

Financial Preparations for Living in China

In the time you spent preparing to live and work abroad, you've no doubt started to take stock of all the amazing perks to teaching in China: partial or complete airfare reimbursement, a great salary, paid vacation, a healthy level of disposable income and sometimes there are even accommodation benefits thrown in... *could this really all be true?*

Take it from all of us at Adventure Teaching and the rest of the expat community in China: **Yes**. You're going to have an opportunity to travel, the cost of living is insanely low, and you'll probably be able to save some extra money too.

It may seem strange, but these same benefits are not given to your Chinese co-workers. Even though they usually have more training and experience, you're being paid a substantially larger wage and have different vacation privileges. As a native English teacher in a foreign country, it's important to remember not to let these fortunes get to your head. We've seen Westerners begin to take these perks for granted, somehow losing sight of how good their financial and employment situation is (compared to their Chinese counterparts); this can all too quickly send a good-intentioned foreign teacher down a slippery slope in their work place, especially amongst their Chinese peers.

Your employment is valuable to your employer and the success of your school's ESL program, and it's wise to look at the big picture in terms of where you fit when it comes to finances. The most important thing to keep in mind is that **private language institutions are fueled by tuition** and are therefore much more concerned with what goes on in the classroom. What do we mean?

Teachers in private schools often get frustrated because their employers seem overly focused on making money, rather than being concerned with the quality of education. You might find this idea of "profitable education" a bit foreign, but it's all part of your cultural transition: understand that in Chinese culture this is how "educational business" is done, and it's the reality for most (if not all) private language institutions. The directors of these for-profit schools must satisfy very demanding parents (who pay for your income and perks) with proof of success, while competing for student enrollment in a constantly changing, "sink-or-swim" industry.

Since the private institute market is so competitive, directors have to go with the flow. You might not agree with all the changes that go on in your school, but the best thing you can do is be flexible and willing to work as part of a team. Take a deep breath and try not to resist every change to the class curriculum, schedule layout, or teaching program. The most important part of your job is to make sure that your students are learning, so give them your best and forget the rest! It is obviously important to learn the boundaries in your workplace to ensure that your employer doesn't take

advantage of you, but remember: you are the employee, not the boss. For more of what to expect and how to prepare for these cultural differences, check out [Let's Be Frank](#) on our website.

Now, let's get to the good stuff. Here are some tips on how to prepare yourself financially before you embark on your Chinese adventure, and what to do with your money once you arrive. You know, aside from spending it on state of the art electronics, kitschy Chinese souvenirs, and exotic travel adventures during your time off.

The Fun Part: Getting Paid in China

The Chinese currency is called Yuan ('CNY' or 'RMB'). For current exchange rates, check out XE.com's [currency converter](#).

How much money should I bring? It will take a bit of money to make it through your first month in China until you receive that first paycheck. We recommend bringing about \$600-\$900USD in cash to exchange at the airport once you arrive. This should help you get through those first weeks until you locate an ATM that will work with your foreign bank card.

There are several ATMs that accept foreign debit cards, though you might have to look around for them. You might have to request the assistance of a Chinese person when using the machines, as some do not have English menu options. But hey, it's all part of the adventure, right?!

Most schools will direct-deposit your paycheck once a month, for the previous month's completed work – at private institutions the specific date varies. Because you will not be paid until you have worked for about a month, make sure you have access to about at least \$600USD to support yourself until then. The amount you need depends on your own budgeting and spending habits, as well as how much money you will need for an apartment deposit (if applicable). Some teachers can swing by on as little as 2,000CNY per month (approx. \$330USD), while others choose to spend their entire paycheck. As a ballpark estimate, eating out for every dinner (food only) may cost anywhere from 30CNY to 120CNY per night (approx. \$5-20 USD).

Check your bank card: To access money from home, make sure that your card has an international banking service logo, such as Visa, MasterCard, Plus, Cirrus or Maestro. (American Express works at many major superstores, but doesn't get you very far with small restaurants and shops.) If you are unsure, consult your bank at home, or ask us if the symbol on the back of your card will work with Chinese ATMs.

The not so fun part: Your guide to expenses in China

Like in any other country, as a working resident you will be expected to pay a few taxes and bills, such as income tax, utilities in your apartment, a cell phone bill, and Internet subscription bill. But

don't worry: these expenses sum up to a surprisingly low total, leaving you with plenty of disposable income.

