Freedom Without Borders

HOW TO INVEST, EXPATRIATE,

AND RETIRE OVERSEAS

FOR PERSONAL AND

FINANCIAL SUCCESS

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“Depend upon it that lovers of freedom will be free”

Edmund Burke, 1774
18th Century Irish Philosopher

To ALH & K

and the future—

Dexter, Silas,

Carter, Charlie,

and those to come

Freedom Without Borders

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Preface

Freedom Without Borders is a personal finance guide—and, to tell the truth, at heart it is also a personal *freedom* guide. If you have ever caught yourself thinking "outside the borders," that is, if you have considered placing some of your cash, assets or investments offshore, or you have imagined moving to an exciting new country—or if you are presently already involved in doing either or both—then *this book is for you.*

And the timing—for all of the above—has never been better. It could be critical.

If you are like many of us in these times, you are confronted with some unprecedented concerns—such as the diminishing value and equity of your home or other real property; such as the unsustainable, and likely vanishing nature of social security and other services you may be depending on; such as the threats to your important personal holdings like your savings, your pension, your investments and even your future earnings that you had counted on for your retirement, your lifestyle, and for the balance of your life. And, in the midst of all this, you are also witnessing the shrinking value of the dollar and the rising cost of living—and perhaps worst of all, the evaporation all around you of core values, such as your personal freedoms, and your right to life, liberty and the pursuit of happiness.

The good news is—some excellent avenues still remain for us so that we have options to correct and preserve most, if not all, of the above. This is what this book is about.

While primarily written for Americans and Canadians, the concepts and suggestions herein can certainly be of use to anyone in the world. Specifically, this book is a financial survival manual for these times of domestic and global economic turmoil and major political changes. The best solutions are presented here to preserve and grow your wealth in spite of the times and in safety from potential loss at the hands of your government or other predators. And if you choose to do so, the solutions for finding a new place to live well, for dimes on the dollar, are here, too.

But first, let's look at the financial side of this equation. The list of ways your net worth can shrink while you are sleeping is growing. The following are only a few thoughts, but headline news will provide you with many more ideas, and daily. A first concern is *government oppression* in its many forms. If we take even a quick peek back through history, we will note that what governments have done in the past they often have a tendency to repeat, and many are doing so right now. In fact, you will notice how many governments throughout history are no longer in business.

Another concept is *the lack of personal and financial privacy.* Nothing is sacred these days, not only because of technology, but also because of its deliberate use against you. Then, there's *discrimination* in its many forms. Race, age, gender, lifestyle are just some of the obvious ones; many are far more subtle. Your political affiliation can surely do it, and even being a business person is much less popular these days. Having money certainly is not in favor with some sectors, but we won't have to worry about that much longer, and some cases, just being an American can get you into trouble. Once again, the list is long.

Another concern that we need to keep in mind, particularly in our culture, are the potential for *lawsuits.* These can be quite easy to initiate and can become quite troublesome for those who are targeted—even if they've done nothing to earn such attention. Many folks seem willing to spend good money on lawyers just to take a shot at another person's assets; it's almost as if they equate it to playing the lotto in hopes of striking it rich.

Crime is another factor—it's rampant and growing, and also it's more and more difficult to avoid being a victim. The best strategy is to prepare by making certain you are not an easy target.

Another consideration is *excessive government bureaucracy,* including regulation, taxation, reckless management of the monetary system, invisible transfers of your wealth, confiscation of private assets—a person can get very imaginative in this arena. I would include oppression here, but we've already covered it. And last but not least is the new buzz word of the decade—*terrorism.* Need I say more? The end result is usually the loss of freedom and sometimes life itself. Maybe that's why 350,000 Americans are expatriating each year!

In life, some values are universal, and freedom is one of these, and perhaps it's the most important to all. But, if not protected, your freedom can be elusive, like all good things. Witness in these times the vaporization of your personal guarantees under the Constitution of the United States and the Bill of Rights. The solution? It just might be that the only remaining hope is to take matters into our own hands. Thanks to our rights, we still have the option to decide what's best for ourselves—at least for now. And our personal sovereignty and personal and financial freedom are more important than all the bad judgment found in Washington and on Wall Street.

This is likely precisely why our forefathers made certain that our guarantees were enshrined in the Constitution—to protect our liberties. And if these guarantees are not honored by the powers-that-be, then it is absolutely essential to do something about it ourselves. And, to do something about this—lest someone think otherwise, is *no less patriotic*.

Let's not foolishly squander these gifts which preserve and define the quality of our very existence and future opportunities. Otherwise, we'll have a lot of explaining to do to our kids. Of course we want to pass down the fruits from our lifetime of labor and the privileges we inherited that allowed us to reap those rewards, whether they be talent, knowledge, wealth and anything else of value, so that the next generations also may enjoy the same privileges, benefits, and hopefully, bounty. At this juncture in history we have no time to be timid or too trusting. We must consider the real sources of the problems, and then consider the possible solutions. Today's rapidly changing dynamics, here and elsewhere, require boldness and action on our parts. Knowledge is required too, and in knowledge lies power. This book will provide you with key knowledge that you can use.

With that and the determination to act boldly, we can still preserve what is ours and what matters. But the hour is late.

This raises the question, at least for me, if indeed there is a paradise to be found. I believe that there is, and while the right *place* may help, I believe paradise is more clearly defined as a state of being. An island with a palm tree on a white sandy beach can provide some comfort. But far more important would be the secure knowledge that we have taken successful steps to assure ourselves the right to our own assets and to our pursuit of life, liberty and happiness. There are many beautiful places on earth, but before we venture off to a remote corner of the world, we need to know that we are secure and good with ourselves, and our fellow mankind. It begins with each of us, now.

The preservation of your very own personal sovereignty is a contribution and affirmation to yourself and others, along with the sense that you can and will transcend the negativity that permeates the news and threatens your very existence, and will create something better, starting in your own life. Let us take a careful look at ourselves, rediscover what is truly important to us at the deepest levels, and decide, once and for all, what we want for ourselves, our loved ones, and those around us. Only then can we have half a chance of preserving those things which we cherish most by the *best* means available.

Here's to the passage, dear seeker of freedom.

Hoyt Barber

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Logistics of International Diversification

He is safe from danger who is on guard even when safe.

—Pulilius Syrus, *Sententiae* No. 127

Freedom is the bottom line. And, financial strength, to whatever degree you might require, is the cornerstone of personal sovereignty, the very crux of our happiness, well-being, and ultimately our freedom. The bad news? All of these key values are presently in a state of erosion—not just in the United States, but indeed, around the world.

And the good news is—some top-flight strategies still remain for us as options to correct and preserve what most matters to us. All that follows here will treat these themes—and the topics, in these times, are more critical than ever.

Democracy has always been an inspired gift and also a decent insurance policy—creating the framework for us to enjoy, exploit and maximize our personal potential as human beings. As Americans, we are blessed with a unique country that was founded on solid principles by smart, shrewd individuals who knew it was an inspiration and an experiment. This country-project was enshrined in the Constitution of the United States of America, and further protections were eventually built into the Bill of Rights. Thank goodness. These ideals are worth celebrating, and Americans like to fondly trust that these are their guarantees. Unfortunately, it's not that simple, as each citizen must be vigilant to protect the rights that we say we cherish. If the United States, the largest democracy today, and most successful of all democracies ever advanced on the planet, were to fail, freedom would rapidly decline globally, and mankind might literally fall back into the dark ages. It has happened before.

The United States is the torch-bearer for freedom throughout the world. We inspire others to want to attain the same accomplishments and advancements that we have enjoyed, but unfortunately, we are not a perfect example. At times we have not exhibited the wisest decisions for ourselves or our fellow human beings. Influences permeate our society and they have other agendas, too—ones that we are not generally aware of but which can threaten our personal sovereignty and even our national sovereignty. According to The Economist magazine, democracy worldwide has stalled. The real danger today would be for our economy--the number one economy in the world and the engine of democracy—to fail, putting democracy in serious jeopardy, and leaving a vacuum for other beliefs and systems to replace it. Sadly, the potential is real for us to sink into economic chaos, and our economic, financial and political woes are not going away anytime soon. I realize this may sound crazy and even scary, but we need to get focused before we have no options. It's quite real; if this economy should fail, democracy, and more importantly, individual freedom, would be at risk for all of us, and could be lost forever. It's been said that when the Roman empire collapsed, civilization was sent back one thousand years. If a similar scenario occurs in the United States, we as human beings on this planet may never recover. Thus, preserving our freedoms and liberties—now, while we still have the opportunity—is critical to our own futures and those of our families. Let's not waste valuable time lest we live to bear grave regrets into the future.

Today, the best means to preserving your personal sovereignty is to take your personal finances offshore and once that's done, to consider also expatriating, if it makes sense. The net result should fortify your personal and financial freedom and buy you valuable time while the country and world sort out their mess. Fortunately—as free people—we have the right to make such choices, and the best way to preserve those rights is by exercising them. Complacency is no longer a choice if we truly prize and desire freedom.

With that thought in mind, let's have a look at the legal options still available to us so that we may use our freedoms to preserve and grow that which is ours.

ASSET PRESERVATION STRATEGIES

The first step and best way to preserve assets is to move them outside of your own country and into a tax haven with strong bank secrecy and confidentiality laws, like Belize, Nevis, the Cook Islands and Panama, and out of your own name. The use of offshore corporations and trusts is effective for owning assets, and so are Swiss financial-related insurance products. There are many benefits to going offshore financially. Two of the most important reasons are asset protection and to maximize personal and financial privacy. There are many other reasons too, including, but not limited to, to reduce or defer taxes, to invest for higher returns, investment diversification, to increase business and investment opportunities, to invest in foreign real estate, to own a boat or other significant item, to start an offshore business, to take an existing business offshore, to plan your estate, for greater banking flexibility, to securely centralize your financial life, to avoid currency restrictions, to sidestep government confiscation of assets, to stay out of the line of fire from personal lawsuits, to keep your physical location secret, to gain access to funds easily from anywhere, and many more. There are other creative and tangible possibilities for asset protecting yourself, including sheltering your domestic real estate through use of offshore structures and strategies, as explained in Chapter 7, International Real Estate, and taking your domestic IRA offshore by utilizing offshore structures and strategies, as with the combination of a Nevis Asset Protection Trust (APT) and a Nevis Limited Liability Company (LLC) for this purpose, as discussed further in Chapter 3, The Best Offshore Structures.

Expatriating has many benefits, too, as we shall explore, but it can also help enhance the asset preservation aspects to your already existing offshore planning. For example, the mere fact that you are not located in your own home country makes it much more challenging to be served or arrested and pulled into court. Once in court, the government can attempt to force you into cooperating with whatever it is they are seeking from you. It would be very difficult for your government to force repatriation of assets of yours held elsewhere if they can't get you into court. Of course, another way around this is to hold your assets in a secure offshore structure as described in other parts of this book, such as the offshore asset protection trust (APT) and international business corporation (IBC) or limited liability company (LLC) combination in one of the better tax havens, which we'll soon explore.

Another excellent alternative to these offshore structures, or in concert with them, is to have a Swiss financial-related insurance product, such as an annuity, portfolio bond or life insurance. These concepts will also be discussed further at length along in your reading. The benefit of these types of offshore structures is that their proper use achieves removal of the assets from your name while you still maintain control of them for the purposes you have intended for them. Forced repatriation could not happen, because even a domestic judge cannot force you to do something which is outside of your aegis. As we shall discover, this does not mean however, that you have lost control of your assets, but merely that the structure technically, legally and effectively "removes" them outside of your control, and name.

Expatriating, of course, most often is thought of as an adventure, like Hemingway in Havana, or Sterling Hayden sailing off to the South Pacific, or Clifford Irving in Ibiza or B. Traven roaming Mexico. Pictures of coconut and palm trees come to mind, rain forests and waterfalls, vast stretches of white beaches and blue Pacific, exotic sounds and fragrances. It's the great getaway. We dream of faraway places, slower living, friendlier people, a lower cost of living, nicer climates, less taxes, greater freedom, cheaper and maybe even better health care, and quality of life benefits that might just be available elsewhere. These are typical things one thinks of and considers when contemplating the idea of living in a foreign land. And plenty has been written on the idea. However, the financial side is critical to success, or you may find yourself in a funny situation, like hustling to the Tijuana border from the Mexican Riviera in the dead-of-night on a third-class bus. There are lots of places to go and different ways to experience them, but it's best to first build a solid offshore financial fortress that will give you peace of mind while you venture elsewhere. The logistics of diversifying internationally will be your key to successfully expatriating and this book will guide you through that process.

CHALLENGES TO AVOIDING TAXATION ANYWHERE

Sounds like a sporting idea! Every government wants to tax their people, so the object is to sidestep the obstacles that require paying taxes. It is possible to substantially reduce taxes, as you will learn here, though not necessarily so easy, and it won't work for everyone. The income sources for some folks are more suited to international diversification, but almost everyone who wants to preserve their holdings, regardless how much or how little that may be, can benefit from offshore and even expatriating. Both have their financial advantages and together make a fine marriage.

The following are ways in which you could find yourself required to pay taxes regardless where you are.

Domicile: You can remain in many countries as a tourist or even temporary resident from 90 to 182 days a year before you are considered a tax subject and thus required to pay national income tax. In chapter 8 of this book you will find good information on 30 popular countries where North Americans have chosen to move. Each country has different requirements so further investigation is wise.

Citizenship: Most countries do not tax on worldwide income, so if you make money outside of your home country, you don't owe taxes from those sources, just on income made within your country of citizenship. Unfortunately, the United States is one of the few exceptions to this rule of thumb, and the IRS does tax on your worldwide income, regardless of how or where you make it. This is the single best obstacle for Americans to get around. Fortunately, there is an exemption, and this you'll want to take advantage of, if at all possible. If you live, work and earn your income from outside the United States, you could qualify for this exemption and not pay taxes on the first $92,400 a year. That amount is per person, so a couple could earn $184,800 tax-free per year, and this, together with the fact that most expat living also greatly reduces your living costs translates that you'll have a lot more money to place in your investments and protected in havens to safely grow your wealth. This exemption, the great American tax loophole, will be discussed shortly.

Marital Status: Like other aspects of marriage, you and your spouse will need to be on the same page to successfully expatriate and take advantage of some of the tax-reduction strategies. Your last domestic domicile, such as which state you live, can affect your situation even after expatriating, as you will still be a citizen of your country. For instance, in the case of community property laws or if and where you had a marital home together, these factors could apply to you at some point, even after expatriation. So, a sound marriage is a good thing. Of course, not everyone gets married and there can be some privacy and financial benefits of remaining separate individuals who simply choose to make a life together. That's a private matter.

Income source: Governments usually tax on source of income so you want to learn what the source test is to determine what's taxable. But as we learned, most countries do not tax on foreign-source income, which suggests that all income earned within the country is taxable at whatever rates they have established, and regardless of where the taxpayer is actually living. The government will usually require the employer or payor to withhold taxes and remit them directly to the tax collector, if the recipient is a non-resident. And foreign-source income is usually exempt.

Asset Location: Some countries tax assets based on where they are physically located, which is why low or no-tax havens make sense. And, of course, wherever your investments are held, such as in financial accounts in yet other favorable locations. It's best not to keep assets in countries with exchange controls, either. More on these thoughts can be found throughout the book.

Timing: You can defer some taxes, and timing can be useful, such as letting profits or income become earned in a different tax period so they are due and payable later. With multiple entities in multiple jurisdictions, you could get creative here. It's good to have expert advice from your own country and any other country where taxes may impact you. There's plenty of truth in that old saw that "timing is everything."

Beneficiary Status: Your beneficiaries will have as difficult a time avoiding taxes as yourself. Typically, assets are taxed at the time of death or when distributed to beneficiaries.

Your expatriating or renouncing your citizenship will likely make no difference on the tax exposure of your beneficiaries. If your beneficiaries are themselves U.S. citizens or from other high-tax countries, you can almost count on it. Of course, if your beneficiaries have also set themselves up with similarly strategies, then they may enjoy similar protections. For example if they have renounced their citizenship before hand, then the taxes of their former high-tax country, will not apply.

STRUCTURING YOUR PERSONAL, BUSINESS & FINANCIAL LIFE

First, here are some thoughts for re-structuring your life offshore and outside your own country. Then we'll get into the idea of geo-political investment diversification which will further enhance your desire to build that offshore financial fortress and insure your personal sovereignty and personal and financial freedom.

Operating Business Location: This may be your financial engine and it may be located in a high-tax jurisdiction because this might make sense for commercial reasons. But if the business can be relocated offshore, preferably to a low or no-tax haven, of course, that's more ideal. And, if you're planning to start a new business, try to work it out so you can launch and operate it from offshore to begin with. Offshore is very conducive to e-commerce business. Many businesses are easily applicable to e-commerce and to being operated from offshore. This would give you a great advantage and your cash flow could naturally occur and remain offshore. It's best to keep your cash flow out of the reach of government and other potentially interested parties, and to enjoy the privacy that this scenario offers as well.

Citizenship: We have spoken of this, and as you know, if you are a citizen of the United States, the most heavy-handed of the high-tax countries who tax on worldwide income, the easiest and best way to legally avoid or reduce exposure to taxes without all that expensive tax planning advice which might not save you much in the long run anyway, basically reduces down to two choices: 1) Expatriate and take advantage of the tax exemption on foreign earned income; 2) renounce your citizenship in favor of a much better country, preferably, for a host of good reasons, but definitely one that does not tax on foreign earned income, or if you must earn income locally within a foreign country, then at least find a country that suits you and also has a much lower tax rate. For example, Belize has an excellent permanent residency program. Alternative citizenships to entertain include two excellent Economic Citizenship Programs in St. Kitts-Nevis and Dominica. In these programs, qualifying is relatively fast, but they have a hefty price tag. However, these citizenships and their passports are high quality and make excellent travel documents. Once you have one of these in place, you can renounce your current citizenship and even begin looking for another back up. In this brave new world, thinking ahead and having Plan B makes a lot of sense. Also, you may not want to actually spend all your time in your new home country, as you may smartly just want it for citizenship purposes. Wherever you are a citizen, that's the country you want to fear most. Naturally, you'll want to consider the possibility of the future, whatever and wherever you choose. You can obtain citizenship in many countries after five years or less while residing there through the process of naturalization. This is the least costly method. Once you have this citizenship, you could move on to another country and turn the next one into your new domicile while keeping the last for citizenship purposes. Once again, you can get creative, and, with the way globalization is going, it may be prudent.

Domicile: Instead of residing in the country where you have citizenship, even if from an alternative country like St Kitts-Nevis or Dominica, you will want to find a country that you wish to call "home" and where you'll enjoy living. You'll also want to seriously consider the type of government in place and make certain you can you live with them, other cultural and environmental aspects, and of course, their tax structure. No point in jumping from the fire into the frying pan. What's their likelihood for future stability? If you have to earn income within the country, try to settle on one with the lowest taxes possible. You may even want to consider whether they have a TIEA or MLAT with your previous country of citizenship. The fewer ties with them the better. As for extradition treaties, it's hard to find a country that you'd want to live in that hasn't signed one. If that's a concern, a good international criminal lawyer is likely needed.

Asset Base: The ideal situation is to have a good offshore structure in place, use the right offshore vehicles in the best tax havens, then invest and hold assets in those countries, or possibly in yet another good tax haven for such purposes. In that way, you gain the advantages of geo-political investment diversification which we'll discuss shortly. This base is not in your former country of citizenship, not in your current country of citizenship, not in the country where you are presently domiciled, preferably in a low or no-tax haven, definitely not in a high-tax country where you have an operating business—but offshore. Another consideration is the offshore structures being used, such as IBC's, LLC's and APT's in Belize, Nevis, Panama and the Cook Islands, for example—and there are a few other good ones too—since these entities can be quickly and easily re-domiciled if there is ever a unique situation or emergency reason to do so. In these countries, you can move the offshore structure that holds the assets and financial accounts simply by re-domiciling elsewhere, preferably another ideal tax haven.

Islands in the Stream: Then, there are those playgrounds where adults like to have fun and soak up the sun, away from the rest of their structured life. You may like to have multiple places to run to. What's all this brilliant planning for if you can't have some fun?

Here are essentially the categories that taxpayers can fall into:

- Special exemptions: Be like Howard Hughes, if you have the money, and "support" the right politicians who can create a nice little exemption for you, or enact obscure changes that won't be readily noticed and that you can take advantage of, quietly. If you're in this category, after you have helped influence certain changes in the tax code, you may like basking in Monte Carlo, where you might need to buy influence too. The good thing is they also like big money.
- Lobby for change. You could also join a group of like-minded taxpayers, or special-interest groups, who are seeking changes in the tax code through lobbying. This can be very effective and is popular in Washington.
- Try to avoid taxes legally. Another method is often used by anyone who can afford to seek professional advice to assist them with reducing taxes or maybe avoiding them entirely; it has been done. But, more importantly, they must also keep you compliant and legal.
- Expatriate
- Renunciate your citizenship
- Evade taxes. I don't recommend it, but in Italy, it's said to be a national sport!

THE T-8 TAX HAVENS AND OFFSHORE BANKING CENTERS

Eight outstanding jurisdictions today have emerged from the long list of "tax havens" worldwide that number a total of approximately forty. Unfortunately, and for many reasons, only around one-quarter of them are worth consideration for North Americans. I developed my annual list of T-8 tax havens, the best tax havens and offshore banking centers in the world, to help assist with the selection of the choicest ones today. As of 2010-11, the following tax havens rank high: Belize, Panama, Cook Islands, Nevis, St. Vincent & the Grenadines, Anguilla, Switzerland/Liechtenstein and Hong Kong. The reasons these eight countries are best for tax haven and offshore banking purposes today vary, and each have their own special strengths. But for the purposes of Americans and Canadians, these eight are principally on the list because they possess the strongest secrecy laws anywhere, and most have not elected to sign a Tax Information Exchange Agreement (TIEA). This is a treaty heavily weighted for the benefit of the U.S. Internal Revenue Service, the Canadian Revenue Agency, and other tax collectors, to enable them to obtain what otherwise would be confidential and hard-to-secure information from foreign financial institutions, foreign lawyers and others, on your offshore financial activities.

When a country signs a TIEA, which is in no way a tax-benefit treaty, it can single-handedly succeed in undermining the benefits normally afforded by these tax havens to their North American customers. The risk factor skyrockets drastically for any taxpayer who utilizes a tax haven that is party to a TIEA with their home country where they hold citizenship.

Therefore, the annual T-8 list has been developed as a practical reference for identifying the best tax havens and offshore banking centers for maximizing profits, privacy and financial protection in today's volatile world. It is also referred to as the "Green List" of tax havens. This list will be revised as required to maintain the integrity of the benefits of those countries listed, and it is publicized annually for the public's awareness.

