

**Cross-Border Lifestyles:**

# **From Digital Nomad to Retiree**



# Today's Facilitator



## **ALAIN FORGET**

*Head of Business Development*

Alain has been working for RBC for over 40 years, holding various business and sales leadership roles in Canada, the Caribbean and the U.S. He is passionate about helping Canadians purchase U.S. homes and works closely with consumers, real estate professionals and other strategic partners to provide education and opportunity to Canadian buyers in the U.S. Alain acts as spokesperson for the media and at real estate conferences as a subject matter expert. He is also a licensed real estate agent in Florida and holds a degree in Finance & Management.

# Register Questions

- Please use the *Chat* bar to submit your questions in writing during the live presentation
- To register a question over the phone at the end of our presentation:
  - Enter 1 followed by 4 on your phone
  - If your question has already been asked, you can unregister your question by dialing 1 followed by 3

*Note, this webinar is being recorded, and the presentation will be made available on our virtual advice event landing page.*



# Presenter



## **JONAH SPIEGELMAN**

*Partner, Boughton Law Corporation*

Jonah is a cross-border tax and estate planning lawyer, focused on assisting clients with international tax issues, including U.S.-Canada cross border matters and questions regarding residency and Treaty benefits. Licensed to practice law in British Columbia as well as California, Jonah can advise on both sides of the border to suit client objectives by creating tax-efficient estate plans and investment structures.

**boughtonlaw**

# How Many Days Can I Stay in the U.S.?

For Canadians, depends on the visa

## **B VISA**

For non-immigrant visitors to U.S.

B-1 – Business  
B-2 – Tourism  
B-1/B-2 -  
Combination

## **E-2 VISA**

Treaty investor, while operating business in the U.S.

Valid for 3-years, can be renewed

## **TN VISA**

Citizens from NAFTA countries can enter U.S. for business activities

Conditions apply

## **L1 VISA**

Intracompany transferee (executive or manager)

Conditions apply

## **EB-5 VISA**

Investor (and family) can apply for perm. residence

Conditions apply

# Tax Question – Substantial Presence Test (Annual Determination)

## Count the total of:

- All the days in current year
- 1/3 of the days last year
- 1/6 of days 2 years ago

## If number over 182, then ‘substantially present’:

- Unless closer connection exception claimed on Form 8840
- Statutory exception SPT

## If more than 182 in current year, then NO Form 8840:

- Need to file a return to tiebreak to Canada under the Treaty
- Less satisfactory solution because FBARs and other information returns may be required – need ITIN, etc.



# New Snowbird Visa

- Similar versions in committee in House and Senate
- Permit up to 240 days per year with some conditions
- 2023 version is better as it also contains an amendment to IRC
  - Still an NRA will on this visa

## Will it pass?

### **CANADIAN SNOWBIRD VISA ACT**

*July 6, 2023*

Current law limits the amount of time a Canadian visitor may spend in the United States to 182 days per year.

The Canadian Snowbird Visa Act will allow Canadian citizens over the age of 50 who either own or rent a residence in the United States to remain in the country for up to 240 days each year.

# Other Considerations



- Need certain physical presence in home province to maintain public health plan enrolment (depends on province of residence)
- Without new visa could risk inadvertent departure under treaty tiebreakers
- Pushing the limit under a B visa risks getting turned away – waiver process very cumbersome
  - Know the rules and keep your own records!!
  - Government data often incorrect as to entries and exits



# Presenter



## **MATT C. ALTRO**

*President and CEO, MCA Cross Border Advisors Inc.*

Matt C. Altro is President and CEO of MCA Cross Border Advisors Inc. Matt is a CERTIFIED FINANCIAL PLANNER in Canada as certified by the Financial Planning Standards Council, a Certified Financial Planner in the U.S. with the US CFP Board, a Quebec Financial Planner with the *Institut québécois de planification financière*, and obtained the TEP designation from the Society of Trust and Estate Practitioners. He is a graduate of McGill University, Faculty of Management, and is completing his Masters of Business Taxation at the University of Minnesota.

Matt works out of the Montreal and Toronto offices and spends time traveling across North America to meet with clients. He has specialized and in-depth knowledge with respect to cross border tax and financial planning for Canadians moving to the U.S., U.S. residents moving to Canada, US citizens living in Canada, or executive employees relocated between the countries.



