

## Relocation and the Currency Market; Understanding the Risks and Protecting Against Them

As we all know, there are many important areas to be considered in the process of relocating. From the physical removal of household goods, to settling children into new schools, there seem to be an endless number of items to check off on a relocation 'to-do' list. Yet as a currency specialist we continually find that the all important purchase of the employees local currency is often overlooked.

Whether transferring a lump sum to purchase an over seas property, or simply forwarding a US Dollar salary abroad every month, we have experienced that general corporate practice is to stay somewhat removed from this aspect of an international assignment or permanent move. Simply allowing employees to blindly use their banks to make their own decision on how they are going to move their Dollars abroad, however, can be a costly mistake!

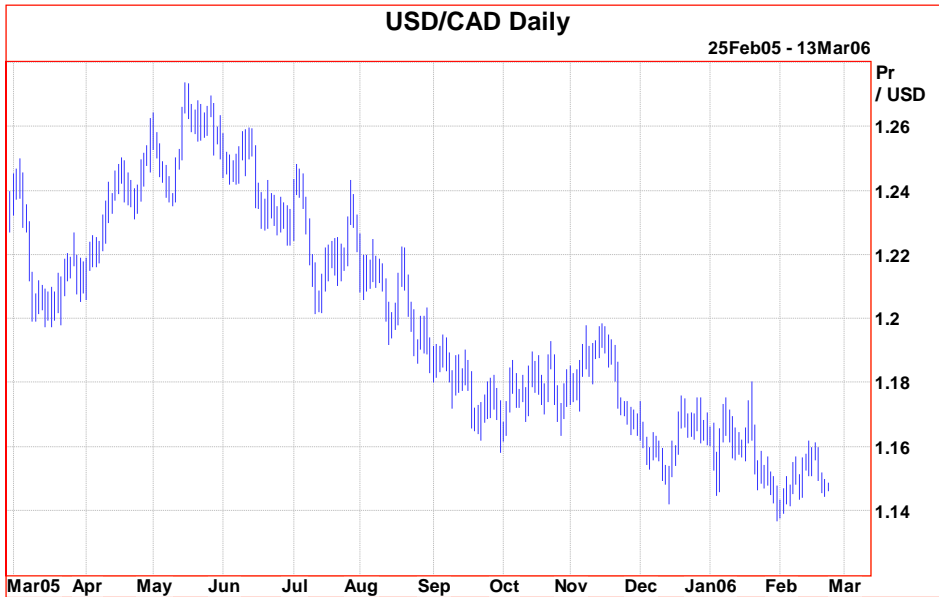
Volatility in the currency markets is an undeniable and unavoidable daily occurrence. With a daily turnover in excess of \$1.5 billion and an uncountable number of factors playing into which way the market will move, it is impossible to forecast currencies with 100% accuracy. While large corporations employ market professionals to manage billions of dollars worth of currency risk, private individuals are often left at the whim of this massive market feeling uneducated and at risk.

So why should this be a concern?

If you imagine yourself in the shoes of an international employee, it is quite simple to see how the currency market and exchange rates directly affect your life: While your employer is, for example, a US based company; you will more than likely receive your salary in US Dollars (USD). This income may be deposited into your US account every month or possibly into an international account that has been set up in your new country. Either way, you will usually need to exchange your USD income into the local currency in order to buy groceries, pay bills and maintain a standard of living.

The process of using your bank can be frustrating and may also be expensive. Think of it this way; every month you will need to contact your bank in order to initiate the exchange from your USD account into your local account. You will more than likely speak with a different person every time you call and you will most definitely receive a different exchange rate every month. On top of all that your bank will charge you a wire transfer fee ranging from \$15-\$30 per transaction. While the cost of wiring these funds on a regular basis will certainly add up over time, the inherent risk you face not knowing what rate you will receive in the future is *MUCH* more concerning.

Imagine being on an assignment in Canada during 2005. Looking at the chart below which illustrating US Dollars (USD) vs. Canadian Dollars (CAD), you can see the rates move against you by nearly 11.5% over the course of the year.



The figures on the vertical axis represent the number of Canadian Dollars that one US Dollar can purchase.

To illustrate let us assume that you were transferring USD\$5,000 in wages to Canada on a monthly basis. In May of 2005, your USD\$5,000 would have converted into roughly CAD\$6,350 at a rate of 1.27. By February of 2006, that same USD\$5,000 would have purchased you just CAD\$5,700, a difference of CAD\$650 every month. Assuming that you were using your bank, you would have also been receiving a wire transfer fee for each transaction totaling somewhere around \$300-\$400 in bank charges alone.

The solution is simple; if you want to protect against currency risk, receive better rates of exchange and avoid needless fees, don't use your bank! Most private individuals in this situation do not realize there is alternative to their bank, but using a currency specialist like HIFX can in fact remove the stress and hassle of these such requirements all together. HIFX's Private Client Services include the securing exchange rates for up to 24 months, the setting up of direct debits which will avoid all transfer and bank receipt charges, and a simple, friendly service that is designed to put clients at ease.

Whether your employees need to make regular transfers abroad or are moving larger sums of money for their international purchases, it is worth knowing that you can point them in

the direction of a world renowned currency specialist which completely understands the relocation process.

For more, detailed information on international currency transfer please go to:

[http://www.onestopimmigration-canada.com/money\\_transfer\\_overseas.html](http://www.onestopimmigration-canada.com/money_transfer_overseas.html)