The selected countries were chosen based on my twelve criteria for evaluating a tax haven. The twelve factors essential to determining the best tax haven to use for a given purpose are the following:

1. Tax structure
2. Political and economic stability
3. Exchange controls
4. Treaties
5. Government attitude

6. Modern corporation laws
7. Communications and transportation
8. Banking, professional and support services
9. Legal system
10. Secrecy and confidentiality
11. International incentives and opportunities
12. Location

The acronym T-8 was chosen in direct contrast and response to the well-known G-8 countries which are some of the highest tax jurisdictions in the world. These G-8 countries, made up of industrialized nations including Canada, France, Germany, Italy, Japan, the United Kingdom, the United States, and Russia, need some tax competition, contrary to the OECD and others, as tax competition is healthy and helps to keep the higher tax jurisdictions more in line. Otherwise, there would be no limit on how high taxes might go and this is exactly why the idea of making the United Nations the global tax collector is dangerous to your financial health and overall well-being. As a result, and in contrast, the T-8 were selected, with emphasis placed squarely on their secrecy laws, the fact that most have not elected to sign a Tax Information Exchange Agreement (TIEA), and considering of their superior banking services, low- or no-tax status and their kll attractiveness as a tax haven.

These eight tax havens and offshore banking centers at the time of this printing have specific strengths and benefits to the user, and they are outlined below for quick reference. Here are the best reasons to take advantage of these financial havens:

- Belize—Asset Protection Trusts (APT's); International Business Corporations (IBC's); offshore banking; investment management; e-commerce and offshore business; and the Qualified Retirement Program (QRP); strong bank secrecy; no TIEA with the U.S. or Canada.
- Panama—Foundations; offshore corporations; Limited Liability Companies (LLC); offshore banking; investment management, flag-of-convenience; strong bank secrecy; no TIEA with the U.S. or Canada.
- Cook Islands—APT's; IBC's; LLC's; offshore banking; investment management; offshore annuities; strong bank secrecy; no TIEA with the U.S. or Canada.

- Nevis—APT's; IBC's; LLC's; offshore banking; excellent economic citizenship program; strong bank secrecy; no TIEA with the U.S.
- St. Vincent & the Grenadines—IBCs; offshore banking; private offshore bank licensing: flag-of-convenience; strong bank secrecy; no TIEA with the U.S.
- Anguilla—Offshore companies; strong bank secrecy; no TIEA with the U.S. or Canada.
- Switzerland/Liechtenstein—Offshore annuities; portfolio bonds; life insurance; and private banking, if bank secrecy is not required, with a minimum US $1,000,000 under management; low tax jurisdictions. TIEA's are being negotiated with the U.S., Canada and others, but the financial-related insurance products are still superior and as well as their asset and investment management services.
- Hong Kong—Offshore corporations, offshore banking; strong bank secrecy; no TIEA with the U.S. or Canada.

GEO-POLITICAL INVESTMENT DIVERSIFICATION

Here is a concept that compliments taking your financial life offshore and expatriating, as we've discussed, and to take it a step further, in conjunction with your own personal (private) conservative monetary policy, which we'll explore in a forthcoming chapter. Today, it's not just having diversified investments, but how they are owned, and where. Geo-political investment diversification will compartmentalize your holdings, in the same way a submarine is compartmentalized and built for an unexpected attack. It can also be thought of like the shell game, where locating the little ball from under one of the three walnut shells complicates the search. And, if and when an attack happens, and the asset located, there is the problem of the armadillo-like construction of the structure. This multi-diversification of your personal wealth will protect it from predators at home and elsewhere. It will help avoid loss of your net worth by making the right investments to preserve your wealth in the first place, and take you off the path of destruction that may be coming in the form of a global economic tsunami or just extreme government oppression, and keep it safe, and very possibly appreciating nicely. Asset appreciation and preservation is going to be the challenge of this decade—and perhaps the single most important concept in surviving and transcending the trouble that's on the way.

In coming chapters, we will cover some of these investment ideas and trends and how to create a monetary policy of your own—one that doesn't require the government to bail you out or give you hand outs, because you won't need them. Geo-political investment diversification is an integral part of your international logistics.

EXPATRIATING

Next to renouncing your U.S. citizenship, this is the best tax savings provided citizens who desire to live overseas without complicated financial planning. It is fairly straight forward and it may be the single best tax savings benefit available. And aside from taxes, as we have discussed, there are many other personal and financial advantages to living outside the United States, including, but not limited to, freedom.

Your own government is usually the one you need to fear most since you are their subject. They have a tendency, regardless of their political makeup, to get increasingly oppressive over time, right up until their demise. Benjamin Franklin once observed that a government large enough to give you everything you want is large enough to take everything you have. Foreign governments are much less interested in you, as you are not a citizen of their country, and they do not have the same control. And, many of them are not as dynamic and aggressive as the United States. You are not really a part of the foreign government's agenda for their citizens. As long as you don't break laws and make a nuisance of yourself, being in a foreign country, generally should be a safe experience. The exception could be if you are located in an area that harbors a local prejudice against your nationality. For Americans, this is a growing concern, so when you pick your expat haven, take this consideration into account, because it could get worse. And, if you choose to become a citizen of a foreign country, choose wisely what will work for you.

Securing your personal sovereignty, as discussed throughout this book, against the growing tides of change that we are witnessing, and more of which is likely on its way, can be a compelling reason to broaden your horizons. Advance preparation is highly recommended and even early execution of your plan would provide greater assurance of your success, as change can come quickly. Hedging your bets against a very uncertain future is not as ridiculous as your family and friends may think when you tell them you're leaving America. But your decision could make you look brilliant in the end, and in fact could end up as the lifeline for your loved ones, too, someday. You may want to keep a guesthouse, wherever you are.

There are many other reasons to expatriate than just the ones which we are principally focused on within this book. Other areas of interest can include adventure, certainly a compelling reason to break away from your homeland and to immerse yourself in a foreign culture. A feeling of alienation may overwhelm you at home and a change of scenery is in order. For many people today, next to desiring to avoid an oppressive regime, retirement may be the reason, and/or to reduce living costs while still having access to good and inexpensive health care. Especially nowadays, since the cost of health care has skyrocketed in the U.S. and elsewhere, and particularly since the U.S. health care bill was passed, and we are starting to realize the implications of that bit of legislation. Ultimately the government will intrude further into our private lives, will dictate who will get care and when, and will drive the cost of health care through the roof. In the final analysis, health care itself will be compromised, and that means you could find yourself in a very precarious situation somewhere between trying to maintain good health and longevity and also financial survival as a result.

Work is another reason to look overseas and there are even many opportunities for young people to find employment and to begin broadening their life experience. And those with e-commerce businesses can typically operate them from anywhere. Millions of Americans already are enjoying the fruits of their decision to expatriate, and, what the hell, it's even romantic. According to the U.S. State Department, some 5.2 million Americans with no ties to government, are living overseas today.

There are excellent expat resources available that provide information and valuable contacts for advance planning, some of which can be found in the resource section of this book. Meanwhile, here is a good place to start your journey: LiveandInvestOverseas.com. Experienced and knowledgeable, Kathleen Peddicord, offers two free online reports. They include, *The World's Top Retirement Havens* and *Six Hottest Real Estate Markets.* Her daily e-letter, *Overseas Opportunity Letter,* will keep you abreast of expat trends, provide valuable information and ideas, and it's available free. She also recently authored *How to Retire Overseas: Everything You Need to Know to Live Well (for less) Abroad,* Hudson Street Press, The Penguin Group, New York, NY. 2010. A recommended read. Also visit www.internationalliving.com.

THE GREAT AMERICAN TAX LOOPHOLE

Today, if you are living outside of the United States, and your income is derived from overseas employment or from your own foreign-based business, you can earn up to $91,400 a year tax-free, per person. Therefore, a couple can earn a comfortable $182,800 per year without paying income tax, which can really be substantial when you also consider that your cost of living is likely to be much less expensive, too. For instance, if you are living in a country—and there are many plenty of them—where you can live comfortably on less than $1,200 a month, and even less if you are single, you are winning two ways. The spread between your tax-free income and your living expenses can give you a real advantage for investing and growing your personal wealth as we are about to discover.

Two simple qualification requirements must be met to exercise this exemption which is provided under Internal Revenue Code 6:

- A bona fide residency test – if you are a legal resident of a foreign country and have lived there for at least a full year; or
- A physical presence test – if you have spent at least 330 days in a foreign country or countries, out of 365 days in a 12-month period.

You will be required to prove that you have a new “tax home” in another country, which should not be too difficult. For tax reasons, you will want to choose a country where the taxes are low if you will be working locally and subject to their tax system or in a country that does not tax on foreign-earned income if you are earning income from outside your new country, i.e. such as from a pension back home or from your foreign-based or offshore business. The latter is preferable for tax savings purposes. IRS Form 2555 must be submitted annually with your U.S. tax return.

Bona fide Residency Test

If you are staying for an extended period, you will probably purchase real estate or at least rent property until such time as you settle down. Either way, you will need to document your living situation to prove you are not living in your home country and intend to make it permanent. Here are a few suggestions for achieving this and hopefully, to satisfy the IRS and either their residency or presence tests. A deed for the purchase of property or the lease of a residence would show an extended stay. If you ship personal effects, such as a container by ship, to your new country, then that would certainly indicate a long-intended stay, and documenting it would be easy, including the fact that some countries will give you a one-time tax exemption on importing personal belongings. If you have sold your home in the U.S. or rented it out, especially if there's a lease, this would give the IRS the impression that you weren't planning to come back soon, and therefore, you may just be establishing that foreign tax home as you are trying to prove. Other documentation that would help support this might include an expired driver's license from a U.S. state; few people will give up their driver's license unless they don't need it. If you obtained a local driver's license in your new country, a business property lease, local utility bills in your name, establish a local business, secure a local job, or meet or qualify for some other type of local requirement, these could all indicate permanency in the area. Bona fide residency should not be too difficult to establish.

Physical Presence Test

If you live outside the United States for at least 330 days a year, you can qualify under the physical presence test, and earn tax-free income under this IRS exemption. Not all of this time has to be spent in one country. You may want to split your time between foreign countries for tax reasons if their taxes are too high, and by staying under a specified amount of time you may avoid exposure to their tax. On the other hand, the country you choose is likely not to tax on foreign-earned income, which is ideal if your income comes from outside the foreign country or countries that you intend to live in. Your own offshore operating business, like an e-commerce business established in Belize, for example, could be operated from anywhere and your income would be tax-free in Belize, and also tax-free in your new foreign country if they do not tax on foreign-earned income. And, it would be tax-free income in the U.S. as well under this exemption up to $91,400 a year. Bingo! No income tax anywhere. That alone will offset the losses you've been suffering from domestic taxation, currency devaluation and loss of profits from not having as much capital to invest.

To document your 330-day stay outside of the United States, try opening a local bank account in your new country to help establish yourself as having a new "tax home." An employment contract would help create documentation for this purpose covering your stay outside of the U.S. and showing that you need to be in the foreign country and that you intend to be overseas for lengthy stays or permanently. Your own offshore business could further show your need to be outside of the United States; perhaps your business does a lot of business with your new foreign country, or perhaps you have signed a work contract with your company to provide management, marketing or consultation. And, of course, you can document your residence through proof of a lease or purchase of real estate. You can travel to other countries during this 330-day period, but keep the documentation of your new "tax home" intact while you're away, even when returning to the U.S.

RENOUNCING YOUR CITIZENSHIP

The absolute only way to avoid U.S. taxes completely is to renounce your U.S. citizenship. Of course, you'll need another citizenship in place before you do this or you'll find yourself without a country, and some legal challenges. Although it sounds easy enough, it's not quite that simple. First, you need to secure citizenship, and with it a new passport, and this will likely take time, maybe years, and cost you something, even if you go the most inexpensive route, which would be living in a country as a resident for a given number of years, i.e. five years is common, before citizenship could be obtained. Years ago, if you pledged allegiance to another country, or had a second citizenship, the U.S. would have kicked you out of town. Today, however, the need for your tax dollars is so great, don't count on your country letting go of you easily. In fact, today, the attitude is they suspect you are seeking the other citizenship purely for tax reasons unless proven otherwise. Just the mere fact of earning in excess of $100,000 prior to trying to renounce your U.S. citizenship will cause them to treat you as wanting to leave for tax purposes. If this cannot be disproved, you will be subject to U.S. taxes for ten years after your departure. They want their pound of flesh. If money is no object and your background is squeaky clean, and especially if you're in a hurry, check into the economic citizenship programs being offered today by St. Kitts-Nevis and Dominica in the Caribbean. These citizenship-by-investment programs can get you new, quality citizenship in a country with a good passport that will get you visa-free travel to most countries you'd ever want to visit. With this citizenship in hand, which can be obtained in as little as several months, and if you have the rest of your personal and financial life in order, you may be ready to take the next big step and proceed to renounce your U.S. citizenship**.**

ECONOMIC CITIZENSHIP AND RETIREMENT PROGRAMS

There are not many economic citizenship programs to choose from or alternative countries where you can outright purchase citizenship and a second passport these days. Fortunately, however, there are still choices and specifically two that offer excellent citizenship and passport for visa-free travel to many countries in exchange for an investment in the country and a legal and processing fee. These are St. Kitts and Nevis and the Dominica. These countries offer an effective means to expatriate and renounce your current citizenship quickly, which may become even more important very soon, especially if you are from North America.

St. Kitts & Nevis

In St. Kitts and Nevis, two avenues are available to securing citizenship in this desirable country, the Sugar Industry Diversification Foundation (SIDF) contribution option or the real estate investment option. This country has an excellent international reputation and very good visa-free travel, including that it is now possible to travel throughout the EU visa-free. For more information on visa restrictions, please refer to the Visa Restriction Index Global Ranking 2010 which can be found in the Appendix at the back of this book.

Real Estate Investment Option

Minimum Recoverable Investment: US $400,000

Standard Government Fees/Contribution: US $35,000/single applicant; $15,000/each dependant

Due Diligence Fee: US $5,000 per adult

Other Costs: At least six percent purchase and similar taxes

Professional Fees: US $35,000

Average Processing Time: Three months

Interview Required? No

Visit Required: No

Sugar Industry Diversification Foundation (SIDF) Contribution Offer

Minimum Recoverable Investment: None

Standard Government Fees: $200,000/single applicant; $250,000/family of four

Due Diligence Fees: None

Other Costs: None

Professional Fees: US $35,000

Average Processing Time: Three months

Interview Required: No

Visit Required: No

Dominica

This Caribbean nation has an economic citizenship program that does not require an investment, making the total cost much less expensive than St. Kitts-Nevis. Citizenship in Dominica may be all that you need. Its reputation is good although not as sterling as St. Kitts-Nevis and the processing time is much longer. Also, while good, their passport does not offer as much visa-free travel as the other program. However, citizenship in Dominica could also be viewed as a stepping stone to alternative citizenship elsewhere in time. And it does offer the same advantages for international tax planning and for renouncing your U.S. or other citizenship as discussed elsewhere in this book. You may just wish to acquire it as a second citizenship with passport in addition to your present citizenship and passport so you have options when travelling internationally, including the option not to be identified as a U.S. or other citizen. These documents can also be used successfully in financial transactions and account openings where foreign financial institutions no longer wish to do business with Americans, and even Canadians. Your true nationality or citizenship at birth will be a non-issue.

Minimum Recoverable Investment: None

Standard Government Fee US $75,000 + 2,700 per applicant; $100,000 + 2,700 per person for a Family of four

Due Diligence Fees: US $5,000-10,000

Other Costs: Travel to Dominica

Professional Fees: US $35,000

Average Processing Time: Five to twelve months

Interview Required? Yes

Visit Required: Yes

Citizenships Elsewhere

If these two citizenship-by-investment programs do not interest you, you should contact the highly reputable firm of Henley & Partners in Zurich, Switzerland listed in the resource section of this book, to discuss other options. Other citizenships are available, such as in Europe, however, the entrance fee may be very expensive. In the case of Austria, for example, the minimum investment or public contribution is two million euros plus costs and fees of 400,000 euros or more. However, this is an excellent citizenship from a neutral EU country and offers extensive visa-free travel with your Austrian passport. Henley & Partners also assists with residency that can lead to citizenship and a passport in other countries, including Belgium, Canada, the United Kingdom, Ireland, Switzerland, Monaco, tax-advantaged residency in the Bahamas, and very favorable and affordable residency programs and citizenship in Panama. Request their "Citizenship-by-Investment" catalog, 14th edition, which provides more information. Less expensive methods of gaining new citizenship in a foreign country can be found in Chapter 9, Expat Haven, Tax and Incentives Guide.

Other opportunities exist for citizenship through the process of natural immigration. Please refer to Chapter 9, Expat Haven, Tax and Incentive Guide for more information by country. This process takes longer than through an Economic Citizenship Program, which can range from one year to ten years, but often times, only five years of residency is required, and the experience is also much less expensive in legal fees and government fees. In some countries, the process is quicker, as in Ecuador, which only requires three-year residency.

Belize Qualified Retirement Program (QRP)

Belize has emerged as one of the top no-tax havens of the world and as a very attractive expat and retirement haven—and it's just a mere two-hour flight from the United States.

This small Caribbean nation in Central America is one of the T-8 tax havens and offshore banking centers—a favored jurisdiction, having one of the strongest bank secrecy laws anywhere. And, Belize has opposed signing a Tax Information Exchange Agreement (TIEA) with the United States and Canada, and not likely to do so for a long time. Even still, it finds itself on the OECD's White List of the best of these jurisdictions. Many more features place this offshore financial center very high on my list of choices.

Belize is an extremely attractive retirement haven for those 45 years old and over who qualify. And, it is an expat haven for virtually *anyone* who wants to enjoy life, reduce taxes, increase financial opportunity, and avoid increasing government intrusion and bureaucracy at home.

This unique sub-tropical and financial paradise, called "mother nature's best kept secret," has loads to offer foreign residents:

- No taxes; good tax incentives; and a host of tax breaks
- An excellent Qualified Retirement Program for foreign retirees (see discussion in this chapter)
- A stable government based on English common law
- Strong local currency and use of the U.S. dollar

- No exchange controls
- English as the main language
- Excellent education
- Year-round sub-tropical climate
- Great outdoor recreation
- Friendly people; receptive to foreign visitors and foreign residents
- Abundant natural resources and boundless beauty
- Plenty of land for private and commercial building and development
- Reasonably priced real estate, all types of properties, including palm tree-lined white beaches
- Excellent international health insurance is available for foreign residents
- U.S. tax advantages to second home ownership
- The best financial and banking services available offshore
- One of the few best no-tax havens in the world today

The Qualified Retirement Program (QRP) is easy for qualification, and relatively inexpensive. The application process time frame is approximately three months. Belize terminated its economic citizenship program in 2002 and replaced it with the QRP.

Part of the good news about this program is its ease and simplicity. To qualify, you need be at least 45 years old—and if you are a couple, just one of you must be of this age—and you need not be in Belize to pursue qualification for the QRP. Once you are accepted, you need spend only *thirty days a year* to keep your residency in good standing. Further, you must show a source of income from outside Belize of at least US $2,000.00 per month, and it may come from any source, including pensions, social security, and even foreign-earned income from your business or work anywhere outside Belize. The only restriction is that you may not work in Belize, although you may own and run a business.

Thus, as an example, a U.S. taxpayer who makes foreign-source income and has qualified for QRP, will benefit not only from a residency and no-tax status in Belize, but can also be tax-free at home for income up to US $91,400, or US $182,800 per couple, while keeping their U.S. citizenship intact and enjoying all the benefits of the QRP.

These benefits include your residency status as well as permanent exemption from all taxes in Belize including income tax, estate tax, capital gains taxes, etc. You may also bring your household goods (up to US $15,000) and an automobile, and even a light aircraft and a boat into Belize free of duty and taxes.

Foreign earned income is exempt from personal and business taxes. Income can also be earned tax-free while residing in Belize simply by having your business and investment income flow through your own Belize International Business Company (IBC). At the same time, you will gain the best asset protection that can be found anywhere, particularly when coupled with an Asset Protection Trust.

Foreign residents of Belize can also benefit from financial incentives that Belize offers expatriates wanting to start a new local business. And, as you know, Belize has the best foreign trust laws granting maximum asset protection.

The cost is relatively inexpensive to qualify under the QRP, and the benefits are many. For more information on the program visit www.barberglobalfinancial.com or www.barberfinancialadvisors.com.

LOGISTICS OF INTERNATIONAL DIVERSIFICATION

We've just covered the important components of your international logistics structure, including asset preservation strategies, challenges to avoiding taxation anywhere, the structuring of your personal, business and financial life, the best tax havens and offshore banking centers to use today, geo-political investment diversification, how to expatriate and not pay income tax or to simply renounce your citizenship in favor of a more attractive one, and specific countries that offer very beneficial economic citizenship and retirement programs. This constitutes your global legal framework that will allow you to consolidate your personal and financial life offshore and on which to build your future. It's flexible enough that you can adjust it as necessary when needed depending upon future political and economic developments in the world. The remaining chapters will help you flesh-out your structure and connect you up in the areas needed to move forward safely.

2

The Best Offshore Structures

Our country is wherever we are well off.

—John Milton 1666, 17th Century English Poet
Author of *Paradise Lost,* an epic poem

For privacy and asset protection, offshore is the answer.

If you wish to hold assets and cash, gain maximum financial privacy protected by law, operate an offshore business or create the best estate plan anywhere, the preferred means is to utilize one or a combination of offshore structures. Although you can certainly hold bank and investment accounts in your personal name with financial institutions in foreign countries, it is far wiser, more private, and better able to insulate your wealth from domestic predators, including your own government, if you maintain these important accounts in the name of legal entities that you control or which are yours by design, and part of your offshore estate. Therefore, it is prudent to spend the small amount of extra time and money to build your own offshore financial fortress. This will protect your wealth intact—or at least the portion you wish to keep—allowing it to appreciate over time, and stay safe regardless of unforeseen political or financial changes or crises in the world.

Presented here are the best types of offshore structures to achieve your goals offshore, and in the best tax havens and offshore banking centers available for use today. Let's review their unique features and advantages. Nowadays, governments are trying to learn of the location of their citizen's wealth, especially high-tax jurisdictions like the United States, and this is an indication for future potential confiscatory practices that could wipe you out. As if the transfer of our wealth from us to our government through a myriad of taxes and inflationary practices is not enough theft, the authorities would be happiest if they could have a shot at it all. After looting us six ways from Sunday, it's possible that the more our government gets desperate or paranoid, the greater the likelihood for confiscation of assets until nothing is left. This has happened throughout history, and which typically leads to even uglier events. Therefore, it pays to plan and prepare for the unexpected, because you never know when the proverbial you-know-what will hit the fan. It's been said, "better safe than sorry."

The following offshore entities are always established and administered by local licensed professionals, and the documentation provided may vary depending on the professional engaged. Following are some very strong arguments for using these particular types of entities in the offshore jurisdictions mentioned.