Income tax: The income tax for foreign employees is very low in China. If you are a new teacher in China and you earn less than 4,800 CNY per month, you have no tax liability. Foreigners working in China have to pay personal income tax only if their monthly pay is above 4,800 CNY.

Information we have received suggests that you are totally exempt from taxes the first 90-days in China. Everything you make over 4,800 RMB requires you to pay a tax on ONLY the amount above 4,800 RMB. The tax starts at 15% and increases proportionally with the wage. Teachers should still ask for pay slips from employers monthly for their own record. Remember: just because you're away doesn't mean you don't have to file taxes at home!

Please note that tax information changes from time to time. The information collected and presented here is not conclusive but is our effort to present the information we are aware of as a result of communication with our clients.

Taxes? What? Really? Well, there's good news and bad news. The bad news is that yes, while you are in China, you must still file taxes in your home country in order to stay current. But the good news: although you have to file taxes, you will most likely not have to pay any taxes as long as you can meet your government's Foreign Earned Income requirements. You'll generally be exempt if you (1) spend a certain number of days in the year working abroad and (2) you are paying taxes in China. Each country uses different terminology, but the concept is more or less the same. Check out your country's website for more details.

[USA Foreign Income Exclusion](#)

[Canada Foreign Tax Credit](#)

[Australia Foreign Employment Income](#)

[New Zealand Foreign Earned Income](#)

[Ireland](#)

[United Kingdom](#)

[South Africa](#)

Building and Utility Fees: The amount you pay in monthly building maintenance fees depends on the size and location of your apartment building. You'll have to pay for gas, water and electricity. Sometimes this is included on your maintenance bill, other times it comes separately. Your gas bill will fluctuate dramatically over the year, depending on how much you use your hot water and heating during winter and air conditioning in the summer.

Phone Bill: The truth is, everyone has a cell phone. Every grandmother, every street food vendor, even your 3rd grade students will have cell phones. They are remarkably affordable in China, particularly if you're a light user. Cell phone plans charge a flat rate plus usage on minutes and text

messages. Pay-per-use phones, which are slightly less convenient, are prepaid and you must go back to the same store to charge it when it runs out of credit.

Long Distance Calling: Want to phone home? No problem, if you've got the Internet and a microphone. **Skype**, a free video, phone and instant messaging program, is your best bet for cheap, high-quality overseas calls. Video and instant messaging chats are free, as well as toll-free and received calls. You can also receive calls from abroad on your cell phone, but check with your provider if you can make international calls on your plan. If you can't, just purchase a calling card that offers discounted international rates at a convenience store.

Internet Service: With computer games being so popular among everyone ages 6 to 60, China is well-connected to the Internet. Your school can help you get Internet set up in your new home. Keep in mind that many websites (YouTube, Facebook, Twitter, and sometimes Yahoo) are banned in China.

If you don't have a computer or just don't feel like paying for the net, an Internet Cafe or "PC Room" is just around the corner from pretty much anywhere in the country. Surf the Web, play World of Warcraft or chat all day for just a few Yuan.

Brace yourself for unexpected bills back home: You'll quickly come to realize, in more ways than one, that even after you've left your past life and home country behind, the world just keeps on turning. Financially speaking, unexpected bills or expenses that you can't escape may pop up in your home country when you're gone, and you'll still have to deal with them. If you have a trusted friend, colleague or family member, it's not a bad idea to leave some signed, blank checks with them for emergency payments. An alternative is to have someone else co-sign onto your home bank account, authorizing them to make these payments in your absence. Whatever you choose, close as many money issues as you can in person before leaving for China.

If you aren't already acquainted with the joys of Internet banking, you soon shall be. Internet banking will become your best friend in China. Make sure you know the online login details for your bank account at home. If you make regular payments to credit cards or are paying off loans, have online banking set up for those accounts **before** you leave. Needless to say, it's a supreme hassle trying to mail in a credit card payment on time from across the globe.

We can't tell you how to manage your finances, but hopefully you've learned a thing or two from our experiences and those of your soon-to-be fellow expats. As always, let us know if you have any more questions about finances in China.