



## Six Reasons Why You Should Have A U.S. Brokerage Account

### Efficiency

U.S. securities markets may be the most efficient and individual investor friendly in the world. You can have a diversified basket of global assets within a regular U.S. brokerage account and do it cost effectively. While emerging markets and third-world countries may have their time in the spotlight, there is something to be said for an established market with steady government regulations and investor protection programs like the SIPC. Governmental regulatory oversight strives to protect investors and their assets. Moreover, compared to many European banks, America maintains an advantage in terms of lower fees and more useful online services. Of course, you can have checks, debit cards, and other instant access to your funds, even if you are an ocean away.

### Diversification

A U.S. brokerage account can host a variety of investment vehicles, such as stocks, bonds, mutual funds, and CDs. You can invest in both American or global companies.

### Dividend income

American tax laws require reporting dividend income on worldwide investments. Foreign brokerage companies and banks won't produce an IRS Form 1099 with a concise summary of dividend income. Even without a clear form, American investors are required to report, so it can be a time-consuming nightmare to look at statements (which may be in a foreign language) and calculate the figures on your own.

Furthermore, different countries may have different definitions of long- or short-term capital gains, dividends, qualified dividends, taxable interest, etc. Foreign financial companies may or may not be able to produce the information you need to meet your American obligations. Over the years, America's reporting requirements for foreign accounts have become more time-consuming, and penalties for non-compliance are severe. Getting a 1099 from your U.S. brokerage account simplifies whole tax reporting process.

## Security

SIPC insurance makes sure that if the broker-dealer fails, investors have \$500,000 of coverage per account (\$100,000 of which is for cash), and often the brokerages firms buy third-party insurance to cover up to the full net market value of the account.

Another advantage of maintaining a U.S. brokerage account is that all prospectuses, disclosures, and the “small print” are written in a language you understand.

## Uncle Sam’s Bureaucracy

Having the majority of your financial investments in the United States means it might be simpler to file an FBAR, as there will be fewer institutions and accounts to report. Having U.S.-compliant accounts means it is easier to meet all of your reporting requirements.

The American government cares about getting tax from its citizens and is trying to keep tabs on them, regardless of their physical location. When Americans abroad renew their U.S. passport at a U.S. Embassy, their Social Security number may be passed onto the IRS to verify your taxation status.

## Cross-Border Expertise

Managing currency risk, investments, and dual-country tax reporting is complicated. Make sure your adviser is licensed both in your country of residence and in the United States, and has experience dealing with the issues that you are facing.

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