

# How to Create a Currency Strategy that will SAVE you £££'s

**What are the top three ways that can increase the cost of your overseas property by 5%, 10% or even 15% in a matter of months - or even days?**

1. Project costs overrun from the original projections (hopefully your solicitor will have ensured that any overruns are absorbed by the developer... not you) or...
2. Add-on costs that you agree to after signing the original purchase agreement (this could include an upgrade to the original value of any \*extras\* you want such as getting better tiles for the bathroom) or...the worst could happen:
3. The local currency appreciates in value before you need to pay for the property. This is a REAL PAIN because you could have actually benefited from a change in exchange rates and added value to your property rather than losing money if you had a currency strategy in place.

**By planning in advance and deciding upon a currency strategy from the start YOU CAN avoid one of the ways people lose money most often and SAVE YOURSELF £££'s.**

It never ceases to amaze me that people shut their eyes to the currency risk they are exposing themselves to when buying overseas.

## Why is currency management so important?

Significant CASH losses can occur if your currency arrangements are not handled correctly. Imagine that you bought a property for € 300,000. If the exchange rate was Euro1.50 to buy £1, the sterling cost would be £200,000. If the Euro strengthened to 1.34, the cost would be £223,880, a cash "loss" of £23,880. This can and has happened.

The COST of €300,000 at Different Rates		
Currency	Rate	Cost
€ 300,000	€1.50/ £1.00	£200,000
€ 300,000	€1.34/ £1.00	£223,880

—————→ **£23,880 Loss**

You would have to fund this "loss" with additional money from somewhere; from surplus cash funds (could be wishful thinking), additional mortgage facilities or using an overdraft (short term liability matched by long term asset is a recipe for disaster).

This cash "loss" would have paid for a lot of flights, furniture, meal outs, a new car...

BUT WHAT RUBS SALT IN THE WOUND is that if you had reserved the € 300,000 at the rate of 1.50 and the Euro had strengthened to 1.34, in sterling terms you would have made a gain [albeit a paper one until you sold] of £23,880. With a bit of planning, and provided you worked with the right currency exchange specialist, you would have been £23,880 better off.

**This saving could represent a new car!**

## So...how do you create a currency strategy that will save you money?

1. Learn to understand the options you have available by reading this report and then;
2. Fill out the Smart Currency Exchange Strategy Worksheet and work with Smart so that you can put your knowledge about the various options into action

### **Currency Strategy Option 1: Buy a Lump Sum of Currency Needed Now (or over the next week or so) from a Currency Specialist rather than a Bank.**

In the world of currency, the specialists call this type of transaction a 'Spot' contract.

Once the best currency rate is quoted by a currency specialist and agreed to by you, the full purchase amount needs to be paid in full within two to three working days. The payment can be achieved by simply instructing your bank to do a same-day transfer and they'll move the money into the currency organisation's Client Account.

Note that many banks charge you to transfer money out of your account using the same-day service. However if you use the Internet banking system to transfer, taking 2 to 3 days, you can usually avoid any charges from the bank. The decision on transfer methods comes down to the urgency of the transfer.

Once the money is in the Client Account, the specialist will then exchange it for the currency of your choice and transfer it to your designated location overseas. The whole process is easy and seamless.

If you use a bank, you'll pay 3% to 4% more for your money than if you used a currency specialist company. On £100,000 this is an instant loss of £3,000 to £4,000. Furthermore, banks charge for moving and receiving money – something that can often be eliminated when working in tandem with a currency specialist.

**So, one of the main considerations regarding your currency strategy is to use a specialist and NOT a bank!**

### **Currency Strategy Option 2: Order Currency for a Later Date at a Fixed Rate**

You may want to consider this option if you have staged payments and make **sure there are no unexpected changes in the price of your currency.**

Recall the example I gave you on page one of this report; in a matter of months and even weeks, the cost of currency can increase significantly. In the example given, the cost of currency (or the change in the exchange rate) added £23,880 to the total bill.

The markets can be quite volatile and pose a real threat to the price of an overseas property. If there is an indication that a future rate may be higher, it's sometimes better to fix the rate now. This will allow you to **formally fix your budget and know that you're avoiding a potential increase in the cost of purchase.**

Also consider...If you're interested in transferring a lump sum in the future (perhaps the final payment), you will want to have **peace of mind that the currency won't fluctuate** and cause you an unforeseen increase in the purchasing cost.