International Business Corporation (IBC): Belize, Nevis and the Cook Islands

This type of corporation is a sleek offshore creation, and particularly attractive when incorporated in certain tax havens as identified here. They are ideal for personal and business purposes.

Typical benefits of an IBC include these:

- No exchange controls
- No corporate income or other taxes
- Bearer shares are optional; they are typically subject to being held by an approved custodian, such as the local registered agent, trust company or bank.
- Only one director or shareholder required; may be the same person
- Swift change of officers, directors and shareholders without special consent
- A managing director may be appointed to handle day-to-day business
- Typically, shares with par value maybe denominated in any currency
- A director may be a corporation, minimizing personal liability

- Shareholders and directors may give unanimous consent, without a meeting, through use of a proxy
- No local directors or shareholders required
- Telephonic board meetings acceptable
- Re-domicile with ease, in or out of the tax haven
- Conduct any kind of legal business (some activities, such as banking, will require a license)
- No par value shares are optional
- Limited personal liability
- Attractive to foreign investors
- Useful in offshore estate and family planning
- Easy transfer of ownership; no government permission required
- Centralized management - offshore
- Greater benefits to corporate owners than their onshore counterparts receive
- Maximum privacy for business activities
- Utilize for personal benefits, privacy and tax reduction purposes
- Transfer corporate tax liability to a no-tax jurisdiction and avoid business taxes altogether
- Excellent asset protection benefits; bullet-proof yourself
- Shareholders are not public record
- Directors are not public record
- Nominee directors and shareholders are available (at additional annual cost); provides another layer of privacy; continue to act on behalf of the corporation as an attorney-in-fact with a general (do virtually anything legal on behalf of the company) or limited power-of-attorney granted to you for specific purposes by the board of directors
- Shares may be paid up in cash or through the transfer of other assets or for other consideration
- Minimum paid in and issued capital may be one share which is fully paid
- There is no requirement for any financial statement, accounts or records to be kept, and corporate records may be maintained anywhere in the world
- Government regulations and fees are minimal
- No limitations on nationality, citizenship or residency of directors and shareholders
- It must operate only outside the tax haven of incorporation, with non- residents or non-local corporations, with the exception of engaging local banking, financial and other professional services for the corporation, and other business support services, such as secretarial services,

holding corporate meetings, and maintaining an office to create a local presence and communication base from which to do business outside of the tax haven.

- E-commerce offshore business supported
- Offshore business activities encouraged and their tax haven status guarded
- Go global! Perfect corporate vehicles for conducting business and making investments anywhere in the world

The Belize IBC will typically be provided with a certified copy of the corporate documents, including the Certificate of Incorporation, Minutes of the Organizational Meeting, Memorandum and Articles of Association, Share Certificate, Register of Members and Declaration of Trust.

The Memorandum of Association includes: 1) Name of the Company; 2) Registered Office; 3) Registered Agent; 4) Objects and Powers; 5) Exclusions; 6) Share Capital; 7) Amendments; 8) Name, Address and Description of Subscriber.

The Articles of Association cover: 1) Preliminary; 2) Officers; 3) Registered Shares; 4) Bearer Shares; 5) Shares-Issue, Transfer and Transmission; 6) Meeting of Members; 7) Voting and Proxies; 8) Directors; 9) Powers of Directors; 10) Proceedings of Directors; 11) Officers; 12) Seal; 13) Dividends; 14) Audit; 15) Notices; 16) Amendments; 17) Arbitration; 18) Name, Address and Description of Subscriber.

THE OFFSHORE CORPORATION: PANAMA STYLE

Panama has been, and is, one of the best tax havens in the world, and it has a long tradition as a major international banking and financial center.

The Panama corporation or "Societe Anonyms," is a company with limited liability, and is an ideal vehicle for offshore purposes, providing excellent asset protection or for operating an offshore business. The entity offers many benefits and is very flexible to utilize.

A Panama corporation can operate worldwide and it is not taxed on transactions occurring outside of Panama. The corporate charter gives the broadest of powers to the corporation and the maximum benefits to the beneficial owners. Unlike some tax havens, Panama allows a Panama corporation to re-domicile to another jurisdiction at anytime.

Panama is very much like a cross between Hong Kong and Switzerland as a renowned tax haven, offshore banking and shipping center; that is, without any of the drawbacks, such as the recent banking developments in Switzerland, or the mainland China's control of Hong Kong. Panama has been a tax haven and offshore banking center since the 1920s, making it one of the oldest, and it's comparable in that way to Liechtenstein, both being based on civil law and not English common law. Today, Panama boasts strong bank secrecy that is protected by a mosaic of forty laws. Panama has also staunchly defended against the OECD's attempts to get them to compromise these laws. Panama is attracting banking and investment business from around the world. North Americans and others have also discovered that Panama is a favorable expat haven with attractive real estate investment opportunities.

A Panama company is managed by a board of at least three directors. As the corporate charter is public record, typically, the principals utilize nominee directors who are Panamanians furnished by a local law firm, providing a desired layer of privacy. Panama lawyers are also bound by bank secrecy laws. Judicial entities may also be substituted for natural persons, and in this instance, an offshore corporation from another jurisdiction like Belize or Nevis, for example, could act as one of the directors. This can provide further secrecy and control and limit director liability.

Directors are not required to be shareholders, and they may also act in the capacity as officers—but are not required to do so—and additional officers may be appointed. Directors may manage the company without the need to appoint or elect officers. A company officer may hold up to two positions, such as President and Secretary, however, unlike in the U.S., this is not recommended. Officers are not required to be directors.

When nominee directors and/or officers are engaged, the beneficial owners, commonly known as the shareholders, can have the board of directors grant an unlimited or general power-of-attorney to represent the company as attorney-in-fact in whatever capacity. This document can be very broad. On the other hand, in the case where you want to give authority to someone to represent the company, you may want to limit their power by having the board grant a limited power-of-attorney with specific parameters. As required by law, a registered office and registered agent are including when incorporating the company.

Registered agents are required by law to keep proper due diligence on clients. This information is confidential, even from the government, without proper judicial procedures. And, Panama is one of those tax havens that *do not* cooperate with foreign government “fishing expeditions” as discussed elsewhere.

LIMITED LIABILITY COMPANY (LLC): NEVIS, PANAMA, COOK ISLANDS

The limited liability company (LLC) which has become popular in the United States, now has an offshore counterpart. Since there are no taxes in the three best places to incorporate an LLC—Nevis, Panama and the Cook Islands—there’s no tax implication. If you prefer the LLC structure to that of the IBC, this might be the company vehicle for you. It’s a non-corporate entity, and functions more like a partnership with the notable advantage that the Member(s) and Managers have limited liability in the same way that shareholders do in a corporation. Although the author prefers the versatile IBC, a company limited by shares, in certain cases the LLC-style structure is indicated and it is also a very decent structure. As with the IBC, the LLC is often employed in tandem with an asset protection trust (APT). The APT owns the LLC or at least a major interest in the LLC. Assets held in the LLC are further protected by the APT from creditors or other predators. You can control the assets in the LLC if appointed manager, without technically being in control of them, and if you have no personal ownership interest in the LLC which could potentially expose yourself a foreign credit or other adversary. There is excellent flexibility in the combined APT/LLC structure as there is with the APT/IBC combination.

The LLC is composed of a Member and Manager, as opposed to the IBC which has shareholders, directors and maybe, officers. The Member has membership interest in the company and the Manager is elected to manage the affairs of the company. Their roles and capacities are clearly defined in the company’s Operating Agreement. Both the Member and Manager may be legal entities themselves, limiting their personal liability even further, and they can even be from other jurisdictions as well. No corporate minutes or resolutions are required to be taken and maintained.

When the company is formed, the principals are furnished with a set of company documents which include certified copies of the Certificate of Formation, an Endorsement Certificate, both issued by the Registrar of Companies, and filed copies of the company’s Articles of Organization, the Certificate of Notary, the Designation and Acceptance as

Registered Agent, the Transfer of Organization Rights Affecting the company, and the Operating Agreement, which is similar to bylaws in a stock company. The OA is signed by the Member and the Manager.

Special note: The LLC is the ideal corporate vehicle for taking your domestic IRA offshore, and coupled with an offshore Asset Protection Trust (APT), your investments will be insulated from attack, including the government's plan to nationalize your retirement plan. A lot of Americans today are looking for ways to asset proof their retirement investments. Evidently, they feel strongly that their retirement stash may be in jeopardy. Recommendation: Employ the Nevis APT and Nevis LLC combination or a Belize APT with a Nevis LLC.

ASSET PROTECTION TRUST (APT): BELIZE, NEVIS, COOK ISLANDS

The three best jurisdictions for Asset Protection Trusts in the world are Belize, Nevis and the Cook Islands. The following describes the Belize APT. Nevis and the Cook Islands share many of the same advantages and similarities.

Belize's trust law is one of the strongest and most flexible asset protection trust legislations in the world and highly favored by this author, along with Nevis and the Cook Islands, for offshore estate planning, asset protection and investment purposes.

The combination of a Belize Asset Protection Trust with an IBC or LLC under the APT umbrella allows the principal(s) to maintain and enjoy the benefits of ownership and control while still procuring the impermeable protection and privacy of the trust. In this combination, the trust owns the stock of the IBC or is Managing Member of the LLC while assets and accounts are in the name of the IBC or LLC, which the principal(s) manage. This gives you complete control of all assets at the corporate level as director (s) of the IBC or manager(s) of the LLC and you may add and remove assets under your control, make investment plans through the chosen vehicle, and so forth. You may also remove yourself, if you choose to or need to at anytime, in favor of other persons or nominees. Further, you may elect to act on behalf of the IBC or LLC as an attorney-in-fact per a general or limited power-of-attorney to conduct business as a non-director or non-manager. You may name yourself as settlor and also as beneficiary in the APT, at the outset if desired; this latter can be changed at will, per your instructions.

Where a trust is created under the laws of Belize, Belize courts will not set it aside nor shall they recognize the validity of any claim against the trust property pursuant to the law of another jurisdiction or the order of a court of another jurisdiction in virtually any legal respect of consequence. Unlike trust legislation in other offshore jurisdictions which set a period of limitation for initiating proceedings for fraudulent conveyances/transfers, Belize's trust law has actually repealed the law against fraudulent conveyances/transfers in relation to a trust, such that you have instant asset protection from the first moment of the life of the trust. There is no waiting period as in other venues, normally two years, wherein the time must pass to make certain that any conveyances/transfers are not made to avoid judgments and similar action from without. This means that you have immediate, ironclad protection.

Further, the reciprocal enforcement of judgments legislation does not apply to a trust so that a fresh proceeding would need to be brought in Belize in every instance involving a Belize trust. No other trust legislation in the world provides the level of asset protection available in Belize.

In practice, Belize trusts are extremely flexible and can accommodate numerous asset protection clauses. Belize trusts in fact typically are discretionary trusts and include distress or flee clauses whereby the jurisdiction or proper law and situs of administration automatically changes when a distress occasion arises—for example, threat of litigation against the trust or the trust fund—or for any other reason, whether personal, legal or general. The asset protection trust may also provide for automatic successor trustee and protector provisions and spendthrift provisions may also be utilized to limit the rights of the beneficiary.

Belize trust law offer maximum flexibility and the highest of asset protection through yet another feature, which is a chameleon-like feature allowing certain aspects of a Belize trust to be governed by laws of different countries, when advantageous, and back again—or to yet another country.

Although discretionary trusts have been most widely used, the non-charitable purpose trust may also be established under Belize law for asset protection purposes. For example, a settlor may settle such a purpose trust which in turn will form a Belize IBC for certain business and investment purposes. The corporation may then pay income to the settlor. The benefit of this structure is that a creditor can't discern who owns the corporation and further, given that the structure is offshore, would have difficulty garnishing payments made by the corporation to the settlor. Of course, the corporation may also be used to conceal ownership of assets so long as it is not done for any unlawful purpose. Such purpose trusts may also be mixed to benefit persons as well. The trustees are then given the discretion to determine how the trust may be paid out: to the beneficiaries or to further the purpose. This provides gives additional asset protection because—to the creditor's disadvantage—the trustee may exercise his discretion to simply pay out to further the purpose instead of to the beneficiaries.

The Act does provide for the registration of trusts—however, the Register of Trusts is not open to public inspection except that the trustee of a trust may, in writing, authorize a person to inspect the entry of that trust on the Register.

The trustee of a trust has a duty of confidentiality. Subject to the provisions of the Act and to the terms of the trust, and except as is necessary for the proper administration of the trust or by reason of any other Act, the trustee of a trust shall keep confidential all information regarding the state and amount of the trust property or the conduct of the trust administration. There is no legal requirement to audit accounts. There is no requirement to disclose the names of any beneficiaries under a trust. Trusts are also protected by Belize's strong bank secrecy laws.

A Belize asset protection trust and its trust property is exempt from income and business tax, estate, inheritance, succession or gift tax and all instruments relating to the trust property or to transactions carried out by the trustee on behalf of the trust shall be exempt from stamp duty. Moreover, the trustee of a Belize APT shall be regarded as not resident in Belize and shall be exempt from exchange control with regard to the trust property and to all transactions carried out by the trustee on behalf of the trust.

The Belize asset protection trust includes a licensed Belize professional, such as a trust company or law firm to act as trustee of the APT and administer it according to the wishes of the settlor as defined by the Deed of Settlement or "trust document," and typically it may be composed of the following clauses which will govern the activities and powers of the trust: (1) Declaration of Trust; (2) Powers of Appointment; (3) Trust Income and Capital; (4) Powers of Advancement; (5) Powers of Addition and Exclusion: Discretionary Beneficiaries; (6) Additional Powers of Trustee; (7) Powers of Investment, Acquisition and Sale; (8) Powers Relating to Property Other Than Land and Buildings; (9) Power to Borrow; (10) Power to Mortgage or

Charge; (11) Power of Valuation; (12) Powers Relating to Companies; (13) Power to Exercise or Modify Rights; 14) Powers to Use Nominees or Custodians; (15) Powers Relating to Insurance; (16) Powers to Permit the Occupation and Use of Property; (17) Power to Lend Money to Beneficiaries; (18) Power to Deal With Other Trust With Common Interests; (19) Powers in Relation to Bank Accounts; (20) Power to Employ Agents; (21) Power to Employ Investment Advisors; (22) Power to Pay Duties and Taxes; (23) Power to Engage in Trade; (24) Power to Take Legal Advice; (25) Power to Guarantee Debts; (26) Power to Effect Compromise; (27) Power to Give Indemnities; (28) Power to Have Accounts Audited; (29) Power to Keep Trust Property Outside the Jurisdiction; (30) Exercise of the Trustee's Powers; (31) Delegation of Powers; (32) Restriction and Release of Powers; (33) Restriction of Exercise of Powers; (34) Removal of Trustee; (35) Trustee's Charges and Remuneration; (36) Personal Interest of the Trustee; (37) Protection of the Trustee and Advisors; (38) Release of Retiring Trustee; (39) Change of Trustee and Forum of Administration; (40) The Proper Law; (41) Provisions as to Excluded Persons; (42) Infant Beneficiary; (43) Irrevocability of Declaration of Trust; (44) Freedom From Outside Interference; (45) Contest Clause; (46) Trustee Domicile and Residence; (47) Jurisdiction Clause; (48) Spend Thrift Beneficiary; (49) Trustee to Consult; (50) Asset Protection; including attachments, Trust Fund, Discretionary Beneficiaries, Excluded Persons; The Protector and Emergency Trustee.

Special Note: Although foreign trusts are not useful for deferring taxes during the life of the founder/grantor, as in the past, after the death of a U.S. founder/grantor, a foreign trust can become a non-grantor trust, and income earned will not be subject to taxes, therefore deferred, until distribution of the income is made to the U.S. beneficiaries. A non-grantor trust can accumulate funds free from U.S. income and estate taxes and re-invest. In this way, investment funds will accumulate at a faster rate under Einstein's principle of compound interest, as discussed elsewhere, and can continue for many generations, if desired, until finally distributed.

THE FOUNDATION: PANAMA

The Panama foundation structure was codified into law in 1995 and while it is a fairly new entity for Panama, the foundation concept itself has existed in Liechtenstein for a long time. In fact, the Panamanian structure was modeled after Liechtenstein legislation, but the Panama entity has more flexibility and the Liechtenstein structure is much more costly to establish and maintain. The annual Panama government fee is a modest $300.

The private foundation, as it is also known, is an independent juridical entity, like a corporation, which functions similarly to a trust for estate planning, but operates more like a company, although it may not operate as a business itself. It may invest in businesses and buy and sell assets in order to maximize patrimony. The Panama foundation structure offers some of the best benefits of both the trust structure and the offshore corporation in a single entity.

The Panamanian foundation can be created by one or more natural persons or legal entities, same as a corporation. The foundation charter is drafted, a document similar to the incorporation papers for a Panama company. As with incorporation documents in Panama, the foundation charter is a matter of public record. The foundation is administered by the foundation council, a board of three or more members. This is similar to a corporation, which is managed by three directors or board members. In addition, as with a trust, a private protector may be named to have special oversight authority. This may be an entity, or natural person. Often the client will hold this position, especially if nominee council members are being engaged, although in this case the client's name will be on the public record documents as protector, unless the relationship is arranged privately. Instead, you may also choose to appoint as protector, an offshore trustee, offshore attorney or an offshore corporation that the founder or his/her family controls. Although a protector is not required, they are typically preferable. Although the position of protector can remain as a private agreement between the foundation and the person acting as protector, extra protection is afforded the client's interests when this position is spelled out in the foundation charter.

The assets placed in the foundation are sole and separate property from the founder's assets and cannot be seized to satisfy any personal judgment or obligation against the founder or the beneficiaries of the foundation, including judgments for divorce, lawsuits, creditors and other liabilities. Assets endowed to the foundation by the founder, or any third party, cannot be contested by creditors after (3) years from the date of transfer. *If this period is too long, seriously consider a Belize Asset Protection Trust (APT)*. The founder may be a sole beneficiary, one of the beneficiaries and/or maybe a council member.

The Panama foundation offers the best qualities of both an offshore trust and an offshore corporation. While the foundation cannot technically engage in actual business activities, it can own the shares of a company that is an operating business. The foundation may engage in any activity which will increase the value of its assets. This means that a foundation can own bank accounts, securities brokerage accounts and real estate, for example.

The foundation does not pay taxes on all transactions executed outside of Panama. No license is required to operate even if there are foundation assets located within Panama. A nice feature of Panama law allows the foundation to have the option of re-domiciling to another jurisdiction, if desired, and vice versa.

There are no shares of ownership in a Panama foundation, only Beneficial Certificate Units represented by a Beneficial Certificate. As such, the founder gains important tax reporting and protection benefits. However, in the case of U.S. taxpayers, it is best to avoid using a civil law foundation, and instead establish an offshore trust, in Belize, Cook Islands, or Nevis, for example, as the Internal Revenue Service does not recognize this entity.

THE BENEFITS OF OWNING YOUR OWN OFFSHORE INTERNATIONAL BANK

Today, even in this challenging economic climate, and in light of the changes in tax havens and banking, there is still an attractive offshore jurisdiction where it is possible to secure your own Class 1 banking license permitting global banking for only US $98,000. The capitalization and qualification requirements are reasonable. Licensing also includes an excellent correspondent bank relationship.

The bank will have full power and authority to conduct all banking business that banks in Europe and North America can do (e.g. it can offer CD’s and bank paper of all kinds, trade currencies, do interest rate swaps, mortgages, etc.). It can conduct banking business with any client in any part of the world, except for the jurisdiction where it’s chartered and licensed.

A Class 1 banking license has no requirements or limits on lending, with the exception that the bank may not lend out any loans or advances to directors or shareholders in excess of one percent of paid- in capital. Upon issuance of the license, the bank must be capitalized with a minimum of US $1,000,000 in cash or listed securities, or other liquid assets, such as precious metals, and the bank must maintain US $500,000 in liquid reserves (cash) on deposit with the National Bank.

The cost of establishing your own bank with these powers, and including a correspondent bank relationship with a National Bank, and giving your bank access to the international banking system and global financial markets, is nominal in comparison to the value of such a beneficial structure. The formation and licensing time is approximately three months.

ESTABLISHING A TAX-FREE OFFSHORE OPERATING BUSINESS

Let's take a close look at what you have to gain when you make the all-important decision to conduct your business or take your personal income offshore:

- Protect your income and business from potential future troubles in the United States or Canada
- Take your cash flow offshore and out of reach from governments and other predators
- Protect your business and investment assets; get rock-solid asset protection
- Have a tax-free offshore business that can operate worldwide
- Get easy access to your personal or business bank and brokerage accounts held with reputable offshore financial institutions
- Invest in safe, lucrative, little-known investments, often available only offshore
- Take your job or business offshore—fast, easy and inexpensively
- Live anywhere you like while operating your offshore e-commerce business from afar; if living outside the United States, avoid personal income tax legally on the first $91,400 of income, annually, per spouse
- Avoid future currency exchange controls and the continual devaluation of the U.S. dollar
- Gain all the benefits of a U.S. or Canadian corporation—and much more, only from going offshore
- Avail yourself to offshore financial specialists and professionals who can give you sage advice and guidance when needed
- Engage international tax and estate planning strategies to save on taxes and preserve your assets—much easier to attain, and maintain, once your income and business are safely secure offshore
- Enlist state-of-the-art web services, all from offshore, and from a tax-free offshore jurisdiction. Not just any offshore jurisdiction will do.
- Avoid growing confiscatory practices of the United States

There are offshore financial service providers that take the mystery out of going offshore and that can facilitate your ability to immediately start doing business and invest from offshore. Your offshore e-commerce enterprise will allow you to bank and invest your company funds worldwide from offshore, safely and legally, which is a key step to successfully securing and internationalizing your financial life. You can cash in on globalization for yourself—here's an excellent way to pocket all the profits, privacy and protection you need in today's unstable, fast-paced, changing world. Now you can achieve total personal and financial freedom while it's still possible.

Offshore service providers can often assist with establishing the following types of services on behalf of their client, depending upon the client's requirements, and offer a combination of services to get them started fast. Among the services available are these:

- Set up the Offshore Corporation in the desired jurisdiction
- Set up other offshore entities as required; secondary corporations; Limited Liability Companies (LLC); Asset Protection Trusts (APT); Foundations; and others as needed.
- Provide nominee directors, officers and shareholders, if required, to act at the discretion of the beneficial owners, within the law, and provide another layer of privacy.
- Assist with establishing personal and corporate financial accounts in various currencies. A wide variety of services are available and vary by institution, including, offshore bank accounts, brokerage accounts, online banking and/or trading, debit cards, major credit cards, major prepaid credit cards, merchant accounts, escrow services, and much more.
- They can also arrange for corporate communication services typically needed to operate a business. These services can include:
  - Local telephone number answered by an experienced person
  - Local fax number
  - Local P. O. Box address
  - Your own domain name along with e-mail addresses

    - Mail forwarding via e-mail
    - Introduction to a reputable host and server located in the tax haven
    - Use of local prestigious business address for company letterheads, business cards, literature and communications
    - Forwarding of regular mail via postal service per your instructions
    - Faxes will be forwarded at once via e-mail
    - Telephone messages will be forwarded at once via e-mail
    - Telephone can be forwarded to your cellular number (at customary telephone rates), if desired.
- Other offshore services can be arranged when needed.

