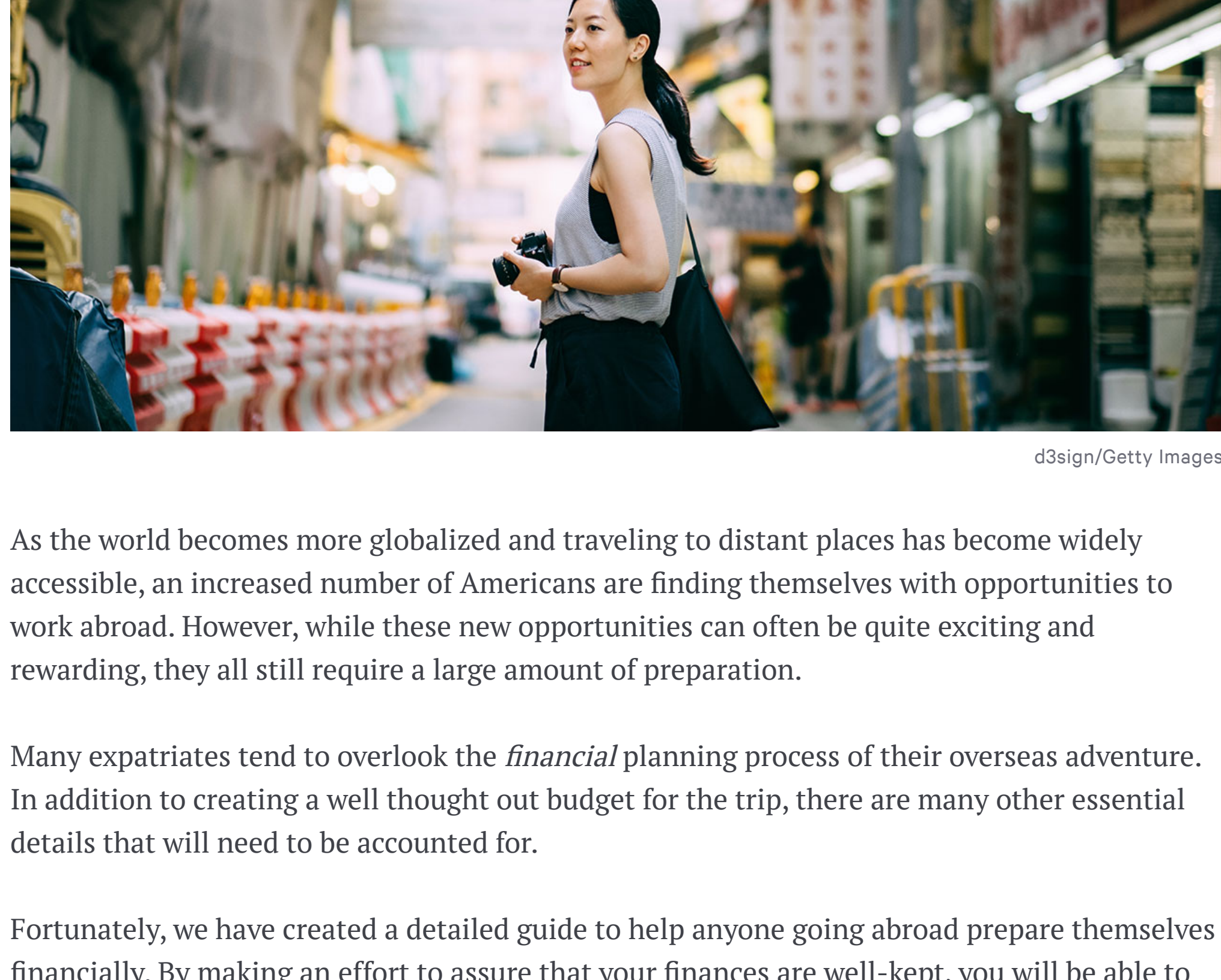




Working abroad: How to prepare your finances

ANDREW PANIELLO FEBRUARY 5, 2019 in [PERSONAL FINANCE](#) [Advertiser Disclosure](#)

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As the world becomes more globalized and traveling to distant places has become widely accessible, an increased number of Americans are finding themselves with opportunities to work abroad. However, while these new opportunities can often be quite exciting and rewarding, they all still require a large amount of preparation.

Many expatriates tend to overlook the *financial* planning process of their overseas adventure. In addition to creating a well thought out budget for the trip, there are many other essential details that will need to be accounted for.

Fortunately, we have created a detailed guide to help anyone going abroad prepare themselves financially. By making an effort to assure that your finances are well-kept, you will be able to have the life-changing experience that you're hoping for.

Recognizing your initial expenses

When it comes to the average annual cost of living, the United States is on the higher end of the spectrum. This means that, depending on where in the world you are traveling to, you may actually be able to *save* money while living abroad if you can keep your expenses under control.

Regardless, there are still some paramount expenses to be prepared for:

- Board, food, daily travel, and other daily expenses (use a cost of living calculator and compare your destination to your current location)
- Getting to your final destination (travel points and rewards will be quite helpful)
- Passport, visas, and other necessary documents
- Travel insurance
- A "safety net" that can be used for unexpected expenses

In addition to changes with your monthly expenses, your monthly sources of revenue may be changing as well. If possible, it is a good idea to get an estimate of how much you will actually be earning while living abroad. This estimation will help shape the rest of your overall budget.