# Presenter



Matt has nearly 20 years of experience in cross border planning and leads a team of multidisciplinary professionals including U.S. & Canadian CPAs, CFAs and Financial Planners. Matt and his team create comprehensive and customized plans that are designed to minimize tax, address estate planning issues, achieve retirement goals, identify investment opportunities, obtain healthcare coverage and meet immigration objectives.

Mr. Altro is a frequent speaker at national, international bank and industry seminars. He is a regular contributor to *The Globe and Mail & Advisor's Edge*, he's been interviewed on *BNN, CHCH Television* and by the *National Post, The Montreal Gazette, 24 Hours newspaper*, published in the *STEP Journal* and has written various articles about moving between Canada and the U.S. Matt also authored a chapter about moving to the U.S. in David A. Altro's book *Owning US Property the Canadian Way, Third Edition*.



# Immigration from Canada to the U.S.

- Differences between Visa, Green Card, and US Citizenship
- Immigration options can be grouped into three categories:
  1. Family Sponsorship
    - Spouse or U.S. citizen adult child
  2. Investor Visas
    - E-2 or EB-5
  3. Employment Visas

Employment Visas	Who is eligible?	Length of eligibility	Can spouse work?	Green Card path?
TN	Specific professional occupations	3 years, renewable	No	No
L-1	Intracompany transferee executive or manager	1 or 3 years, renewable up to 7 years	Yes	Yes
H1-B	Various professionals (quota)	3 years, renewable up to 7 years	Typically no	Yes

# Key Considerations When Relocating to the U.S.

## Canadian Departure Tax

- Differences between Visa, Green Card, and U.S. Citizenship
- Immigration options can be grouped into three categories:
- Tax impact of becoming a non-resident of Canada
- Deemed disposition of property at FMV
  - Realization of accrued gains prior to emigration
  - Capital Gains Tax
- There are exceptions, not all assets are subject to departure tax
- Final personal tax return (“exit return”)
- Treaty election to bump US cost basis available, Treaty Article XIII(7)
- CRA provides taxpayers with the option to **defer** departure tax

# Key Considerations When Relocating to the U.S.

## Assets Subject to Departure Tax

Stocks of all companies, private or public

Real estate situated outside Canada

Certain personal property

Stock of privately held corporations

Mutual funds, exchange-traded funds,  
partnership interests

## Assets NOT Subject to Departure Tax

Canadian-situated real estate

Annuities / pensions in Canada

RRSP / RRIF / RESP / TFSA

Life Insurance

Certain employee benefit programs

Canadian business capital property and its  
inventory

# Key Considerations When Relocating to the U.S.

## What should I do with my RRSP/RRIF?

- RRSPs in Canada allow for:
  - Tax deduction in year of contribution
  - Grow tax deferred
  - Taxed as regular income upon withdrawal
- Moving to the U.S. with your RRSP/RRIF can lead to substantial savings
- Canadian tax can be used as foreign tax credits against U.S. tax

Residency	Canadian Tax Rate on RRSP Withdrawal
Canada	Up to 54%
U.S.	15 or 25%

# Key Considerations When Relocating to the U.S.

## Healthcare options in the U.S.

- Employer-sponsored group plans
- Private insurance (subsidies exist)
  - Obamacare remains the law – no discrimination regarding age or pre-existing conditions
- Government programs such as U.S. Medicare
- Global Health Insurance (available prior to moving)



# Current Trend in Mobility – Remote Work



## Working from the U.S. as an employee for a Canadian employer:

- Income Sourcing Rules
  - Generally speaking, income is sourced to the country where the work is performed.
  - Sourced to the U.S. if:
    - You're a U.S. resident; OR
    - Non-resident spending 183 / 365 days rolling threshold in U.S.