FLAFS-OF-CONVENIENCE: OFFSHORE SHIP & YACHT REGISTRATION

Many tax havens offer ship and yacht registration or what is known as "flags-of-convenience" in jurisdictions where registration and ownership of these types of vessels is more attractive. Often the yacht or ship is owned by an offshore corporation from the same tax haven, thereby benefiting from the tax haven itself, its secrecy laws and banking. The boat is purchased and/or financed by the company, registered in the name of the company, and the boat flies the flag where it is registered. Eventually when the owner wishes to sell it, transfer of ownership is much easier and clean by simply selling the outstanding shares of stock of the company to the new purchaser. Of all such flags-of-convenience, the Panama Maritime Authority (PMA) does more vessel registrations than any other jurisdiction worldwide. Panama is a major shipping and international banking center and financing can be arranged for your company to acquire the yacht or vessel of your choice, and the mortgage can be registered there too. Panama is a preferred venue for offshore ship and yacht ownership and registration purposes.

For more information on these types of offshore structures and offshore business services, you may visit: www.barberfinancialadvisors.com.

COUNTRY PROFILES: BELIZE, NEVIS, PANAMA, COOK ISLANDS

Belize

Location: Formerly British Honduras, Central America, on the Caribbean Sea between Mexico and Guatemala.

Capital and Largest City: Belize City

Government: Parliamentary democracy

Legal System: English common law

Official Language: English

Stability: Very stable

Currency: Belize dollar; U.S. dollar (other currencies are also used in offshore banking)

International Time: +2 hours Eastern Standard Time

Country Code: 501

Exchange Controls: None

Treaties with the U.S.: No income tax treaty; no TIEA; signed an MLAT in 2003.

Nevis

Location: West of Antiqua in the Lesser Antilles of the Caribbean Sea

Capital and Largest City: Charlestown

Government: Constitutional monarchy

Legal System: English common law

Official Language: English

Stability: Very stable

Currency: East Caribbean dollar; U.S. dollar

International Time: +4 hours Eastern Standard Time

Country Code: 809

Exchange Controls: None

Treaties with the United States: No income tax treaty; no TIEA; signed an MLAT in 2000.

Panama

Location: Central America; Costa Rica to the north, Columbia to the south, between the North Pacific Ocean and the Caribbean Sea

Capital and Largest City: Panama City

Government: Constitutional democracy

Legal System: Civil law

Official Language: Spanish. English is common in banking and business

Stability: Very stable

Currency: Balboa; U.S. dollar

International Time: +3 hours Eastern Standard Time

Country Code: 507

Exchange Controls: None

Treaties with the United States: No income tax treaty; no TIEA; signed an MLAT in 1995.

Cook Islands

Location: A group of 15 islands in the South Pacific west of French Polynesia

Capital and Largest City: Avaru

Government: Self-governing parliamentary democracy in free association with New Zealand since 1965.

Legal System: Based on New Zealand law and English common law

Official Language: English

Stability: Very stable

Currency: New Zealand dollar

International Time: -5 hours Eastern Standard Time

Country Code: 682

Exchange Controls: None

Treaties with the United States: No income tax treaty; No TIEA; No MLAT.

3

The Economics of Sovereign Investing

The socialists believe in two things which are absolutely different and perhaps even contradictory: freedom and organization.

—Elie Halevy

As a sovereign individual, how you invest is critical to your personal sovereignty, as is the integrity of your personal and financial privacy for maintaining personal economic stability. A good place to start is to understand the economy and the trends it presents at any given moment. Grasping these dynamics of the economy and their impact on financial markets will give you a significant advantage and you will find yourself investing *with* the odds instead of *against* the odds. Once you've determined the true direction of the economy or economies you are working within, then you have a foundation for making intelligent investment choices. Recognizing the long term economic and financial trends is paramount to successful sovereign investing, as is engaging geo-political investment diversification to lessen investment risk. Your investment program should be limited to your own personal, private monetary policy, a framework which you have developed to better insure your personal sovereignty and to create financial independence from government. This "policy" will be discussed shortly. As such, the logistics of international diversification is the consolidation of yourself through your legal and offshore structuring. This will protect you from personal and financial attacks from predators, a rapidly changing economy and an out-of-control government, and will favorably increase your chances for success and even survival in bad times. Let's take a look at what may be coming in the short and long term from an investment point-of-view.

THE GREAT RECESSION

During a deflationary period, general price levels start falling as we have seen in the recent past. Our most recent deflation period was felt *most strongly* between January 1, 2009 and October 31, 2009 with the S & P 500 declining a whopping 38.5 percent and then gaining 14.7 percent during this same period as the market attempted a recovery after massive government intervention, built investor confidence. Historically, stocks tend to perform better during deflationary periods than inflationary times, and the deflationary periods are shorter, only ten months average versus twenty-one months average during inflationary periods. Unless there's government interference, wages and prices fall freely. This cycle continues as paper money is removed from circulation caused by the tight money policies of the Federal Reserve System. When interest rates rise the result would be a shrinkage in the money supply.

Another contributor to a recession could be increased taxation as a result of a change in fiscal policy. These actions may have been initiated to thwart an economy that was overheating in 2006-07 and to set it on a new course. Since tinkering with the money supply is not rocket science and results of actions taken can cause an over-reaction in real terms, the consequences can often send the economy spinning faster in the other direction than actually intended.

THE STIMULUS

The stimulus money that President Obama supported had the idea of slowing the deflationary decline and hopefully bringing it back to its former level or possibly inflating it a bit. The problem with a quick fix like this is that it's not real growth born out of a strong economy from healthy productive activity. It's merely an attempt to tweak the economy for fast desired results and to give the engineers time to solve the real problem—how to honestly get the economy turned around. But, that's to suggest that's really their intention. If the New World Order has any merit, as the World Bank and other international organizations have boldly pronounced since 2009, then their real agenda might be to undermine the economy by destroying the nation's currency with excessive inflation, historically, an effective way to actually tank a country.

History is replete with such stories: Medieval China; France 1790-96; Weimar Germany 1922-23; Italy and Poland; Post WWII France; Brazil; and more recently, Russia 1994; Argentina 2001; Romania 2005; Turkey 2007 and Zimbabwe 2008. And, all of this recent stimulus money dilutes the value of all other currency in circulation, causing the value of the dollar to decline and driving prices upward. Sounds familiar? Where's the dollar headed right now? Where have commodities been going? Are prices rising on the shelves? Costs have risen and they are being passed along to you at a rate that's going to soon become alarming. You don't need to read economic indicators, especially ones manufactured for convenience, to realize that inflation is taking hold. This boom-bust cycle has been around as long as we can remember, but it's not necessary. The boom-bust cycles are a direct result of the Fed monetary policies and practices with regard to the money supply.

We had a sense of things recovering in 2010 but the feeling was short lived and soon even the Federal government feared we could be heading for a double-dip recession. There was a moment too when economists declared we had been out of the recession for the past year, but it was difficult to believe as unemployment was high and the economy seemed anything but robust. The government spent a few days pondering this news themselves and came out with the "official" declaration that we were still in a recession. From that moment forward, the government and the Fed stepped up countermeasures, believing we were heading for a slow - down, and if the "great recession" continued, we might find ourselves in the "greatest depression" ever. At least that was their justification to declare they were going to stimulate the economy again through a massive increase in the money supply they billed "QE2" for "Quantitative Easing II." In other words, this meant churning the printing presses and producing fiat money backed by nothing of real value, only the good faith and credit of the country, which is quickly vaporizing. They landed on the figure $600 billion which would be dispersed in 2010-11 at the rate of $75 billion a month for eight months—or until June 2011. But they did leave themselves some leeway, as their commitment is open-ended. It's very likely that in 2011, we'll see the Fed introduce QE3 before the year is over, maybe sooner. This new money will be used to monetize the debt—to pay off old debt with cheaper dollars—that is, fresh new money. Don't let the ink smear! At some point, foreign investors and governments are going to stop buying U.S. Treasuries entirely because the dollar's decline will erode their underlying investment. Treasury bonds are an important means for government to borrow money. Without this ability, even more taxation and counterfeiting of the currency would be the likely result. But instead of breaking this destructive cycle, the Fed seems potentially willing to compound a felony. This cycle, especially if executed in large enough quantities, can lead to hyper-inflation, which is always followed by economic depression and then collapse of the government. Daniel Webster once said, “Of all the contrivances for cheating the laboring classes of mankind, none has been more effective than that which deludes them with paper money.” Let the buyer beware.

TODAY’S GLOBAL FINANCIAL CRISIS

The global financial crisis that has been upon us the past couple years has not finished running its course. And, frankly, the crisis is more like a series of crises connected to one another, making up the big-picture global financial mega-crisis. This suggests there needs to be a big solution, larger than any single nation could muster alone. The solution, then, would need to be a global one, requiring a very big plan in hopes of avoiding a meltdown of global proportions that could threaten to put civilization precariously on the brink of something we don’t even want to fathom.

Whether real or manufactured, fear is a great tool and is often used to persuade people to do things they normally wouldn’t dream of. Most people today, at least those who are not on the receiving end of a social program, and perhaps even those folks, too, no doubt feel the pressure mounting against the economy and also against their sense of individual sovereignty. They see their rights, liberties and freedoms in jeopardy, and perhaps too their ability to make—and keep—their living, and it’s mounting daily. Their financial stature has shriveled and left many who have some money and assets to wonder what their financial future will look like.

Enter the importance—now more than ever—of understanding the economics of sovereign investing. Since we have no real control over our government, it is imperative today that we have control over ourselves, and resist the temptation to be complacent or to succumb to government temptation and pressures. The old line, “what doesn’t kill you, makes you stronger” takes on new meaning. We must throw away conventional thinking, refuse to blindly follow others and keep in mind that “nothing is free.” It will take focus and a strong desire to find true independence of thought and action. But the alternatives are unacceptable, and even dangerous.

First, the system as we know it is being dismantled and reshaped, one crisis, and one piece at time. There are so many potential ticking bombs in the U.S. economy today, and elsewhere, that it would be difficult to list them all. But you can get a quick take by reading the Wall Street Journal or catching a few minutes of a major news program. But here's one of my favorites: The government's short-term borrowing to pay long-term liabilities. Hmmm. I wonder where they're going to get the money to off *that* debt? Pick your favorite poison, and the crisis you would prefer to have take you out. They can be found everywhere throughout the system today, like wolves at feeding time.

But out of crisis comes opportunity and there are trends in the making, *always*, which can be capitalized upon, and used to secure your future. The global monetary crisis hasn't passed us--rather it's expanding, and looming straight ahead. We can take a hint from Hungarian billionaire, George Soros, and other elitists like him, they will have capitalized on you when the real crisis and global changes take place and will make themselves richer and more powerful than ever. Let's take a look at some of the financial challenges and threats we face, and then have a glance at what financial opportunities may come out of current and future trends that we can possibly exploit ourselves, that is, while we still have the option.

We have a banking crisis in the United States and Europe that just doesn't want to go away. Many of the financial institutions in these Western countries are bloated with toxic-waste that's listed as "assets" on their books. These outfits engage creative accounting to disguise their true anemic financial state, including that many are actually insolvent and others are posting multi-billion losses.

Putting these problems aside, the mother of all inventions is the derivative. The derivative market was introduced by the Chicago Board of Trade in 1973 and it has rapidly grown to be a real ticking stink-bomb. Once used as a hedge against other investment risks, so as to protect assets against changes in value, in recent times, derivatives have been used creatively by financial institutions as bets to wager on interest rates, foreign currencies, stocks, bonds, and swapping floating-rate debt for fixed-rate financing costs, all being horse-traded between banks, brokerage firms, hedge funds and brokers. I bet they had more fun than just wagering on these things. In 2006, when I wrote *Tax Havens Today,* the total amount of derivatives held by U.S.

financial institutions was $344 trillion dollars. Today, the amount has doubled in only four years! These highly questionable "assets" are carried on the books of banks today and just might be their single biggest problem child.

In just 2010, several hundred banks have failed in the United States. The amazing thing is that this is likely only the beginning of what will become a wave of bank failures which will force the industry to consolidate. That means less competition too, and that's never good. And, as we've learned, some of these banks are too big to fail, but they may be forced to fail anyway, sending out financial shockwaves worldwide. You don't want to be banking in the United States when that happens. The FDIC will be of no help.

After 25 years of a long-term bull market, we are now in a bearish market. This may surprise many investors who have been optimistic about the economic recovery as exhibited by the buoyancy, and the repeat rallies in the market driving the Dow beyond 11,000, and maybe further. But the truth is that we are nearing a major correction which will signal to investors worldwide which direction the stock market is really headed, and more accurately, it will reflect the real state of the U.S. economy.

And, of course, as previously mentioned, there's the astronomical sovereign debt of our nation. The true federal deficit today is much higher than most people understand and is around $130 trillion dollars. Since I wrote my book, *Tax Havens Today,* in 2006, that amount has doubled from $65 trillion, which I thought was incredible at the time. Politicians like using cash-basis accounting when talking about the deficit, which only reflects this years' obligations, rather than accrual accounting which would disclose the total sum owed by the government, including all monies due to holders of notes, bonds and bills from the past, our current liabilities, and all future commitments, too. This would include Social Security, which pays out government employee pensions and health care benefits to Medicare recipients. These facts are part of why the total figure sounds so high, but imagine what the deficit will look like after Obamacare kicks in? Further, illegal immigrants also contribute to the rising deficit. Should this deficit double again in four years, as it did in the previous four, we'll be looking at $260 trillion dollars in national debt. What comes after trillion?

Europe is in bad shape as well, with the sovereign debt problems of at least a half a dozen countries threatening the entire EU, including their ability to keep it together. Just as with the U.S. dollar, the Euro is in trouble too, and generally on the same downhill course with the possibility for collapse. At least as a whole, the EU seems to recognize the need for an austerity program to control government spending and keep the national debts down, which is in direct contrast to the way we are operating, and which has in fact become a bone of contention between the EU and the U.S. The downside to austerity is that the "entitled ones" get restless when their benefits are trimmed back, which has set off riots in the streets across Europe.

These are just a few of the major problems; there are many more that are significant and have the potential to ignite a financial Armageddon. Into this mix figures our political challenges at home. We have all become all too aware of the increasingly perilous times we live in. The global governance plan that's being executed as I write, might look inviting to many once we've felt the full impact of the global financial crisis.

Overall, the West finds itself in a funny position, and our economic weaknesses could become an invitation to hostile foreign nations to take advantage of the situation. Remember how the USSR collapsed without even a whimper? Aggressive economic actions by our adversaries could push us over the edge economically to a point where we could have a difficult time defending ourselves militarily. Troops need to eat and get paid and tanks need gas. If that sounds simplistic or like a stretch of the imagination, please think twice. History has a way of repeating itself.

INVESTMENT TRENDS

A valuable piece of advice in these times is to ignore the short-term rallies in the markets and stay focused on the long-term trends. This simple act will save you from unnecessary losses and give you the opportunity to capitalize on what is really taking place in the world. Now that your mind is adjusted to this thought, let's look at the bigger trends that can make you richer or take you out if you're not paying attention. As I said, the financial problems are not getting smaller and they are not going away any time soon. While the overall economies are shaky in the United States, Europe and Britain, with these regions of the world being on a general long-term downward decline, Asia and Latin American are experiencing growth, which has been drawing investment money away from the Western markets. With this in mind, let's see what trends and opportunities are building ahead.

Long-term investments such as bonds and certificates of deposits have always held appeal from the stand point of their perception of being safe. No worries—the government has the printing presses and is big enough to solve anything, and the banks, well, what could be safer? Unfortunately, by having either of these investments, as an example, your money may be tied up for years, and during that period, and under the present economic and financial trends in play today, your dollar denominated "investment" is losing more value than it's earning for you. If you were earning two percent a year, and the dollar was depreciating by ten percent a year, you'd have lost eight percent of your capital while you slept. And, although you're losing your shirt, on paper it will appear that you made money. And of course, the IRS will happily tax you on these "earnings," bringing your loses even higher. If you keep investing in this manner, it's just a matter of time before you'll have lost it all. Your wealth will have been systematically taken from you and transferred to the government through inflation and taxation. You'll still be holding the bond or C.D. with its face value, but the purchasing power will have been eroded from beneath it.

Today, you need to be better invested, to stay more liquid, and not get locked into investments that you can't easily get out of. And, you also want to have your investments hedged by a solid storehouse of value, to create real financial safety and to offset any losses you may incur along the way. And nothing's better for that purpose than gold, maybe even a basket of precious metals. If you had the value lost by holding those crummy bonds and C.D.'s, and even the taxes on your imaginary profit, you would have more than protected your capital and earned yourself a profit beyond what those paper "investments" promised. Why? Because the trend in commodities and specifically precious metals is up, so it's relatively safe to count on them to appreciate. Also, they are the best storehouse of value and even a hedge against losses elsewhere. As long as world currencies are soft, governments spend more than they can afford, and the global monetary crisis still persists, then gold and other precious metals will continue rising, especially in inflationary times. And, they have also faired very well during the Great Recession due to uncertainty and lack of trust in the system.

So, we know the stock market trend is in a bear market in the U.S., but elsewhere there have been recent bull markets, such as those in Asia, Brazil, India and even Russia. Many investors have done very well in these countries in recent times; however, these countries too can find their economies changing and their governments devaluing their currencies through loose monetary practices. Emerging markets have experienced positive upward trends, which beats the negative trends mentioned earlier in the United States and Europe. These may be worthwhile investigating closer as they may offer opportunity, at least for a while. Pursuing them may make sense as long as you recognize that these economies too, and their currencies and markets can also be impacted by asset bubbles and bad fiscal policies. A lot of money has been funneling into these markets from the more traditional markets that have not been doing as well while in search of bigger gains.

A few frontier markets that have been doing well recently, but which you wouldn't typically consider, include Chile, Columbia, Venezuela, Tunisia and Sri Lanka. But they too can implode and take away everything you've made, including your initial investment, and leave you feeling as bad as when you lost your hat in the stock market crash of 2008. As long as it's all good, it seems safe. But if you're going to ride a trend, at least ride one that is prospering, even if only for a period of time that seems secure, and not a negative long-term downward trend like we now find in the U.S. It's critical to keep in mind that you may need to pay close attention as to when to get out—and you'll want to be ahead of the crowd on this one. When all seems fine, it's hard to pull out. This is a universal problem and one that gamblers in Vegas can't always remember. Ultimately, the house usually wins.

Emerging markets and frontier investing may have a place in your portfolio for the reasons discussed earlier—but lest we not forget the mistakes of the past and how we got there. These options can be enticing, but generally speaking, they are also riskier than the markets of the developed nations. But when Japan's down 48.6 percent, the U.S. is down 31 percent and Germany is down 26.4 percent—a 52.9 percent increase in Sri Lanka, or an 81.2 percent increase in Tunisia sounds pretty good. The real question remains just how sustainable these economies and markets are. And, a 5.1 percent gain in Venezuela is not enough to make me want to support a dictator. If the potential for larger gains exceeds your worry about greater risk, you may still want to do a half-halt before rushing in, and limit your holdings of emerging market investments to a small percentage of your portfolio. The safer emerging markets to invest in over the longer term can be found in Southeast Asia and the more dynamic countries in Latin America where currently you will find far less indebtedness than in the West.

In 2010, $60 billion has moved from the weak Western economies and markets into emerging markets, and over $23 billion of this has happened just since September, less than three months before the end of 2010. This trend is building and could ultimately create a future asset bubble, too. Naturally, all this outflow of capital from the developed countries only hurts the U.S. and Europe even more and this during a time that they are already being forced to de-leverage.

Your own personal and very private monetary policy will be discussed next, after which we will look closer at international investing and specific investments.

YOUR OWN PERSONAL (PRIVATE) MONETARY POLICY

Since we can't trust government to run the economy properly, we must do something about it ourselves, so we may preserve our assets and maintain our personal sovereignty. In fact, rather than sitting idle and letting our investments be compromised, it's much better if we take charge to secure our holdings through investments that will appreciate over time, while also taking advantage of the maximum options for financial privacy.

The first order of business is to hold investments only in the more stable currencies available today, and those that are not obviously losing value. Otherwise you could be defeating your purpose before you've even begun. If you hold investments in U.S. dollars, for example, your investments have to work harder just to offset the depreciating currency so it even can begin making a real profit. However, rest assured you'll be taxed on the entire "profit"—including the amount lost along the way to currency depreciation. This is a loser's game! Using a declining currency may have its moments of being acceptable, such as when held briefly—as in choosing to use the U.S. dollar in your cash-flow for receiving funds and paying bills—but not for holding, accumulating or using for investments. The one exception would be if you have no other choice, and the investment class is doing quite well, such as in the case of precious metals or commodities today that are in a general bull market trend, such that your gains will far exceed the depreciating currency underlying the investment.

In general, the stage was always set for us to be losers from the start, just as in Vegas, where the house stays ahead by design, so the gambler—even when he is being treated like royalty—doesn't leave with his money. The same dynamics have been in play since 1913 when income tax was passed and the Federal Reserve was created. At that moment, two of the biggest means to steal from you were born. Both of these institutions transfer your hard-earned wealth from you to the government and a handful of elitists. And often, you're not even aware of it. But it impacts you, nonetheless. Over time, it can virtually destroy your net worth regardless of how large or small that may be. As a result, you must constantly be vigilant to what is really going on.

Therefore, one precept is to avoid depreciating currencies, especially those that show a general downward trend, particularly a rapid decline, as in the case of the U.S. dollar. Instead, invest in the long-term bull trends, and secure your investments offshore as previous discussed, to protect against government confiscation and other predatory behavior, preferably in a no-tax jurisdiction with *real* bank secrecy. And, remember that financial privacy is paramount and the cornerstone to personal sovereignty and freedom. This can still be achieved today even without violating U.S. reporting requirements, as will be discussed later in the book.

Once these important elements are established, you are ready to move forward with your investments, and they should reflect your investment philosophy that should be based on the state of the economy and investments trends. Understand what you are investing in and why you are making your decision. Does it fit with your personal goals and does it take into account potential future developments that could be harmful to your financial nest-egg? So as not to overexpose yourself to too much risk and bad investments, lay down your framework of what is acceptable to you, and also build in some cheap insurance—a means to compensate for investment losses and unforeseen economic downturns.

