

## What Does a Financial Account Include?

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.

A financial account is a foreign financial account when it is located outside of the United States. The United States includes (1) all fifty states and the District of Columbia and (2) all U.S. territories and possessions.