larger, we recommend you consider one of the alternatives below.

Bank to bank transfers

You should open a bank account in Australia once you have the appropriate migration documents. You can then transfer funds from your home bank to your Australian account. Some fees and charges may apply but they will be considerably less than penalties imposed by Australian Customs.

International transfers

There are now many international transfer companies who can safely and swiftly transfer funds for you. Fees and exchange rates will apply so do your homework. Also, make sure they are a reputable organisation such as Western Union.



Overseas pensions

Many migrants are unsure how to manage pensions and annuities that have accumulated in their home country. In this instance we strongly recommend you speak to a financial planner who understands the rules, regulations and eligibility requirements and can advise the safest and most cost effective way to manage them.

Other assets in your home country

As part of the migration process you'll need to consider how to handle larger assets such as property. Should it be sold? Should it be held? If sold, how do you access the funds? If held, how do you manage rental revenue? These can be complex questions and every situation is unique. Again, talk to a professional financial planner who can examine the relevant laws in your home country and here in Australia to ensure the decision made suits your needs.

Your financial position

Noting the financial relocation items above, we understand not everyone is in the same financial or asset ownership position. We also understand many migrants may be asset rich but cash poor. By speaking to a financial planner, they can help you better understand your cash and asset position and how to best leverage this for your move and life in Australia.



Tips for success

Once you know how you'll manage your cash and non-cash assets in Australia, you'll need to familiarise yourself with relevant financial institutions and laws within the country.

Australia has complex financial and legal systems surrounding tax, property and superannuation. To make the most of your current and future assets, as well as positioning yourself for long-term financial success, it's important you learn and understand these systems. A financial planner can be your guide and long-term partner in this process and ensure you stay on the right path.

Taxation system

Where to begin? Basically when you earn money from a job, business or investment in Australia a portion of that money is given to the government in the form of tax. The Australian Taxation Office (ATO) is the organisation responsible for collecting these taxes.

Migration to Australia usually means you will become a tax resident and as such, are responsible for the reporting and payment of taxes owed. To manage this it is recommended you apply for a Tax File Number (TFN) from the ATO as soon as practical after your arrival in Australia. This number allows you and the ATO to track and manage your tax obligations.

All foreign income must also be reported to the ATO. Tax can be a very complex area so until you have clear understanding of how works in your situation, you should seek professional tax advice as it can help you stay on top of and out of trouble with the ATO.



Banking

Like most countries, Australian residents use banks, building societies and credit unions to keep and manage their money. Opening an Australian bank account will allow you to easily access and deposit your cash at your convenience. You should also provide your Tax File Number to your bank to avoid being charged higher tax rates on interest earned in your account.

Superannuation

Superannuation is compulsory savings to help people prepare financially for retirement. When earning an income from a job your employer is required to make regular contributions to your superannuation fund. It is your responsibility to choose your own superannuation fund, and depending on the funds rules, how those funds are invested.

It is recommended you discuss your superannuation needs with a financial planner. They can advise you on contributions and what is required by your employer. By doing this and taking an active role in your superannuation, you're likely to achieve a much better financial outcome at retirement.



Case study: Edmund and Mei

Edmund and Mei were successful professionals in Shanghai, China — Edmund a computer programmer and Mei an accountant. After they were married they decided to migrate to Australia. As they moved through the migration process, they became confused about how to best manage their finances once in Australia.

They consulted a Financial Spectrum specialist migration financial planner who was able to assist them:

- Develop an investment strategy to manage the proceeds from the sale of their two properties in China
- Purchase a home in Australia, including putting them in contact with a reputable mortgage broker for the loan funds
- Establish a self-managed superannuation fund that has enabled them to take greater control over their retirement savings
- Take out appropriate levels of life insurance, income protection and trauma insurance to ensure they are both protected.

By doing this with a Financial Spectrum financial planner, Edmund and Mei were able to navigate the financial complexities of migrating to a new country. As a result they are now in a much stronger financial position.



How Financial Spectrum can help

Now you've read this eBook you should be more comfortable with some of the financial considerations as part of your move. While it can be daunting when coupled with all the other challenges of migration, it is still an exciting time in your life and a great time to begin planning your financial future in Australia.

At Financial Spectrum, we can help guide you through all of the financial considerations. Our financial planners will always ensure you make informed financial decisions at all phases of your life.



About Financial Spectrum

Financial Spectrum is an privately owned financial planning practice. We develop tailored financial strategies to help you build your wealth and achieve your lifestyle aspirations.

We offer so much more than investing. We take the time to understand you, and then help you make the right decisions to achieve the future you're aspiring to.

We can help you to:

- Plan for the future
- Build your investment strategy
- Grow your personal wealth
- Simplify your budget
- Minimise bad debt
- Increase your super
- Reduce your tax
- Protect your family

Let us help you take control of your finances, build your wealth and achieve your future lifestyle aspirations. Contact us for a complimentary, no obligation meeting today.





+61 2 8238 0888



info@financialspectrum.com.au



Level 13, 447 Kent Street, Sydney NSW 2000



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financialspectrum.com.au

Financial Spectrum Pty Ltd, ABN 65 164 212 524

Corporate Authorised Representative, Spectrum Wealth Advisers Pty Ltd, ABN 57 134 661 706, AFSL 334400