The Fed has its fiscal policies and monetary practices which you would hope would be conservative in an attempt to create a sound economy through productive growth, but unfortunately, they have self-serving reasons to run the economy the way they do, with one boom and bust cycle after another, and each time you and I stand to lose something. If the government doesn't extract their pound of flesh from taxes, they get it from inflation with the help of the Fed. Supposedly, the Fed has a monetary policy, a plan of intent and action that guides them as they skillfully manage the money supply, monitor the economy and make necessary adjustments to keep it running smoothly. All the while, the intent and purpose is to build a sound economy on which business can prosper and wherein people can find and keep secure jobs and live proactive lives. But, the Fed, in its infinite wisdom, doesn't appear to even have a monetary policy. It seems they've scrubbed it—along with their sanity—for a certain agenda, which hasn't been entirely revealed to us, but which seems to include financial rewards and perhaps other benefits for themselves down the road.

Therefore, we cannot trust that the government and the Fed are truly concerned about our interests. You know they don't love your family more than you do. So why trust them with so much that is valuable to you and your family, that being the financial core of your existence? They are *only* interested in their own agenda and some of this may come at your direct expense. And, lately the price tag is getting extremely high. Can you afford it? This is why now it's imperative that you create your own personal, and thank goodness, *very privatei* monetary policy. You can put it on paper or keep it in your head; it doesn't matter. What matters is that it makes sense, and is based on the principles which we ought to repeat like a mantra. Why? Because, you never know what the future holds. Even the best plans can be scuttled. The purpose of your own personal monetary policy is so you don't make the kind of mistakes the Fed is doing. You will design your plan to fit your investment philosophy based on sound economic and investment principles. This will not only keep you afloat, and your assets intact, but it could make you much richer than you were even in the good times. In fact, you might even do better in these "bad times."

Your monetary policy must have investments that have the opportunity to prosper during long-term upward trends. You should stay out of investments in downturn trends as they require constant attention. The only way to make any money is during rallies, most of which you probably won't see coming either on their way up, or on their way down. But your well selected investments should be ones that you feel can be held for a longer period of time to maximize the potential of the upward trend, and thus not needing to be constantly jumping in and out of the investments. These investments should be divided into asset classes that are doing well and that will increase your holdings. If chosen correctly, you may find all of your investments will do well whether times are good or bad. However, even if not so fortunate, your monetary policy will act as an insurance policy and will serve as a hedge for you against the unexpected. The beauty is that your plan has you covered, even if the unexpected happens while you're sleeping. It's ready, willing and able to do the job.

Let's take a look at how you might want to slice up your investment pie. The single most important portion of the pie should be your ballast that will keep your ship stable during calm and even prosperous times—and most importantly, during an economic storm. You don't want your investment portfolio to capsize in the middle of the coming economic tsunami. Therefore, the ballast should be a larger-than-usual portion of your investment pie in these times.

What should your ballast be? Well, as a hint, this particular investment has been doing well in a deflationary period, which generally isn't typical, and historically, it will do very well, too, during inflationary times, even hyper-inflationary times. Why has it done well even during a recession? That is due to the overall condition of not just the economy, but also the state of financial institutions and systems themselves—and even governments today--that this investment has succeeded regardless, and has been doing so consistently for the past decade. To top it off, the rapidly declining dollar is putting upward pressure on this ancient storehouse of value.

By now you know I must be referring to gold—the defining point of all value, everything else being a derivative of the value of gold. Yes--gold should be the core of your hard-money ballast. But your ballast can be more diversified than just holding gold bullion—indeed it ought to be—and it will still offer the stabilizing effect you need at the core of your investment portfolio, while diversifying your investment opportunity. Your monetary policy should be conservative, yet diversified enough to create balance and provide opportunity for profit. Your personal investment philosophy is important, but it must make economic sense. Your monetary policy will be your guide and will create a framework for your investments, and over time, allow room for adjustments based on economic and political changes. It should not be carved in stone, because as things change, certain asset classes and individual investments may be necessary to drop in favor of new ones, based on prevailing long-term trends. But for now, it's necessary to set our course, and stay our course, and invest with the current trends and keeping one eye on the horizon. It *is* possible to prevail against the winds of change over the course of the coming decade, even if it becomes a rough ride.

Your portfolio cannot capsize if your ballast is weighted properly. Today, precious metals are in a strong upward trend along with commodities. Not only will precious metals do well in the coming times due to economic and financial uncertainty, but also because of a lack of confidence in Washington. Therefore, for the foreseeable future, it would be good to weight the ballast on the heavy side. This ballast has an excellent chance of doing well in and of itself, but again the balance of your portfolio will likely offset any other negative investments in it or from changing trends.

However, the other investments have potential too. For example: Ballast composition – 40 percent of your portfolio is the ballast and ought to be split between gold and silver bullion. These metals should be held in safe keeping and not in your home country and preferably not a bank. In other words, any significant amount of precious metals that you wish to hold, should not be kept at home nor in a local safe deposit box. There are excellent private vaults and even mints that can provide the service of holding physical metals. Aside from investing as an individual, metals and other investments may be held in the name of an offshore entity as an asset. This could be an offshore corporation, like an International Business Company (IBC), or a Limited Liability Company (LLC), or held by an Asset Protection Trust (APT) or maybe, if you are not a U.S. taxpayer, by a Panama Foundation. These offshore structures are the best vehicles for international investment, banking and estate planning purposes, and if established in the right tax haven, such as one the T-8 countries, they will provide you with the maximum financial privacy as guaranteed by the best in bank secrecy laws found anywhere in the world. Where you keep your investments and how you own them is as critical as what you have invested in.

The balance of your portfolio: the other 60 percent, is not part of the ballast. This should include investments that you feel you have a good potential for annual return, if that's important, a good long-term investment appreciation without much risk, or perhaps something a bit riskier. In any case, this should be based on the long-term trend. Ask yourself if this investment is in a bull market? Going with the upward trend will make it easier on you and give you a better opportunity to come out ahead, unless you wish to spend your time analyzing investments and markets, as some people do. Most people are not investors by profession, but they do want stability and to safely grow their investments and increase their net worth over time, so they can retire in safety and comfort. These are the folks who are thinking ahead, and correctly. And particularly during these times, the idea of preserving your capital, and seeing it appreciate nicely, is critical, in spite of what the G-20 or Washington does.

Some suggestions for the balance of your portfolio based on today's trends—and only if they appear to doing fairly well—could include stocks of individual companies, exchange-traded funds (ETF's) and mutual funds. If they are U.S. dollar denominated stocks, they will need to perform well enough to outperform the depreciating dollar. If these securities can be held in a stable foreign currency, that would be highly preferable.

- Energy and commodity stocks, i.e. natural gas, rare earth elements, water utility, solar energy, oil, agriculture commodities. Commodities are on a long-term rise.
- Defense stocks; looks like a growth industry to me.
- Income producing stocks, i.e. companies paying respectable dividends; including some good producing blue chips.
- Foreign currencies, i.e. stocks of portfolios, trusts and funds for currency diversification. A basket of stable and appreciating currencies would help diversify your portfolio, but keep in mind that all currencies are in a soft-money cycle. A gold-backed Bancor could seriously hurt this asset class.
- Global opportunities (e.g. stocks of countries with strong economies and currencies; such as we've seen with Brazil, Russia, China and India in recent years; unique stock opportunities overseas; emerging markets and frontier investments.) These could become riskier if an asset bubble takes place. Even with an overall upward trend in emerging markets and frontier investing, just how much faith do you have in Sri Lanka?
- Crisis investing to create balance and safety, such as stocks weighted against inflations and financial crises; (stocks that will gain from a downturn or upturn turn, or a unique profit opportunity created out of chaos.) These could be riskier, but may offer greater profits and even act as a hedge during a crisis.

And, last but not least, but maybe most importantly, right after your ballast is full, you may wish to consider the following stocks. There are some gold and silver mining firms producing great returns nowadays, and they stand to do even better with the upward pressure on them coming from currency depreciation, poor economic outlook, political unrest in many places, poor fixed-income returns, the uncertainty of America's future in the world and at home, and war and threats of more wars—these things are making precious metals and precious metals-related investments rise. Possibilities include precious metals stocks, not bullion or coins; securities in precious metals mining firms, such as major and secondary gold mining stocks; silver mining companies; gold exchange-traded funds (GETF's), copper, zinc and uranium mining stocks; platinum and palladium mining stocks; strategic metals stocks.

In the next chapter, we take a closer look at some of the more specific investment options which you might consider for the balance of your portfolio. Excellent investment newsletters, investment services and other resources are listed in the back of this book to assist you with refining your investment decisions and shaping your own private monetary policy.

4

Global Investing and Investment Opportunities

One good investment is worth a lifetime of toil.

—H.L. (Herbert Lee) Barber, *Investing for Profits* (1917)

Investing from offshore rather than from your domestic bank and brokerage accounts opens up a whole new world of options and opportunity. Also, this book will look specifically at the investment areas that enhance your investment from the standpoint of preservation of your investment capital and investment appreciation—and always with asset protection in mind. Geo-political investment diversification can be achieved through these investments, although they need to be carefully selected, like any ventures, and fit your investment philosophy which should also keep in mind recognition of general economic and investments trends. And overall, your choices should be further defined by your own personal (private) monetary policy—and all should be held within your offshore structures.

OFFSHORE BANK ACCOUNTS: PERSONAL AND BUSINESS

There are thousands of banks worldwide; finding the ones that will best address your personal financial goals can be like finding a needle in a haystack. Therefore, the T-8 list of the world's best tax havens and offshore banking centers was developed to simplify this process, and provide a starting point for locating the best countries affording maximum financial privacy guaranteed by having among the strongest bank secrecy laws in the world and by legislation guaranteeing very low, or no taxes.

For example, Belize, a Central American nation and one of the T-8 tax havens and offshore banking centers, has strict bank secrecy and has recently been placed on the OECD White List, yet they still have not signed a Tax Information Exchange Agreement (TIEA) with the U.S. or Canada, nor are they likely to ever do so. No information on account holder's identities, or that of of directors, officers and shareholders of Belize bank accounts, brokerage accounts, IBC's or the settlor or beneficiaries in an APT is ever given out to anyone. Funds wired into and out of an IBC's bank account or brokerage account will shield your personal identity and offer further financial privacy. As Belize does not have a TIEA with either the United States or Canada, this means that the IRS or CRA can make a request to the foreign government in an attempt to obtain information on the whereabouts of bank or other financial accounts in the tax haven, but the tax collector cannot go directly to the bank or financial institution for any information, including whether an account even exists. Instead, they must resort to request the country's "competent authority" for assistance. Belize is not going to cooperate with "fishing expeditions" of this kind and the tax collectors of these two countries know it. They are not likely to even try since they know they will be flatly denied, and any cooperation would likely be in direct violation of their bank secrecy. The Belize Supreme Court has a history of upholding their bank secrecy law.

Belize banks, as with many offshore and foreign banks, are more strongly regulated and have a higher liquidity ratio than banks in the United States and many European countries. Belize banks are closely monitored by the Central Bank and they do not have the toxic assets found in the large U.S. and European banks. The other T-8 tax havens share similar advantages when it comes to banking and other institutions, including lawyers and trust firms, and secrecy guaranteed by law.

Here are some reasons to be banking offshore, especially in a T-8 tax haven: Diversify investments; strategies to defer taxes; fast asset protection without financial planning; tax-free compound interest earnings; maximum financial privacy and flexibility; safer than being FDIC insured; high investment returns; avoid currency restrictions; geo-political diversity; currency diversification; convenient banking while travelling; invest without restrictions; avoid U.S. securities markets, if desired; bypass U.S. and European bank foreclosures, more coming; avoid unforeseen national emergencies at home; stay out of the reach of your government; in some cases, avoid reporting requirements; exercise your rights and freedoms while you still can; avoid disclosure of your nationality and political affiliations; discover new financial opportunities elsewhere, and keep your capital and profits safely offshore.

Often, a large portion of your wealth is on deposit with financial institutions; it's good to know that they are private and untouchable too, from the prying eyes and long arms of governments and an array of other predators these days.

Establishing an Offshore Bank or Brokerage Account

Many of the banks in the T-8 jurisdictions provide a wide assortment of banking services, including personal and business accounts, multiple currency accounts or accounts denominated in different currencies, such as U.S. dollars, Canadian dollars, Euros, British pounds, Japanese yen or Swiss francs, to name a few of the more popular ones, all easily accessible online. They usually issue debit cards linked to your account(s) and a prepaid MasterCard or Visa credit card and/or a secured MasterCard or Visa credit card. In the case of secured credit cards, the minimum deposit requirement will vary by bank and may range between 110 percent and 150 percent of the credit limit desired. Other services include savings accounts in different denominations, offshore brokerage trading accounts, merchant accounts, investment management, bank certificates of deposit, safe deposit boxes, custodial or safekeeping accounts, letters of credit, bank checks and many other services.

Offshore brokerage firms offer an array of investment services that will appeal to North Americans. There are excellent companies in Latin America, Asia, Switzerland and elsewhere. A comprehensive list of brokers worldwide is included further along in this chapter. Their services may vary between firms but the following services can be found. They will gladly open a personal or business account and provide you with online service and often an offshore credit card. Services include: managed investment accounts offering excellent returns; precious metals trading accounts and physical bullion storage; investment banking, some specializing in areas like natural resource companies; investment brokerage accounts, in such areas as market access to stock, options, futures, forex, commodities, bonds and precious metals in markets worldwide; and asset management and financial services to high net worth individuals, families, corporations and trusts.

Typically, and in compliance with Know Your Customer (KYC) rules required by most financial institutions worldwide in compliance with money laundering regulations, the following personal identity documents are required, also known as due diligence documents (DDD's). Each institution will vary slightly on their requirements, but the minimum they need to know and have substantiated proof of, is a copy of a passport to identify who you are, and a copy of a current utility bill to prove where you live. "Current" means less than three months old. Usually you will be requested to certify at least the passport with a notarized original copy. Occasionally, a bank or brokerage firm will request the same of your driver's license. If a current utility bill is not available, then a copy of a current credit card statement or bank statement may suffice. This is the minimum documentation they are likely to request. To expedite an account opening, often you can scan and e-mail or fax copies of the bank or brokerage applications and your due diligence documents so they can begin the account opening process without delay while you expedite the originals by courier. By the time they receive the originals they may have an account number to give you.

In most circumstances, financial institutions will also frequently request a bank reference letter and a professional reference. These references must be in writing and usually addressed to the institution for whom they are intended, but not always; sometimes "to whom it may concern" will suffice. These letters must be current as well as refer to the type and status of the relationship. The professional letter is usually from your attorney or accountant, but another professional may suffice if necessary and acceptable to the institution. In some cases, your new bank will want to see that your bank relationship was for a minimum of two years or some other period, but this not always a requirement. Account balances are not required in the letter—simply a notation that your relationship with your previous bank was in good standing.

In addition to an application to open an account, you'll need to sign their Depository Agreement or Investment Account Agreement, signature card and they may also require you to complete a form authorizing internet banking, indemnity for faxed, e-mailed and internet instructions, and to select a Personal Identification Code (PIC). Other services, such as debit and credit cards may require a separate form to be completed, as with a merchant account or brokerage account.

If you wish to open a corporate account, in addition to the due diligence documents required to establish your identity and residence, and other requirements mentioned above, you will be required to complete a corporate bank or brokerage account application instead of the individual version, a corporate resolution authorizing the opening of the account, and copies of your corporate documents. Some banks will accept photocopies, but be prepared that they may request a certified copy by the jurisdiction where the company or entity was incorporated and accompanied by an apostille. Company documents will generally include the Certificate of Incorporation, Articles and Memorandum of Association (similar to Articles and Bylaws), Certificate of Good Standing, Subscribers Appointment, Letter of Undertaking and a Certificate of Shareholders and Subscribers. If the documents are in a foreign language they will need to be translated and certified in the language that the financial institution uses, which in most cases, is English.

The due diligence documents are required for each person associated with the company, trust or whatever other type of entity it is, and that includes, directors, officers, and shareholders. If the beneficiaries hold bearer shares, the institution will want proof of their ownership and due diligence documents on each person. The same applies to principals who have engaged "nominees," such as nominee directors and nominee shareholders. And, in the case of nominees, they will also want the same personal identity documentation on them as well.

Account openings are usually more involved than in the past, due to the KYC's regulations, and especially when you are dealing with a financial institution with which you have no previous relationship. Sometimes it is best to utilize the services of an intermediary who has a longstanding relationship with banks and brokers and who knows the ropes and can make things happen more quickly and smoothly.

Once the above has been completed and an account number issued, you are ready to fund the account with the minimum deposit requirement. The fastest and easiest way to fund your account initially is by wire transfer, although a domestic bank check, company or personal check or money order will be acceptable too. There may be a clearance time before crediting the account. The most private way to send money for deposit is to purchase a domestic money order with cash, like a postal money order, and properly endorse it "for deposit only" to your account. It's recommended to use Federal Express, DHL or other private courier service for best service and the ability to track it en route.

Your offshore bank and brokerage accounts provide easy access to world financial markets, economic and political stability in an otherwise very unstable world, and they hold a variety of stronger, more stable currencies. You may consider having multiple accounts denominated in different, but stable or appreciating currencies to offset currency depreciation. With your accounts you will be privy to many benefits, including higher liquidity than in the U.S. and Europe; excellent banking infrastructures and bank management; same strong bank secrecy applies to offshore brokerage firms; monetary freedom and unrestricted movement of capital; a wide selection of banking services, some not available in North America; a history of protecting clients from "fishing expeditions" from domestic governments; a healthy respect for the client; and the best in investing skills and personalized banking service.

The Perfectly Legal Secret Offshore Bank Account

Here's a thought seriously worth considering. Open one or more, maybe even numerous bank accounts in one or more of the T-8 tax havens, all with less than US $10,000 a year, or U.S. dollar equivalent, per account, and each will avoid the requirement of having to file the annual TD F 90-22.1 Treasury form, making these accounts truly secret. Why? These would make perfect emergency accounts for hiding money or for use should the worst happen, the very unexpected. These accounts could be your lifeboat in stormy seas. You'll know when the time comes! They could be held in the name of an IBC to give another layer of privacy, so when transfers are made in and out, your name does not appear on the wires. Who knows what the future holds, but governments that want to know all about you, and your investments, and where you keep them should be held suspect. It would be best to have little activity in them to avoid breaching the threshold of having to report them. You may just want the account or accounts to only hold a minimal amount—say $1,500 or so—just so that the account is ready and waiting when needed. There is no limit as to how many accounts you can have like this. I knew a guy once who had 30 such accounts, each holding just under the $ 10,000 threshold.

Foreign Currencies

Trading in foreign currencies these days has mushroomed into a $4 trillion a day market. There's lots of money to be made in trading, and holding currencies can provide a good hedge and help your investments appreciate.

For longer-term investing and investment diversification, a basket of stable and appreciating currencies would also be a hedge against the devaluating dollar, euro and British pound. And, they would provide another investment to diversify your portfolio defined by your personal monetary policy. All currencies fluctuate against one another, creating an investment dynamic. And, as with other investments, they have their upward and downward trends and some tend to be more stable. However, all currencies today are in a soft-cycle as there is no value backing them, such as gold. Therefore, the long-term trend for all of them is down, but a basket of currencies can stabilize your currency holdings, diversify your investments and hedge against the ones that are obviously in trouble, such as the U.S. dollar, euro and others. However, the one currency that is in real trouble today, and will make most of currencies look stronger in comparison, is the British pound. Before trading currencies, seek expert advice to create a lucrative portfolio or invest in currency funds that are performing well. As for individual currencies, there are always certain ones doing better than others, such as the Canadian dollar, Swiss franc, Japanese yen, Singapore dollar, Australian dollar, Norwegian kroner, Swedish krona, and Danish krone.

Two emerging market currencies that have been doing well are the Brazilian real, and surprisingly, the Mexican peso. For the long-term, the Brazilian real is understandable, as the country is a major economic engine in South America.

If you are holding a basket of currencies, whether in a portfolio or individual currencies in accounts, either individual accounts or a multi-currency account, it's best to have currencies that have been showing their stability or appreciation, thus lessening the odds for loss. Although a currency that rises might look good on the surface, it might be also an indication of a bubble forming and which could turn the other direction.

Here are some possible non-dollar portfolios worth investigating:

Currency Shares Japanese yen ETF (FXY)

Currency Shares Australian Dollar Trust ETF (FXA)

Currency Shares Euro Trust ETF (FXE)

Currency Shares Mexican Peso Trust ETF (FXM)

Currency Shares Canadian Dollar Trust ETF (FXC)

Currency Shares British Pound Sterling Trust ETF (FXB)

Currency Shares Swiss Franc Shares ETF (FXF)

Currency Shares Swedish Krona Trust ETF (FXS)

Currency Shares Russian Rubles Trust Fund ETF (XRU)

iShares Canadian Corporate Bond Fund ETF (XCB)

iShares COMEX Gold Trust ETF (IAU)

Merk Hard Currency Fund ETF (MHCF)

Merk Absolute Return Currency Fund (ETF)

Merk Asian Currency Fund (ETF)

Wisdom Tree Dreyfus Chinese Yuan Fund (CYB)

Wisdom Tree Dreyfus Brazilian Real Fund (BZF)

Wisdom Tree Dreyfus Japanese Yen Fund (JYF)

Wisdom Tree Dreyfus South African Rand Fund (SZR)

Wisdom Tree Dreyfus Euro Fund (EU)

Wisdom Tree Dreyfus Indian Rupe Fund (ICN)

Wisdom Tree Dreyfus South African Rand Fund (SZR)

Wisdom Tree Dreyfus New Zealand Dollar Fund (BNZ)

Wisdom Tree U.S. Current Income Fund (USY)

An emerging markets currency ETF that includes the Mexican peso, Brazilian real, Chilean peso and Israeli shekel is the Wisdom Tree Dreyfus Emerging Currency Fund (CEW) which is another way to hedge against the U.S. dollar's decline.

The Franklin Templeton Hard Currency Fund (ICPHX) uses foreign money markets to bet against the dollar and tends to do well when the dollar is declining.

Here are a few funds offered by ProFunds that do direct plays on the U.S. dollar:

US Dollar Bearish Fund

US Dollar Bullish Fund

Falling US Dollar Investor

Rising US Dollar Investor

ProFund also offers other currency fund possibilities too, along with Barclays, Morgan Stanley and Rydex. Your offshore broker can make other recommendations of currency funds available domestically and offshore.

