

Cardinal Point Wealth Management Issues an Alert That U.S. IRAs Can Cause Tax Problems for Canadian Beneficiaries

Cross-border Financial Advisor offers insightful tips and strategies for successfully navigating the taxation maze.

IRVINE, CA, UNITED STATES, June 26, 2023 /EINPresswire.com/ -- Cardinal Point Wealth Management, a leading [cross-border wealth management](#) firm with offices in Canada and the United States, is offering invaluable guidance to Canadian beneficiaries regarding the potential tax implications associated with U.S. Individual Retirement Accounts (IRAs). Cardinal Point's experienced cross-border financial and tax planning advisors recently warned those who could be affected by this complex issue of its potential to disrupt their tax and retirement planning goals and objectives.



In Canada, an increasing number of individuals have ties to the United States, whether through dual citizenship, work visas, residency, or familial connections. As a result, many Canadians may find themselves as beneficiaries of U.S. IRAs. While this presents opportunities for long-term financial growth and security, it can also give rise to complicated Canadian and U.S. tax issues that have the potential to undermine financial objectives.

Terry Ritchie, Vice President and Private Wealth Manager at Cardinal Point - who is also enrolled to practice before the U.S. Internal Revenue Service (IRS) - emphasizes the importance of comprehensive [cross-border tax planning](#) in such situations. "Canadian beneficiaries of U.S. IRAs need to be aware of the potential tax implications when managing their wealth," says Ritchie. Understanding cross-border tax regulations, deploying necessary strategies and safeguards, individuals can make informed decisions that align with their long-term financial goals. This helps to minimize or eliminate tax exposure while also maximizing cash flow, and preserving the wealth received as a beneficiary in Canada.

One key consideration is the tax treaty between Canada and the United States. Although the

treaty aims to prevent double taxation, there are nuances that need to be carefully examined and evaluated. For instance, distributions from U.S. IRAs may be subject to both U.S. income tax and Canadian tax, depending on various factors such as residency and the type of distribution. Cardinal Point's team of [cross-border financial planning](#) and tax advisors assists clients in analyzing their specific circumstances to develop personalized strategies that minimize or allow for the continued deferral of tax within the IRA. Further, if distributions do occur as a beneficiary in Canada, Cardinal Point will help to optimize the use of foreign tax credits available in Canada and assist with the administration and tax compliance requirements in Canada and the U.S. Lastly, given that Cardinal Point is licensed and registered in both Canada and the United States, seamless and continued investment management of the IRA can occur.

Ritchie further explains that it is crucial to understand the implications of estate planning in Canada and the United States as a beneficiary of an IRA. "The U.S. imposes an estate tax on certain assets owned by non-U.S. citizens, including U.S. IRAs. Canadian beneficiaries need to be aware of these potential tax liabilities and explore available options to mitigate them." Cross-border tax planning and financial advisory firms such as Cardinal Point Wealth Management ensure that their clients who are Canadian beneficiaries have access to the most up-to-date information regarding U.S. and Canadian tax implications, by focusing on education.

About Cardinal Point Wealth Management: Cardinal Point Wealth Management is a cross-border wealth management firm providing comprehensive financial planning, investment management, tax and estate planning services to clients in Canada and the United States. They provide client-centric personalized solutions and strategies, based on the individual's unique circumstances and long-term financial goals, to effectively and proactively manage their U.S. IRAs or other U.S. qualified plans. With offices in Canada and the United States, their team of experienced professionals specializes in addressing the unique challenges faced by individuals with cross-border financial interests.

Kris Rossignoli
Cardinal Point Wealth Management
+1 866-213-2036
[email us here](#)
Visit us on social media:
[Facebook](#)

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