

Americans Abroad are Denied Access to Banking and Investment Opportunities

Americans living and working overseas should have the right to banking and investment services, where they reside and in the United States. This is critical in the modern world. Americans abroad should not be subject to discriminatory policies that restrict or shut down banking relationships.

Many banks in the United States are closing U.S. citizen accounts due to the lack of a U.S.-based address. Many banks refuse an overseas mailing address and require proof of U.S. residency in order to continue serving Americans resident overseas. They cite the Patriot Act, Dodd-Frank and a plethora of legislation including FATCA. The FATCA legislation, due to the withholding requirements and reciprocity reporting required, is seriously compounding the problem, increasing fear and reticence in the U.S. and international banking community to provide banking services to Americans who reside outside the United States.

Americans overseas are:

- Unable to open a bank account, or investment account in the U.S. because of where they live;
- Unable to maintain U.S.-based credit card relationships;
- Having U.S. bank accounts closed, including their retirement savings accounts, with just one month notice, despite long-term relationships;
- Refused long-standing money transfer services by U.S. banks;
- Prohibited from investing in low-cost mutual funds and ETFs where they reside;
- Constrained to invest only in individual stocks & bonds, because of the costs of the complex tax reporting (PFIC) necessary for the U.S. government;
- Having pension plans dissolved and incurring financial losses as a result.

OAW recommendations:

- Support Congresswoman Maloney's bill, the *Commission on Americans Abroad Act*, calling for a Federal Commission to study the impact of government policies upon the millions of Americans residing overseas.
- Adopt the OAW tax reform proposal calling for residence-based taxation within the framework of general tax reform (see the OAW tax proposal position paper – *Residence-based Taxation: A Necessary and Urgent Tax Reform*). This comprehensive approach would resolve banking issues.
- Require U.S. banks to provide services for U.S. citizens with a foreign address and penalize U.S. banks that refuse to do so.
- Insure equal access to low-cost savings and retirement products in the U.S. and abroad.
- Stop U.S. tax discrimination against foreign pension and retirement funds and recognize the tax-free nature of foreign pension programs for Americans residing abroad. Exempt foreign pension programs from FBAR and FATCA reporting requirements.

This position paper was developed by the Tax & Banking Committee of the Federation of American Women's Clubs Overseas (FAWCO) for Overseas Americans Week February, 2013, based on testimonies from Americans abroad received at AARO, ACA and FAWCO. Feel free to contact us at ustaxbanking@fawco.org.