You can establish a currency trading (forex) account as an individual or offshore entity (i.e. IBC, LLC, APT), or foundation. On firm that allows you to trade spot gold and silver is *Advanced Currency Markets S.A.* (ACM), 50, Rue de Rhone, 1204 Geneva, Switzerland. Telephone 011 (41 22) 319 22 09; fax 011 (41 22) 319 22 01; website: www.ac-markets.com. Another Swiss firm to consider is: *Saxo Bank (Switzerland) S.A.,* Rue de Jargonnaut 1, Geneve 6, Geneva 1211, Switzerland. Telephone 011 (41 84) 820 1201; fax 011 (41 22 317 95 40; Website: www.saxobank.com. There are also many other excellent non-U.S. brokers in Latin America, Asia and elsewhere worldwide that would serve you well and further open up foreign markets for investing from offshore.

One way to get exposure in the currency business is to seek the investment advice of a professional currency trader. You can learn as you invest without the same degree of risk if investing on your own. Here's a good place to begin: Get insider advice and wisdom from currency research analysts Kathy Lien and Boris Schlossberg. Visit www.bkforexadvisors.com; www.gftforex.com.

Note: The introduction of the "Bancor" was announced by the President of the World Bank in the Summer of 2010, as the soon-to-be "global" currency, and by the Fall, he announced that the Bancor currency would be backed by gold. That is a pretty big statement and, if true, would reverse the global soft-currency trend and harm other currencies. Historically, currencies have shifted between soft-money cycles and hard-money cycles. Soft-money is not backed by any real value, such as gold, and permits and tempts those who have the control of the printing presses to produce as much "fiat" or counterfeit currency as they like. With a fiat currency—and that's what they all are today—the Fed needs to be quite disciplined in managing the money supply through a conservative monetary policy. This policy needs to be followed up by actual sound fiscal practices so that the currency exhibits strength and maybe even appreciates, and in turn, encourages and contributes to building a healthy economy and stable government. Of course, government then also needs to control spending, and reduce taxes to stimulate growth.

Unfortunately, the temptation to inflate the economy is so great, like a kid in a candy store, such that eventually, good judgment is sacrificed for a loose monetary policy, and the rest becomes history. In 1971, the dollar was taken off the gold standard, thanks to President Nixon, and even the Swiss franc today is not backed by gold. So, there you go. And where are we today?

The launch of this "Bancor" could come at anytime, maybe, even in the very near future. They are working on it now as a means to stabilize exchange rates, balance trade payments and stabilize the global economy. Of course, centralized power is their main interest. A gold-backed currency in the world sounds positive, and likely it would become the reserve currency of the world. Initially, nineteen countries may utilize it, but the globalists are likely to try and get forty or more countries to join in. Refer to Chapter One, Personal Sovereignty and Financial Freedom. It will take some time for it to work, but the fact that it's gold-backed will give it a greater chance for acceptance and success. Currencies of the world, in particular, the U.S. dollar and the euro, will be hit hard, and this undermining of these countries' currencies can also undermine their economies and threaten their national sovereignties—and likely will. China and Russia aren't going to like this Anglo-European scheme. A gold-backed currency sounds great, that is, if it were for the purpose of strengthening the U.S. dollar and not to create a one world government.

Large quantities of gold are being accumulated by the Bank for International Settlements, the "central bank for central bankers" from central banks around the world, in exchange for cash and in the name of providing more liquidity to the global economy. This gold accumulation could be used to officially re-monetize gold and match the assets of the global banking system or maybe just the assets of the banks in the countries where the currency will be used for starters. With the value of gold on the rise, they won't need as much gold to meet their requirements. It may be that a huge spike in gold prices will be necessary to accomplish the job, as they are going to need tens of millions of ounces of gold to pull this off, in which case, gold investors may score big. I said in my Swiss book that something could trigger gold to rise by 50, 75, 100 times. This could also eventually lead to the banning of gold, as when the dollar was backed by gold and the price of gold was fixed at $35 an ounce up until 1971 when the dollar came off the gold standard.

BONDS AND STOCKS

Bonds

Bonds are basically an IOU. I don't consider IOU's very valuable, especially when the return these days is so low. The only thing that makes a bond valuable is if it's issued by a very solid, creditworthy borrower, of which there are fewer and fewer of these days, whether corporate or government issuers. Let's start at the top. Do you consider the largest economy and most powerful country in the world whose currency is the reserve currency of the world, a safe bet? The economy is still looking for the recovery, the U.S. is involved in three wars and more are on the horizon, the total national debt exceeds $130 trillion dollars, our currency is not backed by anything of value, we are monetizing the debt by printing new worthless money to pay off old debts, like T-bills and T-bonds for instance, because we can't pay back the money we already borrowed without creating more, and our lenders, such as China, are about to stop investing in our government treasuries for this very reason. And the Chinese are dumping the dollar. Now, why would you want to invest in IOU's issued by the U.S.? And that goes for any other country that operates similarly, of which many do today. And this also applies to municipal bonds or "muni-bonds" as they like to call them, which is likely to become another huge crisis very soon. I don't want any of those either.

As for corporate bonds, let's take a look at the biggest. Shouldn't they be the safest? Let's see, in the top 100 largest companies in the world, here are a few I know you'll remember. Do you want to put your hard-earned money and the financial future of your family in any of these companies? BP (British Petroleum) comes to mind, how about General Motors, Citigroup, JP Morgan Chase & Co., and, the mighty UBS (Union Bank of Switzerland). Just below these firms are many more companies that had major financial problems in the past couple years, all of whom borrowed money by issuing corporate bonds, and many who received a government bailout, thanks to the deep pockets of taxpayers—or not. The only problem was that their companies were built like a house of cards. These scenarios of financial mismanagement are hardly over; we may only have seen the proverbial tip of the iceberg if the economy doesn't *honestly* improve.

General Motors recently announced a public offering. The insiders were first in line to have the opportunity to invest, naturally. Here's a company that was bankrupt, but the government decided it was better that they didn't fail. So, they infused it with billions and billions of taxpayer money while screwing all of the existing shareholders and bondholders in the process, and now they have the audacity to have a public offering, adding insult to injury. Do they expect the same people who got a hosing the first time—the American investor, and the same people who bailed them out—the American taxpayer—to come back for another shellacking? Here's one of the world's biggest companies, which implies that it should be stable and therefore safe. Would you like to loan them money?

After having said all that, if you still have an interest in bonds, the safest way to invest in them may be to buy bonds of low-debt nations, and you would be simultaneously hedging against the dollar. Now, doesn't that sound a little better? Several "safe bets" for consideration and further investigation should include Norway, Australia, New Zealand and Brazil. Now, an approach to accomplishing this would be to consider the following investments:

- Global X FTSE Nordic 30 ETF (GXF) has approximately 20 percent of their assets in Norwegian Shares.
- Templeton Global Income Fund (GIM) invests about 8 percent in Brazilian debt, and the
    - balance of their holding are in other foreign debt. Presently, they yield around 5.5 percent
- ING Global Bond Fund (IGBIX) with about 10 percent held in Brazilian bonds. They're
    - Currently fetching 6.5 percent yields.
- Aberdeen Global Income Fund (FCO) has exposure of 7 percent in New Zealand and 15 percent in Australia and presently yields approximately 7.6 percent.

A better kind of bond to invest in than corporate or government bonds may be Gold Bonds or Silver Bonds issued by mining companies. These are debt obligations too, but interest payments are pegged to the level of gold prices and they are backed by either gold or silver. With gold and silver prices rising, their yields could outperform other bonds and fixed-income investments.

And another alternative would be to follow Mr. Seth Klarman's lead. He's President of Baupost Group, a Boston investment firm that manages three partnerships worth $22 billion with average annual yields of 19 percent. For the next five years, he feels cheap disaster insurance is to buy "way out-of-the-money puts on bonds," or options that have no value unless the U.S.

Treasury bonds rapidly decline. That may be coming soon. Of course, precious metals will be a major port-in-the-storm.

Stocks

Let's move onto stocks. In my opinion, they are much more promising. At least you own part of the company you are investing in and you have the prospect to reap the rewards should all go well. The general trend in stocks is bearish, but there is always opportunity, such as when stocks rally, and ride a wave of optimism. But there are individual stocks that benefit too and gain even during bearish and deflationary times. Those companies are doing something that counters the prevailing trend; possibly it's their specific industry. So, some stocks are worth looking at, and investing in them can serve as a means to diversify your portfolio and create more balance and opportunity for profit. Here are a few specific companies to consider, as a place to begin, and like these, look at other companies in the same industries. There may be others doing well and that show promise. Stocks can act as a hedge against inflation and some of the following are worth examining, although these are not outright recommendations. Investments fluctuate all the time with the markets and economy so it's important to understand your choice. In addition to the stock categories shown below, another category that may have growing potential would be defense stocks. Precious metals-related stocks will be discussed shortly.

Blue Chip Stocks

Adidas Salomon AG – Germany

Bayer AG - Germany

SmithKline Beecham - UK

Allied Domecq PLC - UK

Nestle SA - Switzerland

Unilever - UK

Danone - France

Reckitt Benckiser PLC - UK

Imperial Chemical - UK

Matsushita - Japan

Cadbury Schweppes - UK

Newscorp - Australia

Income Stocks

Coca-Cola (KO)

Diageo (DEO)

Fairfax Financial Holdings (FRFHEPK)

Government Properties Income Trust (GOV)

Man Group PLC (EMG.L)

McDonald's Corporation (MCD)

Nestles ADR (NSRGY.PK)

New Zealand Telecom (NZT)

Roche (RHHBY.PK)

Williams Pipelines (EMG.L)

Global Opportunities

Dnb-Nor (DNBNOR.OL)

ENN Energy (HK) 2688

Singapore Fund (SGF)

SocGen (SCGLY.PK)

The Arbitrage Fund (ARBFX)

Fuji Heavy Industries (FUJHF.PK)

Crisis Investing Stocks

Currency Shares Japanese yen ETF (FXY)

Federated Prudential Bear Fund (BEARX)

iPath S&P 500 VIX Short-Term Futures ETN (VXX)

iShares COMEX Gold Trust ETF (IAU)

PIMCO Total Return Class D (PTTDX)

Commodity Stocks (Including Energy, but Not Precious Metals)

As we know, commodities are in a long-term bull market which will continue for reasons explained earlier in this book. Here are some investments worth checking out personally: *ARB Global Resources* (NYSE-GRES) is a basket of shares in eight commodity and resource companies, including precious metals, energy and timber.

Chesapeake Energy (CHK) – Natural gas

EnCan (ECA) – Natural gas

Arch Coal (NYSE-ACI) – Coal producer

Global Resources Fund (PSPFX) – Multiple commodities

Newfield Exploration (NFX)

Veolia Environment ADR (VE) – Water utility

Peabody Energy (BTU) – Energy

Devon Energy (DVN) – Energy

ENI Spa ADR (E) – Natural gas

Chevron (CVX) – Oil

Massey Energy (MEE) - Energy

Lynas Corp. (LYC.AX) – Rare earth elements

Rogers Raw Material Fund (RIRMF) - A basket of commodities

Archer-Daniels Midland Company (NYSE:ADM) – Agricultural commodities

Swiss Companies Traded on the SWX Swiss Exchange

You should invest in Swiss companies *only* from outside Switzerland to avoid Swiss taxes.

ABB Ltd.

Credit Suisse Group

Compagnie Financiere Richemont SA

Holcim Ltd.

Julius Baer Holding AG

Novartis AG

Nestle AG

Roche Holding AG

Swiss Life Holding

Schweizerische Ruckversicherungs-Gesellschaft

UBS AG

Zurich Financial Services

Swiss Real Estate Investment Companies

Switzerland has no Real Estate Investment Trusts (REIT's); however, you can invest in Swiss companies which in turn invest in the Swiss real estate market. The Swiss real estate market is not open to just anyone, making it quite exclusive. There is a limited supply of real estate in Switzerland and a general upward pressure on the market. However, you would want to investigate current market conditions and the individual companies and how they are managed. Use a non-Swiss entity when investing to avoid Swiss taxes and do not invest in Swiss securities through a Swiss bank or financial-related insurance policy. Swiss real estate may be a nice addition to a conservative portfolio and further diversify your holdings. Here are some Swiss real estate companies that trade on the SWX Swiss Exchange.

Allread Holding AG

BFW Liegenschaften AG

Intershop Holding AG

LO Holding Lusanne-Ouchy SA

Mobimo Holding AG

Pax-Anlage AG

PSP Swiss Property AG

Swiss Prime Site AG

USI Group Holdings AG

Warteck Invest AG

Zublin Immobilien Holding AG

INTERNATIONAL BROKERAGE FIRMS

You can trade the world markets using one or more of the following brokerage houses:

Botswana

Stockbrokers Botswana – www.stockbrokersbotswana.com

Brazil

Schahin Securities – www.schahinsecurities.com.br

Canada

Hayward Securities – www.hayward.com

Canaccord Capital Corp. – www.canaccord.com

Woosdstone Capital – www.woodstonecapital.com

Egypt

Arab Finance – www.arabfinance.com

EFG-Hermes – www.hermesonline.com

Gibraltar

InvestorsEurope – www.investorseurope.com

Hong Kong

Boom Securities – www.boom.com

Hungary

Concorde Securities – www.concordesecurities.hu

Indonesia

E-Samuel – www.e-samuel.com

Kazakhstan

Visor Capital – www.visocap.com

Mexico

Actinver – www.bursamex.com.mx

New Zealand

Direct Brokering – www.directbrokering.com

Panama

Cody Bateman – www.batemanfinancial.com

Financial Pacific – www.investingpacific.com

Thales Securities – www.thalessecurities.com

Romania

Ktrade – www.ktrade.ro

Vanguard – www.vanguard.ro

Singapore

Kim Eng Securities – www.ketrade.com.sg

South Africa

BoE Securities – www.boe.co.za

Switzerland

Saxo Bank – www.saxobank.com

United Kingdom

Stock Trade – www.stocktrade.co.uk

United States

E*Trade – www.etrade.com

EverTrade Direct Brokerage – www.everbank.com

Interactive Brokers – www.interactivebrokers.com

Vietnam

Saigon Securities - www.ssi.com.vn

Precious Metals

There are a variety of ways to own precious metals or precious metals-related investments. Here are some of the more common ways to directly and indirectly invest in precious metals:

Gold Bullion

Physical gold can be owned in the form of bars or coins. Naturally, bars are generally heavier and when the value shoots up, they will be very expensive. Bars are the cheapest way to hold the metal, and they come in different weights; they aren't as practical as coins. Larger quantities of gold should be stored in a safe place, like a private vault *not* in your own country. Even better, have the metal as an asset of an offshore structure such as an International Business Corporation (IBC) or a Asset Protection Trust (APT) in a no-tax haven with strong bank secrecy and store the metal in yet another country, i.e. Australia, Switzerland, etc. Refer to the T-8 list of tax havens.

Gold coins are more convenient, more portable and easier to conceal. Gold coins are a way to have a valuable, liquid asset in your possession without them being reportable. Purchases from under US $1,500 from U.S. dealers, as with other precious metals, are not reported to the government. And since owning them does not constitute a financial account, there is no annual reporting requirement. Ownership is therefore anonymous, and that could be crucial to your financial survival in the future should things really not go well economically, or politically. But, even a one-ounce gold coin or larger unit of gold maybe more than you want to keep at home. If gold went up ten times, from say $1,400 an ounce, that single coin would be worth $14,000. Liquidating it in tough times could present a challenge in the worst-case scenario. On the other hand, you could purchase 1/10-ounce gold coins which are very small, easier to conceal and the value is one-tenth the value, so when the price takes off, the smaller unit of gold will be easier to spend, liquidate, OR hide. If interested, ask your coin or precious metals dealer about the 1/10th ounce $5 American Gold Eagle. Recently, these coins were available for $143 each, but you know that price won't hold for long.

Some experts and rich investors have speculated on where gold prices may be headed. Mr. John Paulson, a hedge fund tycoon, foresaw the subprime mortgage crisis coming long before anyone knew there was a problem with them. Betting against them, he made a fortune. Right now, he and other sharp-eyed investors are wagering that gold will rise a lot, if not skyrocket. Paulson feels that the metal—based on current fundamentals, and quoting at a moment recently when gold was $1,300 an ounce—could easily reach $2,400 an ounce, and possibly as high as $4,000 an ounce by 2013. Why are these experts making such predictions? Because, they believe that with the amount of stimulus money pumped into the financial system in the past two years, and more coming, inflation is inevitable. And with the lack of confidence in the economy and the looming possibility for a larger global financial crisis, gold looks like a sure bet. Paulson is also invested in mining companies like NovaGold Resources, as are other rich people, including George Soros and Marc Faber, who are looking to capitalize on the trend in a big way.

Gold Stocks

Investment in gold stocks, whether individual companies, exchange-traded funds or mutual funds, is not an actual physical investment in gold, and the same applies to other similar precious metals securities. These are securities traded on an exchange, and your investment is in a company that is gold-related. Precious metals securities can fair very well when investment-grade metals are doing well, as in our present commodities bull market. You would seriously want to consider diversifying your portfolio with some of these stocks, which will also diversify your precious metals-related investments beyond holding bullion itself. When gold rises, well managed gold company stocks often rise at an even faster rate in anticipation of the trend. These are not all of the gold stocks available, but there's enough here to make you money. A little research starting with the resource chapter of this book will lead you to more opportunities. You might wish to visit the Websites of these companies first, study their stock charts, data, histories and current activities, and if further interested, discuss the ones that catch your attention with your broker. A quick search on the internet will land you on their web sites.

You are not alone in thinking precious metals may be a wise investment. Mr. Thomas Kaplan, a low-profile billionaire, through his company Tigris Financial Group, and its affiliates, have acquired $2 billion dollars worth of gold and gold mining properties in seventeen countries and on five continents, which represents their entire holdings. In an interview at his New York offices in 2010, Mr. Kaplan stated, "I've reached a point where I feel the only asset I have confidence in is gold." And he's not the only magnate out there these days who is betting heavily on the future of gold.

Major Gold Producers

Anglo Gold (AU-NYSE)

Barrick Gold (ABX)

Freeport McMoran (FCX-NYSE)

Gold Fields (GFT-NYSE)

Goldcorp (GG-NYSE)

Kinross Gold (KGC-NYSE)

Newmont Mining (NEM-NYSE)

Secondary Mining Companies

Agnico Eagle (AEM-NYSE)

Alamaden Minerals (AMM.TO)

Aurizon Mines (AZK-AMEX)

Bema Gold (GBO-AMEX)

Buenavista (BVN)

Cambior (CBJ-AMEX)

Claude Resources (CGR-AMEX)

Desert Sun Resources (DMS.TO)

Glamis (GLG-NYSE)

Golden Star Resources (GSC-TSX)

Great Basin Gold (GBG-AMEX)

Harmony Gold Mining (HMY-NYSE)

Iamgold Corp (IAG-NYSE)

Madison Enterprises (MMR.V)

Meridian Gold (MNG-TSE)

Nevsun Resources (NSU)

Northern Gate Minerals (NXG-AMEX)

Northern Lion Resources (NLV)

Northern Orion Resources (NNO-TO)

Orezone Resources (OZN)

Taseko Mines (TKO-TSX)

Queenstake (QEE-AMEX)

Virginia Gold (VIA-TO)

Gold Exchange-Traded Funds (GETF's)

These securities are an index or special portfolio that trades like a mutual fund. These funds own certificates of physical gold that are on deposit and insured.

American Century (FSAGX)

ASA (ASA)

Black Rock World Mining Investment Trust (London)

Central Fund of Canada (CEF-TSE)

Gold Bullion Securities (GOLD-GBS)

iShares COMEX Gold Trust (IAU-NYSE)

SPDR Gold Trust (GLD)

Streettracks Gold Trust (GLD-NYSE)

Toqueville Gold (TGLDX)

Junior Gold Fund

Market Vectors Junior Gold Fund (GDXJ)

Gold Mutual Funds

There are a couple of mutual funds worth taking a closer looking at. The *Gold and Precious Metals Funds* (USERX), the first no-load mutual fund, seeks capital appreciation while protecting against inflation, monetary instability and the declining U.S. dollar. Its secondary objective is to generate income.

Industry Breakdown

Gold mining – 73.99%

Silver Mining – 9.61%

Gold ETF – 4.43%

Precious Metals – 1.96%

Finance – Investment Banker/Broker – 0.97%

Platinum – 0.93%

Metal-Copper – 0.68%

Oil Companies –Exploration & Production – 0.68%

Mining Services – 0.64%

Other – 6.13%

Top 10 Equity Holdings

Kinross Gold Corp. – 9.86%

Randgold Resources Ltd. – 9.53%

Dundee Precious Metals Inc. – 5.41%

Agnico-Eagle Mines Ltd. – 5.40%

Centamin Egypt Ltd. – 4.71%

Barrick Gold Corp. – 4.44%

Newmont Mining Corp. – 4.31%

Silver Wheaton Corp. – 3.67%

SPDR Gold Shares – 3.45%

Silvercorp Metals Inc. – 2.29%

Percentage of total net assets in top 20 holdings – 70.74%

Total number of holdings: 58

Fund Composition

Equities – 94.15%

Cash Equivalents – 4.58%

Bonds – 1.27%

Assets by Capitalization

Small Cap (under $1 bil.) – 25.96%

Mid Cap ($1-10 bil.) – 39.36%

Large Cap ($10 bil. up) – 34.36%

The sister fund to the Gold and Precious Metals Fund is the *World Precious Metals Fund* (UNWPX), which offers increased exposure to junior and intermediate mining companies for extra growth potential, complimenting their Gold and Precious Metals Fund just described. It too seeks long-term growth potential and a hedge against inflation, monetary instability, and the declining U.S. dollar.

Industry Breakdown

Gold Mining – 66.23%

Diversified Metals – 4.70%

Precious Metals – 4.46%

Silver Mining – 3.86%

Gold ETF – 2.83%

Metal – Diversified – 2.07%

Oil Companies – Exploration & Production – 1.54%

Platinum – 1.44%

Oil Companies – Integrated – 1.31%

Metal – Copper – 1.13%

Other – 10.45%

Top 10 Equity Holdings

Randgold Resources Ltd. – 8.79%

Kinross Gold Corp. – 6.20%

Romarco Minerals Inc. – 5.93%

Centamin Egypt Ltd. – 3.39%

Agnico-Eagle Mines Ltd. – 2.70%

Goldcorp Inc. – 2.51%

Medoro Resources Ltd. – 2.34%

SPDR Gold Shares – 2.09%

Dundee Precious Metals Inc. – 2.05%

Rubicon Minerals Corp. – 1.94%

Percentage of total net assets in top 20 holdings – 52.91%

Total number of holdings – 182

Fund Composition

Equities – 94.57%

Cash Equivalents – 5.43%

Bonds – 0.00%

Assets by Capitalization

Small Cap (under $1 bil.) – 44.15%

Mid Cap ($1-10 bil.) – 37.33%

Large Cap ($10 bil. up) – 18.52%

Sprott Physical Gold Trust (PHY.U-TSX), in Toronto, Ontario, Canada is a fund that gives investors direct ownership of gold which is held in the vaults at the Royal Canadian Mint. If you invest in their shares, when redeemed you can take possession of the bullion. The minimum investment is CDN $1,000, and the minimum investment term is 60 days. Visit their web site for more information at www.sprott.com or call (416) 943-6767; Toll-free from North America (888) 362-7172. Also, check out *Sprott Physical Silver Trust* (PHS.U-TSX).

