



BEACON PRIVATE TRUST
Independent Financial Advisers

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THE PROS AND CONS OF RETIRING OUTSIDE THE UK

01582 761121
bptrust.co.uk

Ellerd House/Amenbury La,
Harpenden
AL5 2EJ



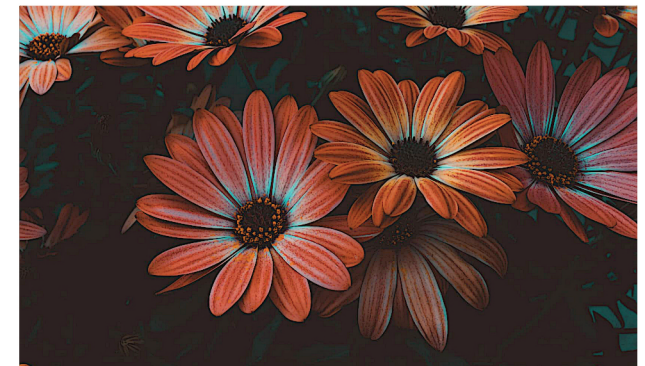


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"I DON'T MIND PAYING MORE TAXES, BUT I CAN'T AFFORD TO DIE HERE"

Life isn't always a bowl of cherries, especially when it comes to planning for retirement. For UK residents with substantial wealth, the decision to stay or leave often hinges on one stark reality: the cost of dying in the UK. With inheritance tax (IHT) taking a significant chunk of estates over the threshold, many retirees are exploring alternative residencies to preserve their wealth for future generations.

If you have an accumulated money purchase pension fund of £1.25m, a £2m house, £3m in cash assets, and a business worth £750k, the stakes are high. Let's explore the pros and cons of retiring outside the UK, focusing on Dubai, France, and Switzerland.





KEY FACTORS TO CONSIDER WHEN MOVING ABROAD

When planning retirement outside the UK, you must weigh several factors, including:

1. Health and Healthcare Access
2. Financial Implications (Income Tax, VAT, and Cost of Living)
3. Housing Market and Rules
4. Inheritance and Wealth Taxes

DUBAI: A TAX-FREE OASIS?

Pros:

- **No Income Tax or Inheritance Tax:** Dubai's tax-free status is a significant draw for high-net-worth individuals. Neither income nor estate tax is levied, leaving your wealth untouched.
- **Warm Climate and Modern Amenities:** With sunshine year-round, luxury properties, and top-notch infrastructure, Dubai offers an appealing lifestyle.
- **Expat Community:** A large expat population ensures English-speaking services, schools, and social networks.

Cons:

- **Healthcare Costs:** Healthcare in Dubai is private and can be expensive. While insurance covers much, it's an additional cost compared to the NHS.
- **Residency Linked to Employment or Investment:** Residency in Dubai is not automatic. You'll need to invest in property or establish a business to qualify for a visa.
- **Legal and Cultural Differences:** Dubai operates under Sharia law, which can impact inheritance distribution unless carefully planned through local wills.







FRANCE: A CULTURAL PARADISE WITH TAX CONSIDERATIONS

Pros:

- World-Class Healthcare: France offers excellent healthcare services at relatively low costs compared to private healthcare systems.
- Lifestyle and Quality of Life: Open-air markets, exquisite cuisine, and a slower pace of life appeal to many retirees.
- Property Value: Housing costs outside major cities like Paris are significantly lower than in the UK, offering more for your money.

Cons:

- High Taxes: France has high income taxes, wealth taxes, and inheritance taxes. However, UK pension income can benefit from lower taxation under the UK-France double taxation treaty.
- Inheritance Rules (Forced Heirship): French law enforces "forced heirship," meaning your estate must be divided among specific heirs, limiting flexibility.
- Bureaucracy: The French administrative system is notoriously complex and time-consuming, especially for expats navigating tax and residency rules.



SWITZERLAND: STABILITY AND PRESTIGE

Pros:

- **Low Wealth Tax (Depending on Canton):** While Switzerland does impose a wealth tax, the rates vary by canton and are generally lower than the UK's inheritance tax.
- **Exceptional Healthcare:** Switzerland's healthcare system is one of the best in the world, albeit private and expensive.
- **Political and Economic Stability:** A haven for retirees seeking security and financial privacy.

Cons:

- **Residency Restrictions:** Gaining Swiss residency can be challenging unless you have substantial wealth or meet specific criteria (e.g., lump-sum taxation agreements).
- **High Cost of Living:** Everything from housing to groceries is expensive, making it less accessible for those without significant financial resources.
- **Inheritance Tax (Cantonal Variations):** Inheritance tax exists in some cantons, but rates are typically lower than in the UK. However, complex rules apply depending on familial relationships.



WEIGHING THE OPTIONS: A FINANCIAL PERSPECTIVE

Here's how your wealth might be impacted in each country:

CATEGORY	DUBAI	FRANCE	SWITZERLAND	UK
INCOME TAX	None	Up to 45%	Up to ~40%	Up to 45%
VAT	5%	20%	7.7%	20%
INHERITANCE TAX	None	Up to 45% (spouse exempt)	Varies by canton (low for direct heirs)	40% over threshold (£325k + spouse exemption)
HEALTHCARE COSTS	Private (high cost)	Public/private mix (low cost)	Private (very high cost)	NHS (free at point of use)
HOUSING COSTS	High (luxury market focus)	Moderate (except Paris)	Very high	High

PRACTICAL TIPS FOR RETIRING ABROAD

1. Plan Inheritance Carefully

- Use local wills and trusts to manage forced heirship laws (France and Dubai).
- Explore tax treaties and inheritance exemptions specific to your country of choice.

2. Understand Residency Rules

- Dubai requires investment or sponsorship.
- France and Switzerland have strict criteria for long-term visas or permits.

3. Secure Healthcare

- Factor in private insurance costs, especially in Dubai and Switzerland.

4. Keep UK Ties in Check

- Retaining UK property may impact your domicile status, leaving your estate partially liable for UK inheritance tax.



FINAL THOUGHTS

Relocating in retirement can offer significant financial and lifestyle benefits, but the choice is deeply personal. If your goal is to reduce inheritance tax exposure, ensure access to quality healthcare, and enjoy a vibrant lifestyle, moving abroad may be worth exploring. However, the move requires meticulous planning, professional advice, and an honest assessment of what you want from your retirement years.

The ultimate question is: What matters most—your legacy, your lifestyle, or a balance of both? With thoughtful preparation, you can make the right choice for your future.

Considering a move? we can help in international tax and wealth planning to secure your best outcome.

