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FINANCE

13 KEY FINANCIAL PLANNING AREAS

✓ You Should Have Ticked Off

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ABOUT US

Rosbotham Finance

As a reputable financial planning firm based in Switzerland, Rosbotham Finance take pride in offering comprehensive services to expatriates from across the globe. At our firm, we specialise in addressing the unique financial needs of our diverse clientele, with a particular focus on retirement planning, tax efficiency, investments, pension advice, inheritance tax planning, and overall financial well-being.

ROSBOTHAM FINANCE

David Rosbotham

As an experienced cross border adviser I am dedicated to providing personalised guidance and strategic solutions tailored to each client's specific circumstances and long-term goals. Now, let's explore the 13 key financial planning areas you should have already ticked off your list.

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The 13 Key Financial Planning Areas

01	WILL
02	GUARDIANSHIP FOR MINORS
03	LASTING POWER OF ATTORNEY
04	CONTINGENCY / EMERGENCY FUND
05	INSURANCES – LIFE, CRITICAL ILLNESS COVER AND INCOME PROTECTION
06	BUDGETTING
07	AUTOMATED INVESTING
08	TAX PLANNING INCLUDING USE OF WRAPPERS
09	RETIREMENT PLANNING
10	CAPACITY FOR RISK AND LOSS CONSIDERED
11	SUCCESSION PLANNING
12	EQUITY OR STOCK OPTIONS EXIT STRATEGY
13	LIFETIME FINANCIAL PLAN

1. WILL

Why it's important: A will ensures your assets are distributed according to your wishes after death, reducing the potential for family disputes and legal complications. Including any international holdings and following both Swiss and foreign inheritance laws, it helps to simplify cross-border estate planning.

What you should do: Create or update your will, outlining who will inherit your assets, who will manage your estate, and who will take care of any dependents. Ensure your will considers both Swiss and foreign laws.

How could not having a will in place negatively impact you: If you die without a will, Swiss law may govern the distribution of your assets, which could lead to unintended beneficiaries or lengthy legal complications, especially with international assets.

2. GUARDIANSHIP FOR MINORS

Why it's important: If you have children under 18, having a legal guardian ensures that they will be cared for by someone you trust if anything happens to you. Naming a guardian in advance pre-empts consideration of both Swiss and home-country regulations.

What you should do: Name a guardian in your will to ensure your children are looked after according to your wishes. Ensure you setup a valid cross-border will if you are an expat, considering both Swiss and foreign laws.

How could failing to setup guardianship negatively impact you: Failing to designate guardians could result in Swiss authorities or courts making decisions about your children's care, potentially conflicting with your wishes.

3. LASTING POWER OF ATTORNEY (LPA)

Why it's important: An LPA allows someone to make decisions on your behalf if you lose the capacity to do so, either regarding your financial affairs or healthcare. Setting up an LPA correctly ensures someone can manage your Swiss and international affairs if you're incapacitated, avoiding financial and legal difficulties.

What you should do: Set up LPAs for both financial and healthcare matters, designating trusted individuals to act on your behalf if necessary.

How could not having LPA's in place negatively impact you: Without an LPA, your assets might be frozen, or Swiss authorities may appoint a guardian to manage your finances, leading to potential delays and costs.

4. CONTINGENCY / EMERGENCY FUND

Why it's important: This fund provides financial security in the event of unexpected life events (job loss, medical emergencies), helping you avoid debt.

What you should do: Save 3-6 months of living expenses in an accessible, liquid account for emergencies.

How could not having an emergency fund in place negatively impact you: Without an emergency fund, an unexpected job loss or health emergency could leave you financially vulnerable, especially in a high-cost country like Switzerland.

5. INSURANCES – LIFE, CRITICAL ILLNESS COVER AND INCOME PROTECTION

Why it's important: Insurances like life, critical illness cover and income protection provide financial support to your dependents or family in case of your death, illness or injury. The insurances can help to cover debts (like a Swiss mortgage), expenses, or maintain lifestyle.

What you should do: Assess your insurance needs and ensure adequate coverage that suits the needs of your personal situation.

How could not having insurance in place negatively impact you: Without insurance, your dependents or family could face financial hardship, especially with the high living costs, education fees and any debts left unpaid in Switzerland.

6. BUDGETTING

Why it's important:
A budget helps you manage your income and expenses, ensuring you live within your means and work towards financial goals.

What you should do:
Create a budget that tracks your income, savings, and spending, and review it regularly to stay on top of your financial situation.

How could not having a budget in place negatively impact you: Without a budget, you might overspend, struggle to save, and experience financial strain, particularly in Switzerland's main expat cities like Geneva, Zurich, Basel.

7. AUTOMATED INVESTING

Why it's important: Automating investments helps you consistently save and invest, avoiding emotional decision-making and benefiting from compounding returns. Contributions to long-term savings and investments, can help you grow wealth in both Switzerland and global markets.