This type of transaction is called a 'Forward.' It allows you to order currency at an agreed fixed rate for up to several months in advance.

You have the option to fix an exact rate at an exact date OR you can request a fixed rate between a say 3-month time window. In order to secure the rate, you only have to pay a small deposit (5% - 10%) within two days of placing the order. The money is then held in a Client Account with the currency specialist's holding bank and the remainder is paid when the transaction is set to complete.

**A second consideration regarding your currency strategy is to RESERVE your money today at a fix rate so that you know the cost of your property will not increase.**

**IMPORTANT NOTE:** Once you fix your costs, I suggest that you don't watch the exchange rates to see if they go up or down. The stress of watching whether you fixed at the best time or not is unhealthy...Fixing your rates allows you peace of mind in knowing exactly how much you're going to pay. No one can predict what will happen in the markets...

### **Currency Strategy Option 3: Order Currency when it hits a Rate that you Designate**

This option is **for people who don't necessarily need to move money over at any particular time.** Perhaps you know that you're going to need money sent to an overseas location at some point in the next few months. Here you can talk to a currency specialist and they can discuss an achievable rate that works to your benefit. Once the money market hits the pre-determined beneficial rate, the currency specialist will aim to buy the currency for you.

**A final consideration regarding your currency strategy is to buy when the rate hits one that you are happy with!**

By understanding these options you can call a currency broker, explain your requirements and discuss the best strategy for you.

### **Currency Strategy Option 4: Work in tandem with Smart Currency Exchange to discuss your options and put them into ACTION**

Setting up a Smart account is easy. All you need to do is:

1. Request the Smart Account Application pack by calling 0808 163 0102 (freephone) or download it from:

<http://www.smartcurrencyexchange.com/contact.htm>

or, you apply online at:

<http://www.smartcurrencyexchange.com/application.htm>

2. Fill out the one page form and send back to Smart via FAX, email, post or enter your details online and submit them to Smart.
3. Once your account is open (this takes hours...not days), your Smart trader will contact you to discuss your requirements. If you choose to purchase currency that day, you'll be issued with an invoice and requested to send the onward transfer details of the bank or beneficiary that you want to transfer money to.
4. You send the amount due to the Smart client account and, once received, it will be converted to the currency of your choice and sent on to the final overseas beneficiary.

# The Right Strategy

The steps to starting your strategy are straightforward and easy to follow. Fill in the following table using the numbered instructions below. If you're buying a pre-owned property, you'll have to enter details into the deposit column and Stage 1 (only) whereas if it's a new-build, you'll most likely pay a percentage of the total in a series of stages:

	For Staged Payments				
	Deposit	Stage 1	Stage 2	Stage 3	Stage 4
<b>Due Dates (1)</b>					
<b>Local Currency Due (2)</b>					
<b>Local Funds (3)</b>					
<b>Total Local Currency Needed (3)</b>					
<b>Exchange Rate (4)</b>					
<b>Sterling Due (5)</b>					
<b>Target Rate (6)</b>					

1. The time to start planning your strategy is at the very moment you get a contract outlining your payment plan. Get the breakdown of payments due and fill in the various stage '**Due Dates**' along with the amount due (in the local currency – for instance Euros) in the '**Local Currency Due**' section. Remember to add in any \*extra\* fees from solicitors or the tax man that are charged in addition to what the developer/agent gives you.
2. A good way to reduce your currency risk is to borrow in the local currency. Determine if you will get any money in the local currency during any stages of the development (for instance a loan or mortgage in Euros, US\$, etc.) and enter the amount under '**Local Funds.**' Keep in mind that some countries do not have as sophisticated a mortgage system as we do in the UK and borrowing locally can be a slow and difficult process.
3. Subtract any '**Local Funds**' that you have, or will have, available to use from the '**Local Currency Due**' and enter into '**Total Local Currency Needed.**' This is the **amount of local currency you will need to buy.**
4. With all your figures laid out in the top 4 rows, call Smart Currency Exchange on our FREE Phone 0808 163 0102 to get an indicative rate for the currency you'll need to purchase. 'Indicative' as the rate changes by the minute and may have changed even if you phone later on **the same day** to confirm purchase of the currency.
5. Divide the '**Total Local Currency Needed,**' by the Rate we provide and this will give you the Sterling Amount due if, and only if, you buy at the rate quoted that day. This will give you a ballpark figure on the cost of the property if you were to buy it **that day.**
6. While on the phone you'll want to discuss a '**Target Rate**' to aim for, trends, forecasts and previous performance of the local currency. You'll want to know if it has been strengthening or weakening. We can also discuss various strategies that you might benefit from. Depending on your situation, it might be a good idea to sit tight and wait for a bit. Or now might be the best time to reserve money at today's rate for a transfer at a later day. Each situation is different and requires alternative ways to structure a strategy. The key is to know your options.