Gold Futures and Options

A future is a contract to buy or sell a specific amount of a currency, commodity or a financial instrument at a predetermined price on a set date in the future. The future obligates the buyer to buy the commodity and the seller to sell it on that date at that price or sell the contract beforehand for a profit or loss. On the other hand, an option is for a currency, commodity or a financial instrument and gives the investor the option to exercise the right to buy or not buy the underlying commodity. The cost of a future or option is a fraction of the price of the amount of the commodity to be acquired and gives the investors the right to exercise it or pass on it. They are traded on commodity exchanges domestically and in foreign markets. One suggestion has been to buy “out of the money call options” on the SPDR Gold Trust (GLD). They can be used as long-odds bets on the GLD booming. They are a straight forward product and available through your broker.

The Gold Corporation operates the Perth Mint in Western Australia and offers The *Perth Mint Gold Quoted Product* (PMG), which enables you to invest in gold on the Australian Stock Exchange (ASX). The PMG is a call warrant that permits you to acquire one hundredth of a troy ounce of fine gold on or before the Expiry Date of December 31, 2013 and the price is based on the market value of the gold backing it at the time of purchase. The warrant may be exercised anytime before that date. This company has statutory authority from Western Australia which is a stable government and one of Australia's wealthiest States. Standard and Poor's gives their domestic debt a AAA rating. The PMG is traded on the ASX under the code ZAUWBA. The liabilities of the Gold Corporation, including its obligations under the PMG Terms and Conditions, are guaranteed under section 22 of the Gold Corporation Act 1987, an Act of the Western Australian Parliament. Visit the Perth Mint at www.perthmint.com for more information.

For more information on the gold industry, visit the World Gold Council in London at www.gold.org.

Silver Stocks

Silver has tremendous potential and has recently been rising in value at a faster rate than gold. The global inventory of this precious metal is depleted and the demand is high for its commercial applications as well as for investment purposes, to diversify precious metals holdings and hedge against currency depreciation. The price to replenish the inventories will be much higher at today's costs in order to extract the metal from the earth and for the time it will take to accomplish that. There is an association of silver producers who have been working hard for years through their publicity efforts to keep the price of silver down for the benefit of commercial users of the metal. Therefore, just as with gold stocks, when silver rises, silver stocks of well managed silver mining companies have an excellent chance of rising too, and likely, disproportionately higher, and faster. A conservative example might be 3-5 to 1 or if silver bullion doubled in price, a good silver stock might jump three times in price, maybe more, in anticipation of future silver prices rising. The gold market is small but the silver market is even smaller. For fun, check out the stock charts and data on Silver Wheaton (SLW.TO) and see how their stock faired during 2010. Visit www.silverwheaton.com.

Gold-Silver Ratio

There is a gold-silver ratio that fluctuates over time and when it becomes disproportionate, one or the other of the metals is undervalued in relation to the other. An examination of the prices of these metals relative to each other will reveal the gold-silver ratio and give you an idea which may be the better buy for your money at that time. When the ratio swings far enough it may be time to sell one of the metals and buy the other. You can develop your own chart by simply getting historic prices of the two metals over past decades and studying the trend. Note that there is seventeen times the amount of silver in the earth than there is gold, which is a 17-1 ratio in favor of silver, a barometer of sorts—but the ratio any given day will likely be more or less. Presently, silver appears to be the bargain metal, but I don't believe it will be so for long. By playing the gold-silver ratio, at the time you trade your silver after it has risen and tipped the ratio in favor of selling it for gold, you'll have gained free gold on what you could only have purchased at the time of buying your silver.

Silver Bullion

Silver bullion can be purchased domestically or internationally the same as gold. Bullion includes bars and coins in different weights and sizes, which is the most economical way to invest in the physical metal. The coins will have a slight premium attached to them. Collectible silver coins, because they are old and also have a numismatic value prescribed to them, have a much higher premium. Although valuable, and certainly collectible, for the sake of investing in silver for its potential alone, avoid old collectibles and instead stick with silver bullion bars and coins which are the best value. For example, silver rounds would work for this purpose. Future numismatic values can be arbitrary, and of course, are based on a limited supply of old coins. Prices for a truly valuable collectible coin could also turn out to be very high, making it more difficult to liquidate it, and it would certainly be worth more than its metal content. Silver bullion and coins are available in local coin shops or major dealers across the United States and Canada. A complete listing is included in this chapter of dealers for gold, silver, platinum and palladium. Visit their web sites to familiarize yourself with their offerings and prices. A reputable dealer who specializes in silver more than the other metals is Investment Rarities, Inc., in Minneapolis, Minnesota. They have informative data on silver available free. Visit their web site at www.investmentrarities.com or call toll-free (800) 328-1860.

Silver is a very promising investment and today, it actually has the potential to out-perform gold. Investment in physical silver, silver mining companies and silver funds offer a lot of opportunity and an excellent hedge against economic and financial uncertainty. In fact, a certain amount of old silver coins is wise to keep for use as currency in an emergency and in the case of actual financial chaos. Old Barber coins work perfectly. For example, pre-1965 silver coins have a 90 percent silver content.

During rough times, in the event of bank closures or the dollar becoming unacceptable due to being nearly worthless, these coins would be readily acceptable and worth much more than their face value, i.e. 10 cents, 25 cents, 50 cents, etc. In fact, these coins would be worth a minimum of 90 percent of spot silver on the day you intend to spend them. They can be purchased today and are best stored at home in a safe place principally to be used as legal tender in the future. Spending old silver coins and cashing them in would be a lot easier than a one-ounce gold coin when the price of the metal goes through the roof. If gold went up ten times at today's ball park figure of $1,400 an ounce, you'd be looking at a gold coin worth of $14,000. Now, in hard times, that's going to really be a lot, and quite difficult to liquidate quickly just to secure a little grocery store spending money. But, of course, you'll have your garden by then. Once again, a visit to Investment Rarities will be worth the time.

Note: There's some risk of keeping precious metals at home due to potential theft, but you definitely do not want to keep them in a safe deposit box at your bank in case of bank failure or government confiscation. These coins could turn out to be the most valuable asset you have or at least that you can quickly get your hands on. You never want to advertise to anyone that you have precious metals kept at home. With a little imagination, there are clever ways to conceal them—and at the same time, keep a low-key profile.

Silver and other Precious Metals Mining Stocks

Here are some silver mining companies worth looking at:

Apex (SIL-AMEX)

Coeur D'Alene Mines (CDE-NYSE)

ECU Silver (ECU.V-CDNX)

Endeavour Silver (EDR.V-CDRNX)

Gammon Lake (GRS-AMEX)

Hecla (HL-NYSE)

IMA Exploration (IMR-AMEX)

Pan American Silver (PAAS-NASDAQNM)

Silvercorp Metals (SVM.TO)

Silver Standard (SSRI-NASDAQNM)

Silver Wheaton (SLW.TO)

Sterling (SLG.V-CNDX)

Western Silver (WTZ)

In Gold and Silver

Bema (BGO-AMEX)

Golden Star (GSS-AMEX)

Miramar (MNG-AMEX)

In Copper, Gold, Silver and Zinc

NovaGold (NG-AMEX)

In Silver and Copper

Phelps Dodge (PD)

In gold and copper:

Northern Dynasty (NAK-AMEX)

In Uranium

Camico (CCO-TO)

Cameco Corp. (CCJ-NYSE)

Cogema, a division of Areva (ARVCF.PK-OTC)

Denison Mines (DEN-TO)

Energy Resources of Australia (EGRAF.PK-OTC)

Western Mining Corp. (WMP)

Junior Uranium Stocks—in Exploration, Not in Production—Yet

UEX Resources (UEX.T)

Laramide Resources (LAM.TSXV)

JNR Resources (JNN.TSXV)

Uranium One, Inc. (UUU.TSX)

Northern Continental Resources (NCR.TSXV)

In Copper

Ivanhoe Mines (IVN-NYSE)

Here's a silver fund worth looking into: *iShares Silver Trust* (SLV).

PERTH MINT PRECIOUS METALS CERTIFICATES

Perth Mint Certificates is a program offered by the Perth Mint in Western Australia which was mentioned earlier under Gold Futures and Options. The mint has been in existence since 1899 and the certificate program allows you to invest in precious metals, bars or coins, without the risk of storing the metal at home, and, best of all, it's outside of your own country. The certificate gives you title to the underlying precious metal that is safely stored in the vault at the mint and it can be held either as segregated (allocated) or unsegregated (unallocated) metal. There is a small storage fee if segregated, which means that your precious metals are identified and held apart from the mint's inventory. If the mint went out of business, which is only a very remote possibility, the segregated metals would not be part of any liquidation proceedings to meet outstanding liabilities and obligations of the mint. Your segregated metals are specifically your property. The numbered certificate is in your name or it could be held by your offshore corporation, trust or foundation for greater asset protection and estate planning purposes. The certificate is non-negotiable so it's not required to be declared to customs agents when travelling. This is the only government guaranteed program of its kind in the world. The minimum account opening is US $10,000 and minimum subsequent purchases or sales is US $5,000. The certificates may be purchased through their Approved Dealer Network which can be found on their web site at www.perthmint.com after going to the link "Certificate Programs." Several of their approved dealers are also listed in resource section of this book, Chapter 11. The Perth Mint has dealers in the U.S., Canada, U.K., Switzerland, Panama, Australia and New Zealand. Physical delivery anywhere in the world can be arranged and there are no restrictions on the movement of precious metals in or out of Western Australia.

PHYSICAL PRECIOUS METALS STORAGE

The Perth Mint is an excellent option for acquiring and holding physical precious metals. There are other alternatives including private vaults in stable foreign countries. You definitely do not want to keep precious metals in a bank safe deposit box, especially in the United States or Europe, with the exception of maybe in very reputable banks in Switzerland or Canada, but a non-bank would offer more privacy. Below are companies offering various services worth considering, including facilitating buying and selling.

Anonymous and Non-Anonymous Private Safe Deposit Boxes in Austria

Das Safe

Vienna, Austria

Telephone 43 1 406 6174

Fax 43 1 408 4976

Web site: www.dassafe.com

E-mail: safe@via.net

Switzerland-Based Precious Metals Program

Global Gold AG

Engelberg, Switzerland

Web site: www.globalgold.com

Perth Mint Certificates Approved U.S. Dealer

Asset Strategies International (ASI)

Rockville, MD U.S.A.

Toll-free (800) 831-0007

Fax (301) 881-1936

Web site: www.assetstrategies.com

E-mail: assetsi@assetstrategies.com

Gold Stored with a Private Swiss Bank

MySwissGold.com

NMG International Financial Services

Goethestrasse 27

Zurich, Switzerland

Fax 011 41 44 266 2149

www.myswissgold.com

E-mail: info@myswissgold.com

Online Precious Metals Trading

Gold Money

British Channel Island, U.K.

Telephone 011 44 1534 633-933

Fax 011 44 1534 633-901

Web site: www.goldmoney.com

You can buy and sell gold and silver from anywhere conveniently online through Gold Money. Precious metals are fully insured and stored in bullion vaults in Zurich, London and Hong Kong.

Gold Exchange for Buying ad Selling Gold and Storage Facilities in New York, London, and Zurich

Bullion Vault.com

Telephone from North America (888) 90-VAULT

U.K. only telephone 011 44 0 208 6000 130

Web site: www.bullionvault.com

Storage and Transportation of Valuables Worldwide

Via Mat International

Kloten, Switzerland

Telephone 011 41 44 804 9292

Fax 011 41 44 804 9293

Web site: www.viamat.com/vmi

JEWELRY

Jewelry can serve a purpose, too, as portable wealth. When gold was banned years ago, they didn't include gold jewelry in the ban, so it was one way to continue owning gold. It's also wearable—as in, around your neck and straight out of your country. There are some manufacturers today that have had this thought in mind when they developed their jewelry collections. Naturally, there will be a premium over and above the gold content since pieces include craftsmanship and artistry, and they may also be made of other precious metals or precious stones too. Of course, you can always design your own, and use your own local jeweler to assist—likely at a good savings.

The following are good sources of gold and jewelry.

Kitco Metals

Jewelry Section

Montreal, Quebec, Canada and Rouses Point, NY

Toll-free (877) 775-4826

Direct (514) 876-4202

Fax (514) 875-6484

Web site: www.kitco.com

World Gold Council

Web site: www.gold.org

Precious Metals Dealers – Bullion and Coins

Blanchard & Co.

New Orleans, LA.

Largest Retailer of Physical Metal in the U.S.

Free information on web site

Toll-free (866) 827-4314

www.blanchardonline.com

Kitco Metals, Inc.

Rouses Point, NY

Toll-free (866) 925-4826

Montreal, Quebec, Canada

Telephone (514) 875-4820

www.kitco.com

Asset Strategies International Inc.

Rockville, MD

Free Alert Service – go to web site

Toll-free (800) 831-0007

www.assetstrategies.com

Investment Rarities, Inc.

Minneapolis, MN

Free information on web site

Toll-free (800) 328-1860

www.investmentrarities.com

Euro Pacific Precious Metals LLC

New York, NY

Free Gold Report

Toll-free (888) GOLD-160

www.europacmetals.com

U.S. Coins

A Subsidiary of Eastern Numismatics

Free Guide to Gold Coin Investing

Toll-free (800) 835-0008

www.uscoins.com

Rosland Capital

Santa Monica, CA

Free Gold Kit & Precious Metals Report

Toll-free (800) 461-1246

www.roslandcapital.com

Goldline

Santa Monica, CA

Free Investors Kit

Toll-free (877) 376-2646

www.goldline.com

Midas Resources

Eagan, MN

Free Book “10 Reasons to Own Gold”

Toll-free (800) 686-2237

www.midasresouces.com

Merit Financial

Santa Monica, CA

Free Investor Starter Kit

Toll-free (800) 652-6185

www.meritfinancial.com

Lear Capital

Los Angeles, CA

Free Gold Guide

Toll-free (800) 576-9355

www.learcapital.com

Monex Precious Metals

Newport Beach, CA

Free DVD Featuring Expert's Views on Gold

Free Gold Report

Toll-free (800) 444-8317

www.monex.com

Superior Gold Group

Carson City, NV

Free Portfolio Repair Kit

Toll-free (800) 465-3101

www.gold101.com

Wholesale Metals Direct, Inc.

Pacific Palisades, CA

Request Free Information

Toll-free (866) 925-6626

www.wholesaledirectmetals.com

American Precious Metals Exchange (APMEX)

Oklahoma City, OK

Free Market Alerts – Go to web site

Toll-free (800) 375-9006

www.apmex.com

The Perth Mint

Western Australia

www.perthmint.com

Important note: Pease refer to Chapter 9, with specific reference to taxpayer reporting requirements and new tax-related legislation regarding financial accounts and financial agency.

5

Why Switzerland is Still Important

I see in the future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of war, corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign until all wealth is concentrated in a few hands and the republic is destroyed.

—Abraham Lincoln, November 21, 1864

SWISS BANKING AND SWISS INVESTMENT MANAGEMENT

The Swiss are famous, as everyone knows, for their fine chocolates, cuckoo clocks, fairy-tale scenery, charming Alpine villages and their banks. Mostly, they have been known for their secret banking, ever since the Bank Secrecy Act was passed in 1934. Switzerland has had a lot to offer foreign investors in the form of sophisticated banking with a wide array of banking services, financial accounts, investment knowledge and personalized service. Switzerland's financial community has attracted approximately one-quarter to one-third of the world's private assets as a result of their banking and investment expertise. Today, their main focus is investment management of high net worth individuals from around the world, the crème de la crème of the banking world. Other countries are competing with Switzerland for the same business and have had some success, like Singapore, and by their doing so, it helps to keep capital within their own region, and certainly under their control.

Switzerland has been under attack for decades by the high tax countries and some international organizations who would like to break Swiss banks open like a child's piggy bank. These culprits include the United States, Germany, France, the OECD, the European Union and a few others that do not favor financial privacy, the cornerstone of personal sovereignty. What they do believe in is transparency for everyone—except perhaps themselves. And, they also support the concept of tax "fairness" for all, as if there is really any fairness in taxes. Over the decades, Switzerland has compromised some to outside pressures, but the benefits of Swiss banking have remained intact through time—that is, until very recently. I pointed out a few of the potential threats faced by the country in my Swiss book which was written in 2007. Since then, the great Union Bank of Switzerland (UBS) banking fiasco with its business problems in the U.S. hit the headlines. This mammoth-size bank found itself in a precarious position and was forced to cooperate with the U.S. or get out of the country. Well, unfortunately for their U.S. customers, they evidently found that "giving up" some of them up to the U.S. government, that is, the customers who held bank accounts in Switzerland, was a more palatable thought than giving up their U.S. operations that had grown significantly over the years and now supported 30,000 U.S. employees out of 80,000 worldwide. Their operations in the U.S. had obviously become very substantial and a few of their customers were about to find themselves as sacrifices. UBS agreed to this plan in theory, but have been slow to fully cooperate, as the Justice Department finds itself having to sue the bank to get the names of 55,000 American depositors who they suspect are cheating on their taxes, as if that were the only reason to have an offshore bank account. There are many legitimate purposes for banking in another country, and doing so—which is still perfectly legal—does not automatically implicate one of tax evasion. Anyone who can read graffiti should already be offshore. So far, the U.S. is still waiting for the names. They may be very disappointed if and when they get them.

Meanwhile, Switzerland, and particularly Swiss banking, has begun to have something of a public relations challenge. Many clients of UBS, not just Americans, were bailing on the bank, worried that they could be next. After all, it isn't just the American tax authorities who chase potential "tax cheats." But the UBS problem morphed into something bigger. Swiss bank secrecy has been compromised, and now you will find much stronger bank secrecy in Belize, Nevis, the Cook Islands, Panama and Hong Kong today than you will in Switzerland. The process of tearing down the walls of bank secrecy has stopped short of eliminating financial privacy altogether, so that privacy still exists for legitimate clients. Switzerland won't protect criminal proceeds, however, and since these developments of the past two years, Swiss banks have flatly been turning Americans and Canadians away, including asking them to take their business elsewhere, even when the client was *not* a problem, which most of them weren't. Now, having said all that, Swiss banking has had a fine reputation for decades and they are trying to maintain it against the tide of change and bad press. Big money from around the world is still enjoying the benefits of Swiss banking, although there is no guarantee that Swiss bank secrecy will be secret forever. And, if Switzerland ever does join the EU, which should seem unlikely, but which could be coming, bank secrecy will be finished—the cornerstone that allowed Switzerland to gain the reputation as "bankers to the world" will be gone forever.

One area in Switzerland today that is still open to North Americans is investment management, and if you have at least a cool million to put under Swiss asset management, there are still a few banks that would like to talk with you. Although, in Switzerland, a million dollars is not a lot of money, for that level, they will give you equal respect. After all, money is money. But, before you do that, look into the *many* benefits, of Swiss financial-related insurance products that offer the opportunity for deferring taxes, possibly avoiding some, excellent investment returns, maximum asset protection and financial and—still—top banking secrecy. Yes, that is what I said. The 140-year-old Swiss insurance industry is rock-solid, with only twenty companies, and no insurance company has ever failed. They offer a wide array of insurance products to fit all types of people and their requirements. Switzerland is the most stable nation in the world, and is politically neutral, having not been to war since the days of Napoleon Also, it is the world's oldest democracy with 700 years of history.

SWISS FINANCIAL-RELATED INSURANCE PRODUCTS

The Swiss Portfolio Bond

The Swiss portfolio bond, known as an insurance wrapper, is a variable endowment policy customized to the needs of the client that combines the best of everything this financial center has to offer. That includes Swiss banking and Swiss investment experience being employed to maximize your holdings and estate. There are other offshore jurisdictions that offer Swiss-type insurance products, but none are finer than those available in Switzerland and in Liechtenstein. The Swiss portfolio bond, like the other Swiss insurance products, provides the foreign policy holder maximum asset protection, including financial secrecy, not just due to the Bank Secrecy Act, but also due to the fact that the assets are technically held by the insurance company and you become a policy or bond holder. This insurance contract creates the ideal umbrella under which to safely hold assets, conduct Swiss banking and grow your investments without any interference or invasion of your privacy from your own government or anyone else.

Historically, your investments will outpace your domestic portfolio as the Swiss are shrewd investment managers. They are conservative in their approach with long-term capital appreciation and preservation in mind at all times. Being that most investments are denominated in Swiss francs, although another strong currency or currencies may also be employed, which have appreciated greatly against the U.S. dollar for decades, further helps the overall portfolio appreciate even more. When compounded over time, especially when taxes can be deferred, the dynamic is something of financial physics or as Benjamin Franklin said, “Money makes money, and the money that makes money, makes more money.” This Swiss portfolio bond is a very flexible structure and will also shield your holdings from the potential of future forced repatriation of your assets by your own government.

The Swiss portfolio bond establishes a legal relationship between the insurance company and the client by use of a contract called a policy or bond. The client decides the type of investments he or she is interested in, and the insurance investment managers will provide their expertise and advice to help maximize those decisions. Thereafter, the portfolio will be professionally managed, although you may direct investments including the purchase shares of stock, bonds, unit trusts, cash deposits, mutual funds, money market funds, etc. In addition, any investment where value can be established, as can be accomplished in a liquid market, i.e. where the security or asset can readily be traded on an exchange, it can also be incorporated into the portfolio. Other assets can be valued through an appraisal by a reputable, certified appraiser or certified public accountant. Real estate, art and stock in a closely-held company are a few examples. Your investment manager will likely suggest investment hedges in the event of possible changes in the economy or investment trends, such as investments that should protect you during inflation. Shares in different types of commodity funds, a basket of strong currencies, perhaps gold and silver bullion or shares in solid mining companies or other types of investments that will help balance your investment portfolio and protect it from the unexpected could likely be included in the mix. The insurance company will establish bank and brokerage accounts in Switzerland or Liechtenstein as needed to facilitate your financial transactions and investments and these are protected within the policy. Liechtenstein mirrors Switzerland in attractiveness and benefits and is often used in concert by Switzerland to the advantage of the client and to further enhance asset protection or product options depending on the circumstances.

