

Wealth Management for U.S. Citizens Living in Canada

Structure your Canadian and U.S. financial assets to maximize growth and minimize tax all within the context of an integrated cross-border estate plan.

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Canada-U.S. Cross-Border Financial Planning

Cardinal Point is a Canada-U.S. cross-border financial planning firm that specializes in assisting affluent U.S. citizens living in Canada with their cross-border investment, tax, estate, retirement and financial planning needs.

Options for U.S. IRA account holders when living in Canada

At Cardinal Point, one of the most frequent inquiries we receive is from prospective clients asking what they should do with their U.S. retirement accounts after a move to Canada. These individuals are often caught off-guard by their U.S.-based...

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Complimentary White Paper: Manage Your Canada-U.S. Cross-Border Lifestyle

Whether you are transitioning residency between Canada and the U.S. or you have already made the move, it is important to understand the benefits of a cross-border financial plan. Learn how Cardinal Point can help when holding investment assets or financial interests in the U.S. or Canada.

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Did You Know? As an American living in Canada, it is important to be aware of the following:

- Taxable investment accounts (non-retirement accounts) must be Passive Foreign Investment Company (PFIC) compliant. The overwhelming majority of Canadian-traded mutual funds and ETFs are considered PFICs and should be avoided by all U.S. citizens. Holding PFICs can create very harsh U.S. income tax consequences
- Canadian Tax-Free Savings Accounts (TFSAs) and Registered Education Savings Plans (RESPs) should not typically be opened because they are not granted tax-deferred status by the IRS and the foreign account disclosure reporting costs for these plans could outweigh the benefits.
- A U.S. retirement account (e.g., 401(k), IRA) can be moved to your Canadian retirement account (e.g., Registered Retirement Savings Plan or RRSP) but in most cases, the tax consequences outweigh the benefits in doing so.
- Your Canadian and U.S. investment accounts should be structured to complement one another in order to avoid duplication of investment costs and double taxation issues.
- If you are accumulating money inside a Canadian retirement account such as an RRSP and plan to return to the U.S. one day, there are ways to apply currency management to your accounts and ultimately hold your RRSP in U.S. dollar investments.

- Never leave your old U.S. address or a U.S. family member's address on file as the address of record for your U.S.-based investments accounts. Always change them to your Canadian address. As a Canadian resident, make sure the correct amount of withholding tax is being applied. Otherwise, the IRS and CRA, who share information, could both challenge your residency status, leading to the threat of double taxation.
- Continuing to hold assets inside a U.S. Trust when living in Canada can create Canadian tax issues

- U.S. gift and estate tax rules apply when living in Canada and there are unique planning initiatives that address how to best gift assets to a non-U.S. spouse
- Canadian small businesses/corporations are great wealth accumulation vehicles for Canadian residents but present challenges for those owned by U.S. citizens
- Canada does have an exit (departure) tax, so planning ahead before moving to the U.S. is required

Moving to Canada?

As an American moving to Canada, it's important to make sure your financial affairs are structured properly to avoid double taxation issues and ensure compliance with the laws of both countries. Our specialists can advise on a broad array of tax issues specific to Americans living in Canada, including:

- Steps to take to reduce taxes before becoming a resident of Canada
- Additional U.S. tax filing requirements once you move to Canada
- Necessary modifications to make your U.S. estate plan valid in Canada
- Advice and oversight of investment accounts that remain in the U.S. and those that must be transferred to Canada based on compliance and regulatory rules.
- What to do with your U.S. stock options and restricted stock units (RSUs)

Aside from the requirement that all U.S. citizens must annually file a U.S. tax return regardless of their residency, Americans should be aware that many of the tax and estate planning strategies that worked well for U.S. purposes may not work as well for them in Canada. Likewise, tax and estate planning strategies that are effective in Canada could complicate U.S. tax and estate planning.

- Management of Canadian and U.S. investment accounts under an integrated platform
 - Advice on specific assets that should transfer to the U.S. or remain in Canada
 - Retirement planning and advice on retirement benefits such as CPP, OAS, Social Security and Medicare
 - Holistic advice on cross-border financial and estate planning
 - Creation of a cross-border transition and exit strategy between Canada and the U.S.
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- Tax preparation, foreign-based account disclosures and navigating the U.S.-Canada Tax Treaty
 - Assistance on cross-border asset transfers and currency conversions
 - Canadian and U.S. stock option and company bonus plan advice
 - Guidance on real estate and businesses located cross-border
 - Health, life, disability, long-term care, business and property insurance review

Why Work with a Cross-Border Advisor?

Anyone who has tried to find an advisor who is legally licensed or authorized to provide financial advice on both sides of the U.S.-Canada border knows how difficult that search can be. Few firms comply with applicable regulations or have the appropriate structure in place. And those that do rarely have a qualified team dedicated exclusively to Canada-U.S. cross-border financial planning issues. At Cardinal Point, we are different. We have developed a service model and platform that is specifically designed to meet the needs of Canadians living in the United States, U.S. citizens living in Canada, Canada-U.S. dual citizens, and American and Canadian expatriates living abroad. Because we specialize in these areas, we have the ability to oversee all of your Canada-U.S. cross-border financial planning complexities.

Why Work with a Cross-Border Advisor



Understand the benefits of working with a Cardinal Point cross-border financial advisor

"Cardinal Point" is the brand under which the dedicated professionals within the independent Cardinal Point Group of Companies collaborate to provide financial and investment advisory, risk management, financial planning and tax services to selected clients. Cardinal Point comprises three legally separate companies: Cardinal Point Wealth Management, LLC, a U.S. registered investment advisor and Cardinal Point Capital Management Inc., a U.S. registered investment advisor and a registered portfolio manager in Canada and Cardinal Point Wealth Management Inc., a Canadian financial planning firm. Advisory services are only offered to clients or prospective clients where the independent Cardinal Point firms and its representatives are properly licensed or exempt from licensure. Each firm enters into client engagements independently. This website is solely for informational purposes. Past performance is no guarantee of future returns. Investing involves risk and possible loss of principal capital.