

The Most Important Journey of Your Life; 4 Golden Rules To Success

Making the decision to move to Israel is one of the most significant decisions any of us will make in our lifetime.

Once here, many olim find that achieving financial security is perhaps the biggest challenges they face.

Andrew Album, the author of an acclaimed guide about financial planning for olim, firmly believes that with the right advice, peace of mind can be achieved.

Today he shares with readers four key steps to ensure this.

Andrew is founder of the website www.uk-aliyah.com and has written articles in the Jerusalem Post and globally.

He is well known as the only financial adviser who is currently qualified and licensed in both the UK and in Israel, working with market-leading firms in both jurisdictions. With thirty years' experience and this unique dual qualification, he has established himself as a leading authority in the English-speaking community.

His work with English speaking clients at Pioneer Wealth has allowed him to help many olim – both new and veteran – achieve their financial goals.

Founded in 1986, Pioneer Wealth is recognized by the Israeli Securities Authority as one of the thirty largest wealth managers in Israel. 'What makes us different,' explains chief executive Dafna Goren, 'is not only our complete independence – our ownership, how we manage investments – but also that, running through our DNA is a commitment to

put the client first by avoiding any potential conflicts of interest in our approach, which is based on transparency and trust.'

Andrew adds that, 'whether you are planning to make Aliyah, have recently arrived or are a veteran oleh, it is never too late to review your plans and make sure you are following these four golden rules':

Mistake No 1: Ignoring the Shekel

Perhaps the biggest challenge confronting olim over in recent years has been the huge appreciation in the value of the shekel. The US Dollar has lost one third of its value against Israel's currency, the British pound more than 50% and the South African rand almost three-quarters.

According to Andrew Album, little coverage has been given to 'the massive impact that this has had on the financial wellbeing of many olim – both new and veterans.' Many receive pension or investment income from their country of origin and have assets overseas which are now worth far less in shekel terms.

'Matching assets with liabilities is a core principle of financial planning,' he explains, 'but it is an issue that many olim do not pay attention to and many advisers cannot help with. The end result is a mismatch between their assets and income being in a foreign currency and their expenses that are in the ever-strengthening shekel.'

He suggests that there are a number of reasons

for this, including a wariness of shekel investments due to language barriers, a lack of understanding and a tendency to put capital into familiar investments.

'In addition to offering global investment portfolios in a range of currencies, we have a separate asset management team of experienced Israeli professionals that runs shekel portfolios for our clients, with all reporting in English. We are one of the few firms to offer such a comprehensive approach,' explains Pioneer's chief investment officer Mike Ellis.

'A shekel portfolio at Pioneer is very similar to what many investors are used to, investing in a diverse range of assets and global markets. The key difference is that entire portfolio hedged into shekel. This means that the client has no currency risk at all.'

He adds that, for larger investors there are also more specialist investments in alternative assets, again hedged into shekel, whilst there are also shekel-based solutions that are US-tax compliant for American clients.

'Olim are hugely underinvested in shekel assets and the cost to them has been incredibly painful,' says Andrew Album. This is an outcome that I work hard to ensure that my clients are protected against. 'Nobody knows for certain what will happen next in currency markets, but a diversified approach which includes shekel investments is definitely the right strategy for olim'.

Mistake No 2: Voluntarily paying tax

New olim enjoy a ten-year tax holiday on investment returns from non-shekel assets. According to Andrew, the problem is that, 'by failing to structure their assets properly, too many lose this opportunity and end up holding investments (such as property which is rented out) on which they continue paying tax each year'.

Others leave themselves in a position where they remain unnecessarily exposed to inheritance or estate taxes in the country they emigrated from. 'I have even met investors from countries like the UK and South Africa who have inadvertently acquired a significant US Estate Tax liability by investing in US shares and funds because they weren't correctly advised' he says.

With careful planning, many can end up paying far less tax.

Mistake No 3: Relying on an adviser with no licence in Israel

Many olim take advice from a local firm before they move to Israel, without appreciating the implications of doing so. In essence, they often end up being sold something that actually isn't the most suitable solution because that adviser has no license in Israel.

'What particularly concerns me,' explains Andrew, 'is that most advisers who pitch to olim do not offer shekel investment solu-



Andrew Album (Courtesy)

tions, leave their client's money stranded overseas often in expensive and unnecessary wrappers and are not licensed by the Israeli Securities Authority to give advice here Israel.'

'The end result,' he adds, 'is that olim have unnecessary financial worries because their advisers have not been able to recommend what they actually need in order to have peace of mind with their finances.'

Mistake No 4: Thinking you can do it yourself

Moving to any new country always brings challenges and complications, which makes Aliyah to Israel no different. 'The key to financial security is to accept this and to turn to those advisers with the experience and knowledge to guide you and your family to make informed decisions which are right for you,' says Andrew.