# Current Trend in Mobility – Remote Work

## Working from the U.S. as an employee for a Canadian employer:

- Impact
  - Creates cash flow issues
  - Tax filing complexities
  - Potential problems for employer
- Options
  - Transfer to the US entity; or
  - Become a contractor; or
  - Be employed through a Professional Employer Organization (PEO)



# Biggest Challenges & Mistakes for Canadians Moving to the U.S.

- Inadvertently exiting Canada
- Gaps in health care coverage
- Not filing important foreign disclosures with the IRS (FBAR, FATCA, 5471, etc.)
- Not doing a Treaty election to step up assets subject to departure tax
- Improper planning for states that don't respect the Treaty (e.g. California)
- Ensuring custodians withhold the right amount on your RRSP withdrawals as a non-resident
- Canadian insurance policies which are not tax-exempt in the U.S.
- Understanding Medicare eligibility rules and Obamacare subsidies
- Revoking prior wills rather than making them situs
- Misinformation around gifting
- RESP planning
- U.S. business structure planning for Canadians (LLC, S-Corp, C-Corp)
- Including all appropriate disclosures on your Canadian departure return
- And many many more!!!

# Presenter



## **MARLENE ATZORI** *RBC Regional Advisor*

Marlene has over 30 years' experience with RBC, working across various departments throughout the bank. As an accredited Financial Planner for the past 15 years, she's been a leader and mentor at RBC, ranking as a top performer in the Toronto West region. She holds a Bachelor of Arts and several designations from the Institute of Canadian Bankers, including her PFP. Marlene has been a core collaborator for RBC Bank since its inception, networking with partners on both sides of the border.

# Getting Ready to Head South



## What we're hearing

- Tax & legal concerns<sup>1</sup>
- Health & wellness considerations
- Banking solutions
  - Checking
  - Credit cards<sup>2</sup>
- Preparing students for U.S. college
- Buying a home in the U.S. or using U.S. equity<sup>3</sup>
- Cross-border business banking

# U.S. Banking Benefits

- Free and instant cross-border transfers<sup>4</sup>
- Mobile deposits & digital capabilities with digital wallet
- P2P transfer – 3<sup>rd</sup> party apps
  - Venmo, PayPal, Apple Pay, Cash App, etc.<sup>5</sup>
- 50,000+ no-fee ATMs<sup>6</sup> nationwide through Allpoint
  - CVS, Walgreens, Target
- RBC Rewards points redeemable for cash back,<sup>7</sup> gift cards, travel and more
- No foreign transaction fees<sup>8</sup> on U.S. purchases



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# Why Canadians Should Finance Their U.S. Dream Home

<b>CASH VS. FINANCING FOR A \$500,000* U.S. HOME</b> (Example Savings‡)	
<b>Cash</b>	<b>Financing</b>
<b>\$500,000</b> USD (Costs Using 2.5% on \$500k)	<b>\$112,500</b> USD (20% Down Payment + Closing Costs**)
<b>Cash Needed at Closing</b> <i>x 32% CAD to USD Foreign Exchange Rate</i>	
<b>\$660,000</b> CAD (\$160,000 CAD to USD)	<b>\$148,500</b> CAD (\$36,000 CAD to USD)
<b>\$124,000</b> CAD (One-time, Upfront Difference in Exchange Costs)	

\* All monetary amounts listed are calculated in USD currency.

‡ Illustrative example for information purposes only, assuming US\$1/C\$ .76. Foreign exchange rates are subject to change at a moment's notice.

\*\* 20% down payment of \$80,000 + approximately \$10,000 in closing costs.

# Benefits of an RBC Bank Mortgage<sup>9</sup>



## At RBC Bank, we:

- Use your Canadian credit history
- Provide financing in all 50 states
- Never charge a foreign national premium or prepayment penalty
- Help you close your mortgage in the U.S. or Canada

# Cross-Border Offers & Perks

- Reduced shipping cost with MyUS.com<sup>5</sup>
- Telehealth through Maple<sup>5</sup>
- Tax and legal advice<sup>1</sup>
- Electronics installation
- Junk removal
- HomePlus™ Advantage<sup>10</sup>
- Insurance marketplace

## Limited time perks:



Discounts at theme parks like Walt Disney World<sup>‡,5,11</sup> and Six Flags<sup>‡,5,11</sup>



Up to 25% off select Avis<sup>‡,5,11,12</sup> car rentals in Canada and the U.S.



