



# The Spectrum IFA Group

International Financial Advisers

## Case Study Spanish Tax Resident Couple

Husband, aged 61 and wife, aged 60 married living in Spain.

They have two adult children living in the UK that are financially independent

Home Spain €600,000	Private Pension UK £300,000	Cash Spanish Bank €100,000	No other income
State Pension £8000 p.a. each	ISA's in UK £200,000	Share Portfolio £80,000	English Will

### Challenges

#### Insecurity about the taxation of assets and incomes in Spain

- Unclear about what level of income is being generated after Spanish tax on their various assets
- Not sure how to apportion their income across pensions, investments and cash
- How to restructure assets and savings to increase disposable income

#### Investment Portfolio

- No clear Investment Strategy in place and a resulting poor performance
- Excess paperwork to administer all of the products the client held making tax returns lengthy and expensive
- Tax ineffective Portfolio with regards Spanish Taxation
- Two private pensions in UK schemes about to go in to Drawdown
- Various currencies, but mainly sterling. With a poor exchange rate conversion is a concern.

#### Inheritance Tax liability

- Clients were confused about what would happen to their home and different assets on their deaths, particularly as to whether it would be subject to Spanish or British tax.

### What we did

- Completed a full fact find gathering all necessary information and views
- Undertook to appoint a UK qualified pensions expert to look into their private pension schemes
- Arranged a review with an English speaking Lawyer to re write their Will in line with their Spanish residency
- Undertook a complete cash flow forecast to establish how long their money would last
- Restructured the ISAs, cash in the bank and Share Portfolio into easy to manage Spanish tax efficient structures
- Arranged for a detailed Investment Strategy to be put in place by an Investment specialist, matching the clients needs currently and taking into account income is needed in Euros, but many of the assets are in Sterling
- Explained in simple terms how their estate would be taxed on death and by which country
- Arranged for a meeting with an English speaking Tax advisor to advise on how best to plan for Inheritance with the children living in the UK

### The Results

- They received a detailed report with regards their pension schemes, enabling them to make a well informed decision as to whether to move the schemes out of the UK or not.
- They were assisted in rewriting their English Will so it complied here in Spain and this is to be kept by the lawyers so in the event of the clients death the family can be assisted by someone with full knowledge of all assets and where they are.
- They were able to invest their ISAs, Cash in the Bank and Share Portfolio all into one structure, managed by an Investment professional, in a way that suited their current financial situation and reduced annual tax return complications substantially
- They were able to manage the currency situation in a more informed way, and also use a Currency exchange company to get the best possible rates when converting income into Euros
- The clients received a clear understanding of how their assets will be taxed here in Spain on their death and what their children could expect to inherit

If you are a resident of Andalucia in Spain, or are in the process of planning to become a resident and would like any information on tax, pension transfers, Investment planning or general planning around your finances you can contact me on :

[Jeremy.ferguson@spectrum-ifa.com](mailto:Jeremy.ferguson@spectrum-ifa.com) or +34 670 216 229

*With Care, You Prosper*

