



ST. JAMES GLOBAL
PRIVATE CLIENTS
INTERNATIONAL FINANCIAL ADVISORS

Expatriate Money Matters

US Expats: The Hidden Financial Risks Americans Discover Too Late After Retiring to Portugal

St. James Global, established in 2002, is one of Portugal's leading financial advisory firms for expatriates, specialising in helping international residents structure their finances to maximise retirement income, minimise unnecessary taxation, and protect long term wealth. Through this Expat Money Matters column, we share practical insights to help expats navigate the financial opportunities and challenges of retiring abroad.

Portugal continues to attract affluent Americans seeking a safer lifestyle, lower healthcare costs, favourable weather, and a higher quality of life. Rising political division, taxation concerns, estate planning uncertainty, and lifestyle considerations in the United States have accelerated this migration trend significantly.

Yet behind the dream lifestyle many Americans envision lies a financial reality few fully understand until after the move has already taken place.

For many Americans relocating abroad, the greatest mistake is not investment performance, property selection, or even taxation itself. It is assuming that the financial structures, retirement accounts, investment portfolios, trusts, estate plans, and advisory relationships that worked effectively in the United States will continue functioning seamlessly once Portuguese tax residency begins.

Unfortunately, that assumption can become extraordinarily expensive.

At St. James Global, we regularly speak with Americans who believed their planning had already been handled through a US CPA, attorney, brokerage firm, or investment advisor, only to later discover that cross border taxation, reporting obligations, residency rules, retirement account treatment, inheritance planning, trust recognition, and multi jurisdiction compliance work very differently once residency changes.

The consequences can include:

- Taxation and reporting failures
- Estate planning breakdowns
- Restricted investment access and inheritance complications
- Inefficient retirement distributions and unfavourable tax treatment
- Currency exposure and conflicts between US and Portuguese financial systems

Many of these problems are avoidable, but timing matters enormously.

Most Americans focus heavily on visas, residency permits, healthcare access, and property purchases before relocating. Very few focus adequately on cross border financial planning before becoming Portuguese tax residents. This creates a dangerous blind spot that often goes unnoticed until significant financial decisions have already been made.

The United States taxes its citizens globally regardless of where they live, while Portugal may also tax worldwide income and certain worldwide assets depending on residency status and structure. As a result, many Americans unknowingly enter a highly complex dual system involving US taxation, Portuguese taxation, treaty interpretation, foreign reporting obligations, currency exposure, inheritance planning, and conflicting regulatory frameworks.

The complexity increases dramatically for individuals holding IRAs, Roth IRAs, brokerage accounts, trusts, businesses, rental properties, pensions, annuities, stock options, crypto holdings, or family wealth structures spanning multiple countries.

One of the most misunderstood areas involves retirement accounts. Many Americans assume Roth IRAs remain entirely tax free internationally because of their favourable treatment under US law. However, Portugal may not always recognise certain US retirement structures in the same manner as the IRS. Depending on residency status, treaty interpretation, account activity, and distribution timing, tax treatment can differ substantially from what many expats expect.

Brokerage relationships can also become unexpectedly problematic. Many US financial institutions become uncomfortable servicing clients once foreign residency is established. Some may restrict trading activity, prohibit certain investment purchases, limit advisory relationships, or even freeze account functionality altogether.

Currency risk is another issue many Americans underestimate. Retirement income and investment assets often remain denominated in US dollars while everyday living expenses shift into euros. Over time, exchange rate fluctuations alone can materially alter retirement sustainability and lifestyle expectations.

Estate planning frequently becomes one of the most dangerous blind spots of all. Many Americans assume their US wills, trusts, beneficiary structures, and succession plans will operate seamlessly internationally, only to later discover that cross border inheritance laws, probate systems, trust recognition rules, and multi jurisdiction family dynamics can dramatically alter intended outcomes.

Cross border planning is heavily dependent on timing. The difference between restructuring before residency versus after residency can be dramatic. Actions that may have been simple and advantageous before relocation can become taxable, expensive, or impossible once residency has already begun.

Portugal remains an extraordinary destination for internationally mobile families and still offers tremendous lifestyle advantages for the right individuals. But sophisticated cross border planning is no longer optional for affluent Americans relocating abroad. It has become essential.

The reality is simple: wealth built in one country does not automatically transition efficiently into another.

Before relocating, Americans should carefully consider whether their retirement accounts will continue functioning efficiently abroad, whether their investments remain internationally tax appropriate, whether their estate plan will still protect their family as intended, whether currency exposure could impact retirement sustainability, and whether their existing advisory team truly understands the interaction between both jurisdictions simultaneously.

At St. James Global, we specialise in helping US expats and internationally mobile families navigate the complexities of cross border wealth management, international tax strategy, estate coordination, retirement planning, and global financial organisation.

If you are considering a move to Portugal, have recently relocated, or already live abroad and suspect there may be gaps in your planning, we invite you to schedule a complimentary confidential consultation with our cross border advisory team.

For a **free** consultation,
contact St James Global
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For More Details
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