What you should do: Set up automated contributions to your investment accounts, ensuring regular saving and investing over time.

How could not having automated investing setup negatively impact you: Without automated investing, you may miss opportunities to benefit from compounding returns, and your wealth may not grow sufficiently to meet long-term goals.

8. TAX PLANNING (PENSION PLANNING & USE OF TAX WRAPPERS)

Why it's important: Tax-efficient investing and planning help you reduce Swiss tax liabilities and maximise your returns.

What you should do: Take advantage of tax-efficient accounts (e.g. pensions, Pillar 3a) and ensure your investments are structured to minimise taxes.

How could neglecting tax planning negatively impact you: Without tax planning, you may pay higher taxes in Switzerland and miss out on tax-efficient structures (like Swiss pension schemes), reducing your overall returns.

9. RETIREMENT PLANNING

Why it's important: Having a retirement plan ensures that you save enough to support your lifestyle after you stop working, avoiding financial stress in later years. A holistic retirement plan will be tailored to your personal situation and retirement goals, considering future international moves and how these may impact your investments, taxes and lifestyle.

What you should do: Calculate how much you need for retirement and create a retirement plan based on your future plans. Review your plan periodically and adjust.

How could not having a retirement plan negatively impact you: Without a retirement plan, you risk under-saving or not taking full advantage of Swiss tax incentives, making retirement less financially secure.

10. CAPACITY FOR RISK AND LOSS CONSIDERED

Why it's important: Understanding your risk tolerance ensures your investments match your ability to handle market volatility and potential losses. It allows you to invest in a way that balances your comfort with volatility and your need for growth.

What you should do: Assess your risk tolerance, considering factors like age, income stability, and time horizon, and adjust your investment portfolio accordingly.

How could ignoring your risk tolerance negatively impact you: Ignoring your risk tolerance could lead to inappropriate investment choices—either too risky, which could lead to losses, or too conservative, which may hinder long-term growth.

11. SUCCESSION PLANNING

Why it's important: Succession planning ensures a smooth transfer of your business or estate to the next generation or successors, avoiding disruption or disputes. It can also ensure a smooth transfer of your assets across borders, reducing legal complexities in Switzerland and other jurisdictions.

What you should do: Create a succession plan that identifies future leaders or heirs, outlining how assets or business will be transferred, and include relevant legal documentation.

How could not having a succession plan negatively impact you: Without succession planning, your business or estate could face disruptions, and your family could encounter legal and tax issues, especially when dealing with Swiss and foreign laws.

12. EQUITY OR STOCK OPTIONS EXIT STRATEGY

Why it's important: An exit strategy for equity or stock options is crucial because it helps you plan how and when to convert these assets into cash or other investments. This is especially important for expats who might face tax implications both in Switzerland and their home country, as well as fluctuating market conditions. A well-structured exit strategy ensures you maximise the value of your equity or stock options while minimising tax liabilities and market risk.

What you should do: Develop a clear plan for how and when you intend to sell or exercise your equity or stock options, factors like company performance, vesting schedules, tax consequences, and market conditions. Use tax-advantaged strategies like staggered exercises to minimise your tax burden. Avoid over-reliance on a single company's stock.

How could not having an exit strategy negatively impact you: Without an exit strategy, you could face significant financial risks. For example, you may be subject to high taxes if you don't plan properly, especially if you move back to a higher-tax jurisdiction before exercising your options. Additionally, market conditions could lead to unfavourable selling prices, or you could miss vesting windows, causing you to lose the value of the options altogether.

13. LIFETIME FINANCIAL PLAN

Why it's important: A lifetime financial plan sets out your long-term financial goals and how to achieve them, ensuring you stay on track for major life events (e.g., retirement, buying a home). It considers Swiss and international tax, investment, and regulatory environments.

What you should do: Work with a financial planner to develop a comprehensive financial plan that covers all stages of life, revising it regularly as circumstances change.

How could not having a lifetime financial plan negatively impact you: Without a comprehensive plan, you may miss opportunities, mismanage investments, or encounter unforeseen financial challenges, especially as an expat with cross-border needs.

Personalised Advice

Whether you're just starting to plan for repatriation or relocation or seeking to optimise your existing strategy, I'm here to provide personalised guidance every step of the way. With my expertise in tax efficiency, investments, pension advice, inheritance tax planning, and overall financial planning, I offer tailored solutions to help you achieve your long-term goals. Take the first step towards a more secure future by scheduling a consultation with me today.

David Rosbotham DipPFS

Qualified Financial Planner

RELEVANT BLOG POSTS

Guardianship - read our post on:

'Protecting Your Children with Guardianship Planning'

Retirement & Financial Planning - read our posts on:

'5 Retirement Planning Tips for Expats in Switzerland'
'Case Study: Can Retirement be Closer than you Think'
'Should I Work With a Financial Planner?'

Tax Planning - read our post on:

'Swiss 2nd Pillar Pension Explained'