

Discovery Meeting Follow-Up: Summary and Recommendations

SAMPLE for illustration. Prepared for Jordan and Casey Sample (a fictional household) · Meeting date: [sample date]
Prepared by Victor Gersten, EA, CFP®, MS, MPAS™

The short version. You are both US citizens in your late 50s, living in Denver, and you plan to move to Valencia, Spain in 2027 and stop full-time work. You asked three things: can we afford it, how do we avoid paying more tax than necessary in two countries, and what do we need to file so nothing goes wrong. In plain terms: the move looks workable on the numbers we discussed, the biggest tax opportunity is a few low-income years before Social Security begins, and most of the risk lies in paperwork and in which investments you hold, not in how much you save.

1. Can we afford the move? Retirement timing and cash flow

You estimated living costs in Spain at about \$90,000 a year after tax, and you hope to fund this from savings of roughly \$1.3 million plus the sale of your Denver home.

- **The plan:** build a year by year projection that starts the month you move, including the home sale, the cost of the move, and Social Security at age 67.
- **Why it helps:** the order in which you spend accounts changes your lifetime tax bill, so the projection comes before any investment changes.

2. Using the low-income years: Roth conversions

A **Roth conversion** moves money from a pre-tax retirement account to a Roth account and you pay income tax on the amount moved, in exchange for tax-free growth afterward. Once you stop working and before Social Security starts, your taxable income may be unusually low, which can make converting attractive.

- **The plan:** model converting a modest amount each year and compare the combined US and Spanish tax with not converting.
- **One caution:** how Spain treats a Roth account is a point we confirm with your Spanish tax preparer before any conversion, not after.

3. Two tax systems, one household

As US citizens you file in the US every year even after moving. Once you spend more than 183 days a year in Spain you become Spanish tax residents and file there too. The US and Spain have a tax treaty that helps prevent paying twice on the same income, and the usual tool is the **foreign tax credit**, which lets you subtract tax paid to Spain from your US tax bill.

- **Filing order:** Spanish return first (it sets the foreign tax paid), then the US return using the credit. Your returns are prepared by independent partner tax firms; CBWA coordinates and reviews them before filing.

4. Investments you can and cannot hold

Many Spanish and European funds are treated by the IRS as a **PFIC** (passive foreign investment company), which brings punitive US tax and extra forms. Meanwhile, many European brokers will not sell US-domiciled ETFs to residents there.

- **The plan:** keep your investments in US-domiciled funds at a US custodian that serves clients living abroad, and avoid buying funds in Spain that would be PFICs.

5. Reporting that catches people out

- **FBAR (FinCEN 114) and Form 8938:** US reports of foreign accounts once certain balance thresholds are crossed.
- **Modelo 720 and Modelo 714:** Spanish reports of assets held abroad and a Spanish wealth tax return, each with its own thresholds and deadlines.

6. Estate documents and insurance

A US will does not automatically work in Spain, so you will want a Spanish will drafted by a Spanish estate attorney. Insurance products are outside what I am licensed to advise on, so I point you to a licensed insurance professional for those questions.

High-level recommendations

- Build the cash flow projection before deciding anything else, including the home sale timing.
- Evaluate Roth conversions in your first low-income years, after Spain's treatment is confirmed.
- Hold US-domiciled funds at a US custodian and avoid PFICs.
- Put a reporting calendar in place for FBAR, Form 8938, Modelo 720 and Modelo 714 before the move.
- Have a Spanish will and a licensed insurance review in place.

Next three months: action items

When	Who	Action
Within 30 days	Jordan and Casey	Send your last two years of US tax returns and a list of all accounts with approximate balances.
Within 30 days	Jordan and Casey	Confirm your target move date and residency route with your immigration professional.
Within 60 days	Jordan and Casey	Complete the risk tolerance questionnaire.
When ready	Both	Decide whether an ongoing engagement is the right fit (see below).

Figures in this summary are estimates from the day's discussion and will be refined with your actual documents.

What an ongoing engagement would look like

	Sailor	Settler
Who it fits	Already living in Spain, with tax preparers in place	Moving to Spain, wants implementation handled
Written plan and meetings	Yes, three working sessions a year plus email access	Yes, four working sessions a year plus email access
Portfolio	Advisory only: you place the trades	Managed for you at the custodian
Tax coordination	Return review before filing	Return review plus preparer coordination and support toward the cost of preparation

Current fees and terms are on the pricing page of this website. Nothing here is signed, and there is no obligation or time pressure to move forward. Work under an agreement begins only once it is signed. Your \$499 Discovery meeting fee is credited if you sign within 90 days.

Glossary

Term	Plain meaning
FBAR / Form 8938	US reports of foreign bank and investment accounts, filed separately from your tax return (FBAR) or with it (8938).
Modelo 720 / 714	Spanish reports of foreign assets (720) and the Spanish wealth tax return (714).
Treaty	An agreement between countries that reduces double taxation of the same income.