

What Does A Financial Account Include For Purposes of FBAR-Reporting?

A financial account includes the following:

- Bank accounts, such as savings accounts, checking accounts, and time deposits;
- Securities accounts such as brokerage accounts and securities derivatives or other financial instruments accounts;
- Commodity futures or options accounts;
- Insurance policies with a cash value (such as a whole life insurance policy);
- Mutual funds or similar pooled funds;
- Online poker accounts;
- Any other accounts maintained in a foreign financial institution or with a person performing the services of a financial institution. An example would be gold (or currency cash notes) maintained in a foreign financial institution and stored inside a vault at that institution.

Contrary to popular belief, not all foreign assets owned by U.S. taxpayers must be reported. According to the FinCEN FBAR reference guide, a financial account does *not* include:

- **IRA Owners & Beneficiaries:** Owners or beneficiaries of IRAs are *not* required to report a foreign financial account held in the IRA.
- **Participants In and beneficiaries of Tax-Qualified Retirement Plans:** A participant in or beneficiary of a retirement plan described in Internal Revenue Code section 401(a), 403(a), or 403(b) is *not* required to report a foreign financial account held by or on behalf of the retirement plan.
- **Consolidated FBAR:** A U.S. person that is an entity and is named in a consolidated FBAR filed by a greater than 50% owner is *not* required to file a separate FBAR.
- **Trust Beneficiaries:** A trust beneficiary with a direct or indirect financial interest

in more than 50% of the trust assets or income need not report the trust's foreign financial accounts on an FBAR if the trust, trustee of the trust, or agent of the trust: (1) Is a U.S. person and (2) Files an FBAR disclosing the trust's foreign financial accounts.

- **Signature Authority:** Individuals who have signature authority over, but no financial interest in, a foreign financial account are *not* required to report the account in certain situations.