This document is for investment professionals only and should not be relied upon by private investors.

Investment checklist for US expats living in the UK

Advising a client who is a US expat on their investments is not straightforward. Many mainstream UK investments products are off limits and can trigger punitive US tax treatment, unexpected bills and complex reporting obligations. The table below gives a general overview of whether an investment product or wrapper is, in most cases, suitable or not for a US citizen living in the UK. However, the exact position will depend on individual client circumstances.

	Appropriate for US expats living in the UK?		
UK-domiciled funds[1]	**Yes**	**No**	**In some cases**
OEICs		✓	
Unit Trusts		✓	
UCITS funds		✓	
Investment Trusts		✓	
Venture Capital Trusts (VCTs)		✓	
Exchange Traded Funds (ETFs)		✓	
Crypto Exchange-Traded Notes (cETNs)[2]		✓	
US-domiciled funds	**Yes**	**No**	**In some cases**
Mutual funds without UK reporting status		✓	
Mutual funds with UK reporting status	✓		
ETFs without UK reporting status		✓	
ETFs with UK reporting status	✓		
Other investments	**Yes**	**No**	**In some cases**
Direct stocks	✓		
Direct bonds (government and corporate)	✓		
Cryptocurrencies[2]	✓		

1. The US treats most non-US pooled funds as PFICs (Passive Foreign Investment Companies), resulting in harsh tax penalties for Americans.
2. Cryptocurrency itself is not classified as a PFIC. However, the platform, wrapper, or crypto fund a client uses may be problematic.

Investment wrappers	Appropriate for US expats living in the UK? Yes	No	In some cases
Individual Savings Accounts[3]			✓
Junior ISAs[4]			✓
UK personal pensions such as SIPPs			✓
Junior pensions			✓
UK workplace pensions[5]			✓
General Investment Accounts[6]	✓		
Enterprise Investment Scheme (EIS) or Seed EIS		✓	

Specialist advice is essential

As an advice practitioner, you'll know the right advice can turn complexity into clarity. However, advising US expats is a highly specialist area. If your firm is looking to refer clients to an expert in advising US citizens abroad, Canaccord Wealth can work with you. Our highly experienced team can help your clients avoid common pitfalls and recommend a compliant and efficient portfolio.

To find out more about how Canaccord Wealth can assist your US expat clients, simply email us at enquiries@canaccord.com or visit the Investing for US expats with Canaccord Wealth web page.

3. ISAs are not tax-advantaged under US law. Income and gains inside an ISA must still be reported to the IRS (the US government agency that collects taxes), which can lead to unexpected tax bills.
4. Junior ISAs for US children may work if managed correctly.
5. Many US expats can contribute to UK employer pensions or personal pensions, such as SIPPs. Contributions may offer tax advantages in the UK, but their US treatment depends on treaty interpretation, contribution limits and the client's personal tax position.
6. General Investment Accounts are flexible but require careful asset choice to avoid PFICs.