



serving overseas Americans and the international community since 1931

April 15, 2013

RE: Comments to the Financial Services Tax Committee

To the Honorable Members of the House Financial Services Tax Committee:

FAWCO, the Federation of American Women's Clubs Overseas, is the oldest (founded in 1931) and largest organization of civilian Americans living and working overseas. FAWCO has 69 member clubs in 36 countries worldwide, representing over 15,000 members (see www.fawco.org).

As the Board of Directors of this outstanding service organization, we would like to comment on proposed changes to US laws that impact our access to financial services and savings options for Americans overseas. Based on the first-hand experience of our members, we, the FAWCO Board, respectfully ask that in your deliberations you aim to:

1. Ensure that access to and taxation of overseas Americans' financial accounts and retirement savings is fair, not punitive.
2. Reverse the current trend toward denial of service by both US-based and Foreign Financial Institutions (FFIs) to Americans with overseas addresses by passing legislation that ensures equal access to banking and investment services and lessens the administrative costs to these financial institutions for maintaining US person accounts.
3. Ensure that living overseas does not drastically limit a US person's banking and savings options. No one should be forced to pay higher costs or higher taxes or have minimal investment choices just because they live overseas now, or have done so during an international career.
4. Change current laws such that the retirement assets of US Tax persons, wherever they may have been earned, are taxed in the same way as if those assets were held in US retirement accounts. One should not have to suffer financial hardship and disadvantage solely because of where one lives, saves or works.
5. Review the impacts of FATCA, the Patriot Act and other recent legislation on the financial lives of "normal" Americans overseas". If FATCA cannot be repealed, it should be revised to limit these detrimental impacts on our access to bank accounts both where we live and at home in the US.
6. Remember that Americans overseas come from all walks of life and all income brackets and that most are honest and patriotic Americans, willing to pay their fair share of taxes.

In addition, FAWCO suggests:

- Increasing the IRS budget specifically to fund more and better information and advisory services for overseas Americans. Currently, compliance is complicated and access to IRS help is extremely limited.
- Requiring certification and continuing education among tax preparers to ensure that professionals serving US citizens abroad and US residents with foreign assets are up to date on current regulations and forms.

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- Recognizing government-approved foreign mutual funds and ETFs as similar to US-based ones to ensure that Americans have equal rights to investment and retirement options regardless of where they live and work.
- Exempting foreign pension programs from being reported by US persons who are fiscally domiciled abroad.
- Exempting these retirement plans from reporting as foreign trusts (filing of Form 3520).
- Ensuring that financial institutions worldwide are informed of these changes in policy as soon as possible.

Finally, personal stories from The FAWCO Foundation and FAWCO's member clubs:

The FAWCO Foundation and many FAWCO member clubs (American clubs around the world) have been asked by their banks to close their accounts because the FFI servicing them no longer serves US citizens. In some cases, non-American treasurers have been found, delaying cancelation of the accounts, but in most cases the clubs must look for new banking relationships. This is especially true for club investment and savings accounts.

Many FFIs are moving toward discontinuing banking relationships with all Americans. If nothing is done, there is the risk that organizations worldwide (for-profit and not-for-profit) will cease to have Americans in leadership positions (President – Treasurer) because of U.S. reporting requirements on their already locally-reported accounts.

Thank you for the opportunity to express our views and share our experience with you. We salute your efforts to pass fair and equitable legislation and trust that you will also work for equitable legislation for the millions of Americans living and working abroad.

Yours sincerely,

FAWCO Board of Directors 2013-2015

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