

CONSIDERATIONS WHEN CHANGING DOMICILE

There are many reasons why people decide to relocate to another state. Incentives may include a more fulfilling retirement, proximity to family, increased access to medical care, a lower cost of living, and favorable tax treatment.

An individual's domicile, defined as one's true primary residence with the intent to remain indefinitely, determines where they are subject to taxation. Proving domicile, or lack thereof, is based on numerous factors — and is the taxpayer's burden to prove.

WAYS TO ESTABLISH DOMICILE

While the analysis to determine domicile is subjective, most states consider several factors, including:

- ▶ The locations of owned or leased homes and where valuables and sentimental items are kept
- ▶ Mailing address
- ▶ Days spent in a particular state
- ▶ Local employment
- ▶ Where children are registered for school
- ▶ Location of service providers (banks, accountants, doctors)
- ▶ Driver's license state of issuance
- ▶ Where vehicles are registered
- ▶ Voter registration
- ▶ Affiliations with social, religious, charitable, and recreational clubs
- ▶ Updates to estate plan or other legal documents

BEST PRACTICES

- ▶ Manage and document the number of days you spend in each state
- ▶ Move well in advance of a significant taxable event
- ▶ Make a clean break to evidence the change and intent
- ▶ If available, file a sworn statement to establish domicile in your new state



MELISSA JACOBY

*Vice President
Wealth Strategist*

CONSIDERATIONS WHEN CHANGING DOMICILE *continued*

ADDITIONAL CONSIDERATIONS

Travel itineraries, highway toll responders, credit card bills, and cell phone records can be used to challenge domicile in an audit. Audits may occur years after a move and can cover the taxpayer's actions for the years since the move.

Even if the new domicile is properly established, you may owe taxes to your former state on income earned or sourced in the state. It is important to speak with your tax preparer and wealth advisor to understand the tax implications that may apply.

GW&K'S PRIVATE WEALTH MANAGEMENT TEAM

We have a team of private wealth advisors to help you manage your assets and plan for the future. Our Private Wealth services include guidance on wealth transfer planning, lifestyle, and overall asset allocation planning services. We encourage you to contact your relationship manager to discuss your goals and the potential opportunities to meet them.

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