

Cross-Border Clients, Cross-Border Risk

Clients who travel internationally or own foreign assets may move fluidly among languages, cultures, and customs. However, they may not realize that their estate plan will not automatically follow them across foreign borders.

Advisors and clients must be mindful of the limits of domestic planning and understand that plans written around US laws may not be recognized or function as intended in other countries.

Advisors do not need to answer every legal issue that an international lifestyle can surface. Spotting exposures early, flagging potential risks, and bringing in professionals qualified to address them may be enough to keep an expected border crossing from becoming an unexpected legal barrier.

Mapping the International Footprint

In the age of globalism, where people, goods, and ideas flow between countries, physical borders are not as distinct as they once were. Yet the invisible lines that legally separate nations represent different sets of rules that may not be compatible.

A client does not need to consider themselves to be a global citizen to have an international footprint and cross-border exposure.

These vulnerabilities may remain concealed behind what, on the surface, appears to be a completely domestic-looking book of business. Advisors can begin mapping a client's international connections by watching for these common profiles:

- **Foreign property owners.** Clients who own a vacation condo, family villa, or inherited land abroad may discover that foreign real estate is governed by local laws and transfer procedures that do not neatly align with a US revocable trust or broader estate plan.
- **Dual citizens or residents.** Clients holding two passports or claiming legal residency in another country may actively utilize these benefits for global mobility without realizing that those benefits may expose them to conflicting legal jurisdictions and estate rules.
- **Offshore account holders.** Clients with bank accounts, investment portfolios, or business interests physically located outside US borders may find that these holdings trigger a distinct set of compliance obligations and transfer restrictions.
- **“Slow-motion” expats.** Clients who do not consider themselves expats but spend significant—and often loosely structured—parts of the year traveling internationally, such as retired snowbirds or digital nomads, may accidentally trip foreign tax or legal residency thresholds simply by remaining in another country a few days or weeks too long.

Any of these foreign connections introduces another legal or administrative layer into the planning equation. The earlier a client's international footprint is identified, the more time the advisory team has to determine where domestic planning stops—and where additional global guidance must begin.

When Domestic Planning Stops at the Border

Clients may assume that a will, trust, power of attorney, or healthcare directive that works at home will work the same way wherever they travel or own assets. But that thinking can leave them exposed.

A document that is valid at home may be difficult to use or completely unusable abroad. It could be rejected by a foreign institution, treated differently under local law, or require lengthy legal procedures to be recognized.

Domestic planning limitations can be seen in the following common assumptions that clash with international reality:

- **“My power of attorney is universally recognized.”** A foreign bank, property registry, or local institution may refuse or delay acceptance of a US power of attorney. Recognizing an agent’s authority abroad may require formal translation, local notarization, or additional locally compliant documentation.
- **“My US will controls all my property.”** Real estate abroad may be subject to local succession and transfer rules that countermand the instructions in a US will. Some countries also have forced-heirship laws that reserve a portion of an estate for certain heirs and may limit how freely the property can pass.
- **“My revocable trust avoids probate everywhere.”** The concept of a trust is totally foreign to many civil law nations, and its legal treatment can differ significantly across jurisdictions. Foreign tax and legal authorities may characterize the trust’s income or beneficiaries differently—or decline to honor its intended tax, succession, or probate-avoidance effects.
- **“My healthcare directive will speak for me.”** A hospital abroad may not immediately recognize a US healthcare proxy, particularly if it is untranslated, unfamiliar, or inconsistent with local medical consent rules.
- **“My beneficiary designation settles the matter.”** Foreign retirement accounts, insurance policies, or investment products may follow localized transfer rules. A designation based on US assumptions may not produce the expected result.
- **“My chosen fiduciary can step in.”** A US-based executor or trustee trying to manage a foreign asset from afar may face institutional resistance, local residency rules, and logistical logjams.

These examples are by no means exhaustive and are not meant to suggest that every domestic document becomes useless once it crosses an international border.

The point is that validity, recognition, and usability can all create different risks and exposures. And even a plan that technically holds up under disparate legal standards can become harder, slower, and more expensive to administer.

Connecting Flights, Connecting Dots, and Connecting Professionals

A US passport provides access to much of the globe and the support of an extensive diplomatic network.

US embassies and consulates can assist Americans overseas with many emergencies and practical problems. But they cannot provide legal representation or resolve cross-border planning issues such as document incompatibility and conflicts between local and US law.

Being a US citizen and holding a US passport is not a golden ticket to a frictionless overseas experience. Local laws still apply and need to be part of travel plans—as well as financial and estate plans.

Clients may cross borders easily; their plans may not. The advisors who connect these international dots will not just retain cross-border clients—they will become indispensable to them.