

International Estate Planning For Americans

By: Pyle Financial Services (843) 945-4480 Myrtle Beach, SC 29577



Pyle Financial uses their proprietary KeepMore Road Map, designed to help you

- *LiveMore*
- *LoveMore*
- *& One Day, LeaveMore*

For Americans living abroad, estate planning becomes significantly more complex. Your U.S. citizenship, country of residence, and where your assets are held all play a role in how your estate is ultimately taxed and distributed.



Unlike domestic planning, cross-border situations require navigating multiple legal and tax systems—often with conflicting rules. Without proper coordination, this can lead to unnecessary taxes, delays, and unintended outcomes for your heirs.

How does U.S. Estate Tax Exposure affect you?

If you are a U.S. citizen, your worldwide assets are subject to U.S. federal estate tax, regardless of where you live. As of 2026:

- The estate tax exemption is approximately \$15 million per person
- Amounts above that threshold may be taxed at rates up to 40%

While this exemption is relatively high, it can still be exceeded quickly—especially for individuals who own:

- Multiple properties
- International investments
- Business interests

The key takeaway:

Living overseas does not remove your exposure to U.S. estate taxes.

The Complexity of Living in Two Systems

When you live abroad, you are effectively operating in **two regulatory environments at the same time:**

- The **U.S. taxes based on citizenship**
- Most foreign countries tax based on **residency or domicile**

If your country of residence considers you “domiciled,” it may:

- Apply inheritance or estate taxes to your **global assets**
- Enforce local succession laws, regardless of your U.S. will

In many cases, **foreign real estate and assets are taxed locally**, even if you are not a full tax resident.

Tax Treaties, Credits, and “Situs” Rules

To help prevent double taxation, the U.S. has estate and gift tax treaties with certain countries.

These treaties:

- Determine which country has primary taxing rights
- Allow for tax credits when taxes are paid in more than one jurisdiction

A critical concept here is “situs”—or where an asset is legally located.

- U.S. real estate = typically U.S.-situs
- Foreign real estate = typically taxed in that country
- Financial assets may vary depending on structure and jurisdiction

Understanding situs rules is essential to determining:

Who taxes what—and when

Conflicting Rules and Forced Heirship

Many foreign countries don’t recognize the tax planning benefits of trusts, nullifying their benefits if they impose estate or inheritance taxes on your worldwide assets. One of the most common challenges in international estate planning is conflicting legal frameworks.

For example, many countries follow forced heirship laws, which require that a portion of your estate be left to:

- Your spouse
- Your children

This can override the instructions in your will and limit your flexibility.

What you intend to happen and what legally must happen can be very different.

Building a Coordinated, Cross-Border Strategy

The most effective approach is a **unified strategy that works across jurisdictions.**

This often includes:

- A **U.S. will** for U.S.-based assets
- A **local will** in the country where foreign assets are held
- Coordination between legal documents to avoid conflict

Without alignment, families may face:

- Probate delays
- Conflicting instructions
- Increased taxation

Your **power of attorney and healthcare directives** should also be reviewed to ensure they are valid internationally.

Trusts: Powerful Tools with Hidden Risks

Trusts are a cornerstone of estate planning in the U.S., but internationally, they can create complications.

Some countries:

- Do not recognize trusts the same way the U.S. does
- May ignore their benefits for tax purposes
- Could impose taxes as if the trust doesn’t exist

Additionally:

- Foreign trusts can trigger **complex U.S. reporting requirements**
- U.S. trusts may not be treated favorably abroad

The question isn’t just “Should I use a trust?”

It’s “How will this trust be treated in both countries?”



Gifting Strategies Across Borders

Gifting during your lifetime can reduce the size of your taxable estate, but it must be handled carefully.

Considerations include:

- U.S. gift tax rules
- Local country tax implications
- Ownership vs. usage rights

In some jurisdictions, it may be possible to:

- Transfer ownership of an asset
- While retaining the right to use it during your lifetime

This can create meaningful tax efficiencies when structured correctly.

How Tax Treaties Work: Real-World Examples



Example 1: U.S. Citizen Living in the U.K.

A U.S. citizen living in the U.K. who owns U.S. real estate may be subject to taxation in both countries.

However:

- The U.S. taxes the property based on location (situs)
- The U.K. may tax worldwide assets due to domicile
- The treaty allows for **credits to offset double taxation**

Example 2: Moving Between Countries

A couple with assets in both France and the U.S. may see their tax exposure change dramatically depending on domicile status.

In some cases:

- Treaty rules can shift primary taxing rights
- Only certain assets remain taxable in the original country
- The overall tax burden can be significantly reduced

The Importance of building the Right Advisory Team

Cross-border estate planning is not something to handle in isolation.

It requires coordination between:

- Estate planning attorneys familiar with **multiple jurisdictions**
- Tax professionals who understand **international rules**
- Financial advisors who can align **investment strategy with estate goals**

“The biggest risks often come from lack of coordination—& lack of planning.”

Final Thoughts

If you are an American living overseas, estate planning is not just about passing on wealth—it’s about ensuring your plan works across borders.

Without proper coordination:

- Taxes can increase
- Legal conflicts can arise
- Your intentions may not be carried out

With the right strategy:

- You can minimize taxes
- Simplify the process for your heirs
- Ensure your legacy is preserved as intended



PYLE FINANCIAL

KEEP MORE™



Financial Planning and Investment Advisory Services offered through Harvest Investment Services, LLC (“Harvest”), dba Pyle Financial Services (“Pyle”), a Registered Investment Advisor. Registration does not imply a certain level of skill or training. For more information about Harvest, or to receive a copy of disclosure Form ADV contact us or visit www.harvestinvestmentservices.com/disclosures/ or <https://adviserinfo.sec.gov/firm/summary/159390> Please remember that past performance may not be indicative of future results. Different types of investments and investment strategies involve varying degrees of risk. One cannot invest directly in an index, but can invest in an index fund, which aims to track the performance of that index. There can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and investment strategies recommended or undertaken by Pyle or Harvest), or any non-investment related content, referred to directly or indirectly in this document will be profitable, be equal to any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and applicable laws, the content may no longer reflect current opinions or positions. Moreover, you should not assume that any discussion or information contained in this document serves as the receipt of, or as a substitute for, personalized investment advice from Pyle or Harvest. Please remember to contact us in writing if you have any questions, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing, evaluating or revising our previous recommendations and/or services, or if you would like to impose, add, or modify any reasonable restrictions to our investment advisory services. In the absence of such written contact, Pyle and Harvest will continue to rely on the accuracy of the most recent information that you have provided