## Smart Client Feedback

"Charles and the team at Smart Currency Exchange were so **helpful**, I had to do a deal quickly and they registered me and **saved me £'s in a short time**. I will definitely use them again and recommend them both to friends and family."

*Paul Taylor, Staffordshire*

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"Just a quick note to thank you for your help. I was attracted to smartcurrencyexchange because of your competitive dollar exchange rates. **I was amazed to see that you managed to couple those excellent rates with efficient, personal, human service**. Well done - I shall certainly be using you for my future transactions."

*Mark Harrison, Surrey*

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"Having just returned from Italy following the purchase of our property at Lake Maggiore, I thought it fitting to drop you a note to **express our thanks** to Smart Currency Exchange for the part your company and you personally played in making our long held dream of owning a lakeside property under a mountain, a reality. (Water skiing & snow skiing for the 'nifty fifties')

When seeking to convert sterling to Euro to pay for the property, I naturally 'shopped around' and tracked exchange rates and 'conversion offers' over many weeks to exchange at the most favourable rates and terms. Also as a retired Police Officer I am used to relying on judgment and instinct, and would not normally have effected a currency transaction over the Internet.

However, in choosing and using Smart Currency Exchange, **I saved around £4K over the exchange rate offered by my Bank at that moment in time**, which will permit the installation of a new kitchen in our property. Additionally, **your personal customer 'one to one' contact provided me with the reassurance I needed to follow my instincts**. In short, **a professional service tailored to our needs**, that eased our purchase considerably, and we will recommend your services to others. Well done and many thanks."

*Tony & Assia Green, Sheffield*

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"Buying abroad is a daunting task at the best of times but Smart Currency Exchange **made money transfer easy to understand and a simple process**. I will (and have) recommended their services to friends and all."

*Chris Houghton, Sleaford*

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"We would highly recommend your service to anyone. **Our transaction was trouble-free and we felt confident at all times** that our money was being processed by professionals."

*A & MM Carter, West Yorkshire*

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"Our first two transfers were through a **bank** - doing this **cost us £1,000 in poor rates**. Thankfully, we have found Smart Currency."

*Chris Garnett, Leeds*

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## The Smart Service...

- **Saves you money.** On a £100,000 exchange, **Smart** can **save you up to £4,000** by providing **absolutely the best rate** compared to using your own or high street banks.
- **Charges No Fees/No Commission/No Hidden Costs - GUARANTEED!**
- **Is a fast and easy money exchange** - All transfers are sent out within **24 hours** of receiving funds
- **Decrease or eliminates all bank receiving charges** to your designated overseas account\*
- **Reduces the Risk of Your Property Price INCREASING** due to adverse currency fluctuations. You can reserve money at today's rate and then purchase it later, giving you **peace of mind** that your property price has remained the same
- **Is the UK's 1st and ONLY** foreign currency exchange service in overseas property allowing you to work with a team that understands the overseas property market and the relevant deadlines involved.
- Is registered by Customs and Excise who issue a registered number **so that you know you are working with a legitimate and trustworthy company.**

\* Euroland & US\$

For a quote or more information on how you can get absolutely the best exchange rate (on amounts from £1,000 to £1,000, 000+), please start by calling Smart on our free phone number: 0808 163 0102 (freephone)

Or you can apply online 24 hours a day:

<http://www.smartcurrencyexchange.com/application.htm>

To understand how **YOU** can **SAVE money**, download your FREE Educational Currency Report: <http://www.smartcurrencyexchange.com/freereport.htm>

For an easy, visual update on exchange rate movements, sign up today for your currency newsletter: <http://www.currencynewsletter.com>

For genuine feedback on our services view our client testimonials:

<http://www.smartcurrencyexchange.com/testimonials.htm>

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