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# Additional 2023 Virtual Advice Events



- **The U.S. Real Estate Market and Home Insurance: What You Need to Know**
  - *October 24, 2023, 1-2:30 p.m. ET*
- **Ask the Expert: Tax, Legal and Estate Considerations for Owning a U.S. Property**
  - *October 31, 2023, 1-2:30 p.m. ET*

Visit [rbcbank.com/VAE](https://www.rbcbank.com/VAE) for more details

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1. Consult your financial, tax, legal, and other professional advisors prior to applying for a U.S. mortgage.
2. All loans and lines of credit are subject to credit approval.
3. Mortgages and Home Equity Lines of Credit (HELOCs) are subject to approval, including verification of acceptable income, credit worthiness and property valuations. Minimum and maximum property values and maximum loan-to-value ratios apply. Homeowner's insurance is required for all loans and lines of credit; in addition, flood insurance is required if the property is located in a Special Flood Hazard area. Escrows may be required for insurance and property payments on mortgages and home equity lines. There are closing costs associated with mortgages and home equity lines. Home Equity Lines of Credit require payment of an Origination Fee equal to ½ percent of the line of credit amount (with a \$500 minimum and a \$2,000 maximum) and third party closing costs (ranging from \$900 to \$9,000) that are payable at origination. Home Equity lines also involve payment of a \$50 annual fee. Home Equity Lines of credit are not offered for properties in Texas. Home Equity Lines of Credit are not available for investment properties. An investment property is a property that is not occupied by the owner/borrower for at least two weeks per year.
4. Standard account charges may apply. Maximum transaction limits may apply and are subject to change. Availability of the money will depend on the time when it is sent from Royal Bank of Canada or RBC Bank. Transaction may not appear on your RBC Bank account transaction history until the following day but will reflect the date of transfer.
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7. 1.00% cash back from the RBC Bank Visa Signature Black/Visa Platinum Rewards credit cards and 1.25% cash back from the RBC Bank Visa Signature Black Plus credit card can only be redeemed with RBC Rewards Points.
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9. Mortgages are subject to approval, including verification of acceptable income, credit worthiness and property valuations. Minimum and maximum property values and maximum loan-to-value ratios apply. Homeowner's insurance is required for all loans and lines of credit and flood insurance is required if the property is located in a Special Flood Hazard area. Escrows may be required on mortgages. There are closing costs associated with mortgage products.
10. RBC U.S. HomePlus™ Rewards is offered by RBC Bank with HomeStory Real Estate Services (HRES), a licensed real estate broker. HRES is not affiliated with RBC Bank and RBC Bank is not responsible for the program provided by HRES. To qualify for the RBC U.S. HomePlus™ Rewards, you must enrol in the program and use the assigned network real estate agent to complete the buy transaction. Your enrolment and reward eligibility is good for 18 months. If you do not purchase a home during that time, you must re-enroll to become eligible for the cash reward. For full details, please review [the program terms and conditions](#).
11. Offers are available to RBC Bank clients only through our cross-border offers and perks program. Membership with Abenity is required to redeem the Universal Studios Orlando and Marathon offers. There is no charge for an Abenity membership. Offer and/or coupon codes are provided through Abenity.

# Disclaimers

12. The RBC Bank client Avis Worldwide Discount (AWD) number is required to receive the discount when making a reservation. Terms and conditions apply:

- The savings of up to 35% applies to Avis Pay Now rates and is applicable only to the time and mileage charges of the rental.
- Offer does not apply to car group X.
- All taxes, fees (including but not limited Air Conditioning Excise Recovery Fee, Concession Recovery Fee, Vehicle License Recovery Fee, Energy Recovery Fee, Tire Management Fee, and Frequent Travel Program Fee) and surcharges (including but not limited to Customer Facility Charge and Environmental Fee Recovery Charge) are extra.
- Offer is available for U.S. and Canadian residents only for rentals at participating locations in the U.S. and Canada.
- Offer may not be used in conjunction with any other AWD number, promotion or offer.
- Weekly rates require a minimum five day rental period.
- Weekend rate available Thursday noon; car must be returned by Monday 11:59 p.m., or higher rate will apply.
- A Saturday night keep and an advance reservation may be required.
- Offer is subject to vehicle availability at the time of rental and may not be available on some rates at some times, including some online rates at Avis.com.
- Car rental return restrictions may apply.
- Offer subject to change without notice.
- Holiday and other blackout periods may apply.
- Renter must meet Avis age, driver and credit requirements. Minimum age may vary by location. An additional daily surcharge may apply for renters under 25 years old.

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