Preparing your bank accounts

Even once you have created a financial plan for working abroad, you will also need to make sure that your money is actually accessible. Ideally, you will be able to use a bank that has branches (or associate branches) in both the United States and the country you will be living in. Many banks have arrangements with partner banks in other countries, which is why it will be important to confirm the global reach of the one you currently use.

When comparing possible foreign bank accounts, there are several important details that you should pay attention to:

- Location and number of branches abroad
- Location of ATMs (and associated costs)
- Account type (checking, savings, money market, etc.)
- Foreign transaction fees
- Currency exchange services
- All relevant fees

Even if your bank is resistant at first, transferring your money to another bank account is your right (though there may sometimes be fees attached). By working with a bank that has operations in both the United States and elsewhere, you will have one less thing to worry about when preparing for your adventure abroad.

Evaluating your wallet

Now that you have your budget and your bank setup out of the way, the next thing you will need to evaluate is the items you are carrying in your wallet. It is important to recognize the cards and payment options you already own prior to traveling because some cards could have foreign transaction fees or other negative financial implications when used overseas. Do a thorough look at the cards you already have and research any new ones you should get for your travel endeavor.

Fortunately, there are many quality [travel credit cards](#) available for you to choose from. Though the card that is right for you will largely depend on your personal preferences, you should keep an eye out for these key features:

- Cards that earn you travel points (especially desirable if you'll be moving around often)
- Cards that offer travel-related perks (hotels, better seats on plans, restaurant discounts, etc.)
- Lack of foreign transaction fees

It will also be important to make sure that *if* your card or identity is stolen while abroad, you will have a reasonable recovery plan in place. Being stuck abroad without access to money can be frustrating and even terrifying. Before your flight leaves, notify your card-issuers, coordinate all automatic payments, install your bank's app on your smartphone, and check to make sure that everything is secure. You may also want to consider getting some traveler's checks or, at the very least, having a reasonable amount of currency in the denomination of your final destination.

Pay attention to exchange rates

It will be important for you to pay attention to exchange rates. Exchange rates are constantly changing, meaning that the amount of Euros (or any currency) you can buy with a United States Dollar may be considerably different by this same time tomorrow. As your departure date continues to approach, it will be a good idea to monitor changes in exchange rate and make the actual exchange at a point when the dollar (USD) is relatively strong:

Credit cards, debit cards and prepaid cards offer some of the lowest currency exchange rates. Do your research to see how the payment methods you use abroad will be affected by [exchange rates](#).

Purchasing travel insurance

If you are abroad for a long period of time, there will likely be at least *one* issue that emerges that you are not initially prepared for. Though traveling is certainly much easier than it was decades ago, there are still many issues you can run into. In order to protect yourself from the risk of the unknown, you will likely need to purchase travel insurance.

The cost of traveler's insurance will vary depending on your provider, the things that are covered, the length of coverage needed, and the countries that you will be visiting. All things considered, travel insurance is a fairly comprehensive form of insurance that is likely available for much less than you'd initially assume.

Expenses that travel insurance typically covers:

- Injuries or sickness that occur while you are abroad
- Unforeseen costs such as broken, lost, or stolen items
- Reimbursements for certain cancellations
- Travel costs in the event that your plans change

Expenses that travel insurance most likely will not cover:

- Injuries or sickness that emerge due to a pre-existing condition
- Losses on flights earned through frequent flyer miles, promotional contest, or other similar situations
- Injuries or financial losses that come from high-risk activities (sky-diving, scuba-diving, etc.)
- Other types of "preventable" losses

In order to know your exact exposure to risk, you should read the fine print before committing to any policies. Travel insurance can be highly customizable—costs will vary depending on how many types of coverage you hope to include.

Other things to consider

Once you have a rough financial plan for your trip, there will just be a few essential details that you will want to be aware of. For your financial and legal security, for example, you will need to be sure of [foreign tax status](#).

Due to the Foreign Earned Income Exclusion and Foreign Tax Credit programs, United States citizens can be protected from *double taxation* while living abroad. However, you will need to file a tax return in the United States (1040 and possibly others) and pay taxes to the federal government. Variables that can influence your tax situation will include the company you are working for, your intended length of stay, the existence of a work visa, and various others.

Lastly, it is important to be aware of scams. Tourists are prime targets for scams abroad. Do your research ahead of time before booking any extracurricular trips, and always trust your gut. Common scamming techniques include pick-pocketing, asking for money upfront with the promise of returning later, using children (often as a distraction) to sell products, unverified currency exchanges, and many others. When navigating a new country, it is also better to be cautious. Taking measures such as wearing a money belt, leaving jewelry and outward valuables at home, and planning your travel routes in advance can all pay off in the long-run.

The bottom line

As you can see, there are many important financial considerations to take into account when preparing for an extended trip abroad. There are many events you will simply not be able to plan for, but keeping these three things in mind will be quite helpful:

1. Plan for as many details in advance as you possibly can.
2. Be conservative when estimating future expenses and sources of income.
3. Be prepared for some things to go wrong—this will prevent instances of financial turmoil from causing your trip to fall apart.

With these crucial pieces of advice, you are one step closer to embarking on what may be the trip of a lifetime. By preparing yourself financially, you will gain the freedom needed to enjoy it.

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