The Swiss portfolio bond can also hold a separate life insurance policy and provides the ability to separate distributions from the person's estate and directly designate a beneficiary, thereby circumventing domestic probate. Whew! Within a few days of proof of death—therefore the insured must be a natural person—the insurance company will quickly disperse the portfolio holdings to the named beneficiaries. Typically, family members are beneficiaries, but beneficiaries are not limited to family, and can be any individual named by the insured. Another nice feature is the ability to name a legal entity or entities as beneficiaries, such as a corporation, trust, pension fund, foundation, establishment or charity. This would be an excellent way for beneficiaries to keep their proceeds offshore and not have to bring them home. The beneficiary would be in control of the legal entity named as beneficiary. The legal entity beneficiary could have financial accounts established in advance and ready for funding too, so that there is no delay in receiving proceeds when the time comes.

The Swiss portfolio bond incorporates the best of everything the Swiss financial community has to offer and it's rolled up in one nice neat package. The most significant drawback may be the initial investment requirement which will likely be a minimum in the range of US $1,000,000. Once the first premium is made you are ready to begin building your fortune. Additional infusions of capital and assets may be made at any time during the term of the policy and in specified increments based on the contract. The good news is, if the initial investment requirement in a portfolio bond is too steep, many of the same benefits can be achieved with a Swiss annuity and certain insurance companies today will start you out with an initial investment of only US $50,000—so let's have a look.

The Swiss Annuity

The Swiss annuity is truly one of the best estate planning structures available anywhere in the world, and with a modest $50,000 initial investment, your future, and that of your family will be much more secure. The annuity will allow you to begin building your investments over time, through appreciation of the underlying investments and the appreciation of the currency in which they are denominated, and typically, the Swiss franc has served best for this purpose for decades.

In the past 25 years, the franc has appreciated against most currencies, and in that period, it has experienced an appreciation of 212 percent against the U.S. dollar or basically a five percent annual compounded rate of growth. Although the franc is no longer backed by gold, their conservative monetary policy and fiscal practices have contributed to keeping inflation close to only one percent annually. This, combined with the appreciation of the investments themselves, creates higher profits than would normally be attained domestically. There's a quantum leap effect too, when the profits can be tax deferred, and as these dynamics are in play and are permitted to build for the longer term, the outcome is that your nest-egg or your retirement funds will have increased quantitatively. Albert Einstein's quote, "The greatest principle in the universe is the power of compound interest." That theory holds true here.

The annuity anticipates longevity, and coupled with a life insurance policy that covers you and your heirs in the event of unexpected or sudden death, it's a double whammy of protection. Your estate is well insulated in any event, and so is your family or other beneficiaries. And, it can create income for you along the way as needed over the duration of time. The strong asset protection that this instrument provides by its design ensures that your assets will not only be there when you need them, but will have grown to make you richer. And, all of this will be safely tucked away in Switzerland and out of anyone's reach.

The Swiss annuity is a flexible estate planning tool, allowing for other changes in the policy if required, besides the term of the policy, including beneficiary clauses, currency denominations as previously discussed, and payment instructions. The policy owner has the right to designate a revocable or irrevocable beneficiary. The revocable beneficiary may be changed at the discretion of the policy owner, and in the case of the irrevocable beneficiary, the policy owner cannot arbitrarily make such change without the consent of the beneficiary.

The best type of annuity should be determined by consulting with a Swiss insurance broker who can impart his knowledge of the business, the products that are available and what you can expect. Different financial related products are available from the insurance companies and your broker can explain the options and their advantages.

The annuity can either be *single* for an individual or *joint* for a couple. All annuities are divided into two types, the *immediate* or *fixed* annuity starts as soon as it has been created, or up to anytime in the first year, and begins paying you a guaranteed income on a schedule to meet your needs. This timeframe could be over your lifetime or for a specific number of years. It may also be based on someone else's lifetime. Based on the amount of your purchase, the insurance company will compute the amount you will receive over that period. The annuity is an investment that provides for an established series of payments in the future.

The *deferred, flexible* or *variable* annuity provides for guaranteed payments of income starting later, but at anytime that the investor decides that he needs them, and the amounts can be in installments or in a single sum. The advantage of the variable annuity over the fixed annuity is the time that is available to invest, and to build up savings, compounding the earnings, tax-deferred, until the plan is converted into the income phase when annuity payments are received.

The *variable* annuity will be issued for a given pre-determined period or term, also known as the accumulation period or deferment period. This duration period or term of the policy can be lengthened or shortened at anytime time during the life of the policy to insure that your investment matures when you need the funds or the income. Your principal, which may be a combination of cash and/or investments will earn interest and dividends until you begin drawing down income from it (annuitizing), also known as the income payment period, if that's what you choose, or allowing it to build until such time as you decide to redeem the entire accumulation. In the case of income payments, the balance of the annuity continues to collect interest and dividends that gets paid out with your life income. Payments are sent to you by check or wire transferred to anywhere in the world where you may need them, and on either a quarterly, semi-annual or annual schedule. You may also borrow up to 80 percent of the value of the policy.

The *fixed* annuity clearly defines the return on investment and the insurance company guarantees the principal. However, the variable annuity is more likely the preferred choice as these are tax advantaged. The value of the annuity is entirely based on the investments it holds, which can be selected by the policyholder or managed by the insurance company or your own asset and investment manager. Some Swiss investment counselors are also insurance brokers and are highly qualified to manage investment portfolios. The portfolio typically contains stocks, bonds, fund shares, precious metals and a basket of currencies as previously discussed. As we have learned, the currency basket is a liquid hedge of stable value and appreciation. Naturally, gold and silver serve this purpose well, and provide an opportunity for fantastic future profits.

A *fixed* annuity can earn a guaranteed interest of 1.75 percent to 3 percent on the total capital plus profit-sharing dividends. These rates will fluctuate at different times and they will be impacted by Swiss interest rates and the overall investment performance of the insurer. The dividends are not guaranteed for the future as they are adjusted for annual market interest rates. The return which you can expect from an annuity is about the same as Swiss government bonds. The annuity earns competitive market rates as the interest earnings are enhanced by profit-sharing dividends annually. Swiss francs have averaged a dividend rate payout of 1-1.5 percent or an overall gross yield of 4-4.5 percent. Your choice of currencies and their performance, if appreciating, will increase your total returns. Exchange rates may impact the choice of currency more than interest rates through inflation, fiscal balances, current account balances, economic growth and savings rates. This investment return may seem modest, but after all factors are attributed to the mix, a 4 percent Swiss net return may be more profitable than 8 percent elsewhere, especially after calculating in all the associated fees, such as commissions, management fees, withholding taxes and income taxes. And, of course, your retirement funds will be much more secure in Switzerland.

In the case of *fixed* annuities, insurance companies are required to maintain a *security fund* to not only match their obligations but provide a safety margin that guarantees they cannot become insolvent, and this fund is segregated so that in the event of bankruptcy the insured's assets are protected. On the other hand, a *variable* policy is protected by the financial strength of the insurer and this varies between companies, however, in Switzerland they are very stable and financially strong. Many factors play into a company's capacities to meet their obligations. Your Swiss insurance broker knows the insurance companies and their products and can share with you their different strengths.

Today, it is perfectly legal for U.S. or Canadian citizens to have a Swiss annuity. There is always the possibility that this could change but there is nothing foreseeable at this time.

Actually, Americans have had favorable treatment from their government over the purchase of Swiss financial-related insurance products for many years. So far this has not changed and an important reason why you should seriously consider your estate planning options while you still have them.

The Swiss annuity can also be placed in an offshore trust, like an asset protection trust, and gain another layer of asset protection. The trust can be the policyholder and/or the beneficiary. The annuity can be for any length of time. Typically, they are for periods of five or ten years and they are renewable, but longer periods of up to fifty years can be arranged. The duration may also be changed during the course of the policy.

Your counselor will advise you on the best way to make your annuity payments. They may offer to establish a "Premium Deposit Account", which is similar to a bank account, but its principal purpose is to provide a facility for making deposits until the insurance premiums become due. The account is denominated in Swiss francs, and it is interest-bearing and *not* subject to U.S. reporting requirements. Naturally, it provides a high degree of confidentiality under the Swiss secrecy act, even today. The deposits are considered "premium deposits," and you may deposit as much money as you like. Your policy number is used as reference instead of a bank account number. Interest payments received from the account are tax-free. The insurance company will issue an annual statement. Your insurance premiums will be automatically deducted from the account.

U.S. taxpayers were not required to report Swiss annuities to the IRS or U.S. Treasury until changes went into effect in 2009, and henceforth. The IRS requires that a 1 percent excise tax or 1 percent of the premium be paid to the government when you buy a foreign annuity, with the exception of Switzerland, thanks to a U.S.-Swiss tax treaty that waives this tax. Non-Swiss residents never pay Swiss taxes so that their earnings are tax-free and they avoid the usual 35 percent Swiss withholding tax. No U.S. tax is due and payable during the life of a *variable* annuity or life insurance policy. Only when the income payment period begins or when the policy is liquidated are U.S. taxes potentially due. This makes the variable annuity highly attractive to U.S. tax payers. Two additional conditions are required to qualify for the variable annuity: 1) the investments must be self-directed. The owner or his or her advisor can choose categories of investments but not specific investments; 2) the variable annuity must be adequately diversified as defined by the U.S. tax code. This may require that the investment portfolio require re-balancing at least quarterly to comply with the “diversification rule” which follows:

1. No more than 55 percent of the value of the total assets of the account is represented by any one fund;
2. No more than 70 percent of the value of the total assets of the account is represented by any two funds;
3. No more than 80 percent of the value of the total assets of the account is represented by any three funds;
4. No more than 90 percent of the value of the total assets of the account is represented by any four funds.

Unfortunately, if the policy holder decides to make withdrawals in advance of turning 59 1/2 years old, the IRS could penalize you 10 percent in addition to earnings that are subject to tax.

However, in the case of holding a *fixed* policy, the IRS defines it as a debt instrument that promises to pay a fixed sum, so, as a U.S. taxpayer, the accrued income cannot be tax-deferred, and any profits from foreign currency appreciation are also taxable. Since the policy is not tax-deferred, you may make early withdrawals prior to turning 59 1/2 years old without paying the 10 percent penalty as in the case of the variable annuity.

A 1035 Tax-Free Exchange is an exchange of equal value for annuities and life insurance policies. Although a Swiss fixed annuity can be placed in a U.S. tax-sheltered pension, including an Individual Retirement Account (IRA) or corporate plans, it would be wiser to roll over a U.S. annuity or life insurance policy into a Swiss annuity or Swiss life insurance policy. A U.S. annuity can be equally exchanged for a Swiss annuity and a U.S. life insurance policy can be exchanged for either a Swiss life insurance policy or a Swiss annuity; however, an annuity cannot be exchanged for a life policy. The insured party in the U.S. annuity or life insurance policy must be the same person as the new Swiss annuity or life policy. If there is an outstanding loan against the old policy, then this must be transferred to the new policy or pay taxes on it as income. The cost basis must be the same between the two policies otherwise, surplus funds will be taxed as earned income to the policyholder. Get a new Swiss annuity or life policy and replace that over exposed U.S. version now, while there's still time to improve your retirement and preserve your financial freedom. Then have your new policy physically held in Switzerland by a Swiss bank, trust company, attorney or other Swiss fiduciary for stronger asset protection. Obtain an "Absolute Assignment" form to make a 1035 tax-free exchange.

Following are some interesting comparisons between U.S. and Swiss annuities:

U.S. Fixed Annuities versus Swiss Fixed Annuities—U.S. fixed annuities *do not* offer (1) financial privacy; (2) asset protection; (3) diversification; (4) investment selection; (5) liquidity; (6) tax deferral; (7) choice of multi-currencies; (8) currency switch option, as do Swiss fixed annuities which provide all of these advantages.

U.S. Variable Annuities vis. Swiss Variable Annuities—Swiss variable annuities provide *all* of the following benefits: (1) asset protection; (2) financial privacy; (3) complete investment diversification; (4) hedge against depreciating U.S. dollar; (5) tax deferral; (6) flexibility; (7) investment choice; (8) liquidity; (9) choice of multi-currencies. U.S. variable annuities offer only (5), (6), (7), and (8), and none of the others, which are rather important benefits.

And the advantages of a Swiss annuity or portfolio bond far exceed the benefits available through Swiss banking today, that is, if you can find a bank that'll do business with you. And, in the case of the exception, that is, if you desire to have a bank manage an investment portfolio in excess of $1 million, you would by far gain more advantages with a Swiss or Liechtenstein portfolio bond, like that of the Swiss annuity, than the advantages you'll get from a Swiss bank.

Special Note: As a side bar, but worth pondering, there's also an effective means using an Asset Protection Trust (APT) to take a U.S. retirement account, like an IRA, offshore. If you can't liquidate it without severe penalties, the next best move would be to take it offshore, and in this way, you could never be forced to repatriate the proceeds against your desire. There's talk of the U.S. government wanting to nationalize U.S. IRAs and 401ks.That's a frightening thought, but possible. It's best to get your investments completely out of the reach of the U.S. government before you can't.

The following are some of the types of annuities and life insurance policies which you can discuss with your Swiss investment counselor. They include: immediate annuity, deferred annuity, pure endowment, portfolio bond, endowment protection, whole life protection, level term protection and decreasing term protection.

Swiss Life Insurance

Life insurance in Switzerland is different than what we are generally familiar with in North America. A good place to start is learning that the Swiss insurance industry is very strong, and the companies are very liquid and conservative, and are highly regulated by the Swiss government. There are only twenty Swiss insurance companies, and in their entire history, none have failed. Their product also has the uniqueness of being more than just insurance coverage in the event of death, but it's a combination of life insurance and an investment portfolio. The insurance policy covers your beneficiaries in the event of early death, whereas the annuity anticipates longevity. What if you lived many years beyond what would normally be expected? You could run out of money. The annuity is the answer to this concern. Like the annuity, the life insurance should also be incorporated into your personal financial planning.

The investment component of the life insurance policy is known as the endowment policy which, as with the annuity or bond, can be *fixed* term or for a *variable* period. The life policy can be customized like a portfolio bond, but typically investments would include publicly-traded stocks and bonds. As with all investments these days, it's important that investments are denominated in a strong, stable currency, preferably one that will appreciate over the long term as has the Swiss franc, or maybe hold investments that are actually invested in such currencies, i.e. currency funds, or other strong hedge against inflation and financial crisis, maybe precious metals mining company stocks or their bonds or precious metal funds. A smart idea is to incorporate a "currency-switch" or "multi-currency" option into the policy in the event the investment-denominated currency is continuing to trend downward so that the insurance company will re-denominate the investments in another stronger currency or currencies that show longer term stability and appreciation. Who knows, by then it may just be the gold-backed "Bancor."

Swiss insurance is very attractive for many reasons as discussed. The proceeds are also not taxed on receipt of the death benefit at the time the policy holder dies, which successfully circumvents “generation-skipping” estate taxes that can be substantial and are likely to continue getting higher in the future. And if cash is needed at some point in the life of the policy, any Swiss bank will loan you almost the full value of the policy, which will be held as collateral, including any accumulated interest and dividends, tax-free, with no requirement to service the loan.

As with other financial-related insurance products, excellent asset protection is afforded in Switzerland as their legislation protects the death benefit and underlying investments, making it exceedingly challenging, and costly, for the estate to be contested. In Switzerland, the Secrecy Act insures maximum privacy in today’s world of transparency. Remember that a variable policy offers tax-deferred income and profits are allowed to accumulate. Your investments and earnings will compound and grow at a faster rate. There are no Swiss taxes to impact your investment either. Your Swiss investment counselor can give you more information. Life insurance and annual maintenance fees to administer are reasonable.

Swiss insurance companies do not directly work with clients and all Swiss insurance business is handled through licensed Swiss brokers. Here is a reputable Swiss insurance broker that I personally recommend. Mr. Gantenbein and his associates are qualified Swiss insurance professionals in the highest tradition and they will gladly answer your questions and assist you with tailoring the best financially-related insurance product to your individual requirements. Both Swiss and Liechtenstein insurance companies offer a variety of financial-related insurance products for consideration. Several other Swiss insurance brokers are listed in the resource section of this book.

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6

International Real Estate

Liberty still has a continent to live in.

—Horace Walpole, Letter, February 17, 1779

Your planned move overseas is the potentially last fulfillment of your overall plan—as well as being exciting—and there are things you can do in advance of the move, in addition to getting your finances offshore well in advance of this last step. The following should be considered and accounted for during your advance preparations at home and your conclusions will have a large bearing on where you'll ultimately want to live. Here are the areas you'll need to think about, and they're not necessarily in order, as their priority will depend on you and your likings and goals. But your decision on where to live will determine where you want to buy, build or rent property. Consider the following factors carefully. You will likely want to do further research on your final choices. Of course, it's ideal if you were to visit your new-found country to get a first hand impression in advance of moving, and do a little local recon work—in person. Maybe speak to a few expats already living there and get their impressions. You may want to hook up with a realtor as well, and check out the available properties and options. It might be a good time to find an English-speaking attorney in case needed prior to your final move. The more you can learn and do before leaving your home country, the smoother your transition will be to your new life. The following will give you some things to ponder at three o'clock in the morning: Culture; Entertainment and Recreation; Cost of Living; Cost and Type of Property; Economy; Taxation; Political Stability; Transportation; Health Care; Climate; Language; Education; Safety; Special Benefits; Infrastructure.

DECIDING WHERE TO BUY FOREIGN PROPERTY—IMPORTANT FACTORS INFLUENCING YOUR DECISION

There may be a strong reason for wanting to enjoy a specific country. The differences among countries can be immense and if you make the wrong choice, one that really isn't suited to your personality, lifestyle, culture shock could ruin all your fun. Are you really prepared to dive into a new, very different experience, where the language or the specific cultural aspects could be the biggest barriers to feeling settled in your new country? Being an adventurous person might help or at least having a willing attitude and a spirit of adventure can overcome nearly anything in an otherwise decent environment. Some countries would be easier to settle down in, but this is entirely based on your own comfort level and tastes. Know yourself well enough to know what you wish for and what you can and won't tolerate.

Many North American expats move to foreign expat communities. These are not necessarily gated communities, but perhaps small towns or enclaves within a city where expats like to live among other expats. Sometimes these are expats who come from all over the world and have diverse backgrounds and speak different languages including a language other than what's spoken locally. There are areas too where Americans and Canadians and other English-speaking expats prefer to congregate due to their common language and generally similar cultural backgrounds. This affords the expat the opportunity to not feel quite so disconnected from home and permits a buffer of space and time to acclimate oneself to the new foreign environment, allowing one to take more time to adjust to the changes. There are also gated developments of expats who have a strong sense of local community within the foreign country, and for some, a greater sense of security. Being around some expats—and not just the locals—will give you an opportunity to learn the ropes and the lay of the land faster. And while you're familiarizing yourself with local customs, you can get some language lessons in from a local instructor, if you're not already speaking the language. If you can get down at least 500 to 2000 words, and some important phrases using these words, you will be surprised how far this will get you! You will get along just fine until you choose to learn more and maybe even become fluent in your new language. And your new foreign neighbors will appreciate your effort—especially when your attitude is good. For many people, the cultural experience may be the main reason for their departure from their own country.

If you like the night life, you won't want to be living in a rural community in southern Ecuador, but you could be at home in Punta del Estes, Uruguay, the Miami Beach of South America. Of course, your choice will drastically impact your cost of living. But there are other forms of entertainment everywhere, just that in some places it could be limited, or on other hand, unlimited, as in London or Paris. While on your vacationing in your soon-to-be-new-country, think about what you might like to be doing there. Are there movie theaters, is there opera, are there fine dining establishments, is shopping convenient, can you easily get the groceries you need, are cabs readily accessible, is there sightseeing nearby, where can I take a hike, where do I get office supplies, is there a good Irish pub nearby, where do I buy clothes and will I like the kind of clothes available locally, where's the nearest pharmacy and the local hospital, where's the nearest liquor store, will I run out of my favorite essentials before I can get to the nearest store? These are things to consider. While at home, build a list of all the places you want to check out or learn more about on your first visit. Then go scout them out in person to discover the logistics of your surroundings and future living environment.

While enjoying visiting your new expat haven, collect people's names and phone numbers. I always have the cell phone numbers of a few local cabbies in my own phone, or my pocket, because, as I've learned, I can find myself in some interesting spots at odd hours, and in many places, you can't find a cab on just any corner. I'll introduce myself to the driver as soon as I'm in the car and leave a fat tip when I get to my destination so that I'm remembered. I'll then get his phone number, and let him know that while in town, I may call him to pick me up, and once again, give him my name. Cabbies can also be a good source of local information, as are bartenders and others. In some cities, you need to be on alert for cabbies who may drop you in a bad place where you could get hit up as soon as you're on the sidewalk, as in Buenos Aires.

But once you've established that your driver's okay, he may come in very handy, especially in a pinch. Ask for his card, or name and telephone number. This way, throughout your trip you have someone to call on for a trusted ride and as a source of information. Keep numbers of other expats you meet, local merchants, new friends, language teachers, bartenders, attorneys and accountants; you never know when you might need to ask an informed person a question or engage their services. And people will be typically quite happy to help—especially if they know you are appreciative. I always return with a fist full of contacts, thus, the next time I'm in town, I have a leg up.

Your cost of living at home may be the main reason you've decided to live overseas. In many countries, you can live much more cheaply than in the United States or Canada. There are still expensive places so you'll want to learn what your monthly cost of living might average based on your intended lifestyle and where you plan to live. A guaranteed income of some kind, a pension or 401(k), a Swiss annuity or some other fixed source of income can make it simple to determine how much you can afford and give you peace of mind that you'll have the income needed for your living costs. For example, the cost of living will not only vary by country, but also by what type of property you own or are planning to rent. Are you building a 5,000 square foot home or are you looking to buy a condo? Maybe you would rather rent a house, a small farm or an apartment in the colonial section of a city instead. Maybe you want a beachfront unit. Obviously, the type of property, size and location are going to have a direct impact on the maintenance costs. For instance, renting a modest apartment with all the other costs of living in Paris could easily cost you several thousand dollars a month, but a rented apartment with the same monthly expenditures is substantially less expensive in a world-class ocean front city like Montevideo, per month. You likely would spend less than half of what it would cost you in Paris, and if you were frugal, maybe a third. Money goes a lot further in some countries.

Here are types of expenses you should anticipate and budget for each month: rent or mortgage; property taxes; electricity; gas; homeowner's maintenance fees; household food; dining out/entertainment; domestic help; transportation; cable TV; satellite; telephone and internet. Of course, you know there will always be something else, such as ink cartridges and paper for the printer, cat food for your feline family member, and other specific costs. And, if you are not getting free local health care, but you do want health coverage, a good international health care policy could run a few hundred a month. It's best to get a quote and take out a policy as soon as possible and prior to departing. More on health care in the next chapter. The mortgage payment on your own home could be much less than renting, although that depends on the existing financing, how much you put down and some other factors, but you will have certain additional expenses including repairs, maintenance and homeowner's insurance, just like back home. Some people use their investment money and buy several homes in different countries that they want to experience, and then while they're away they rent them out to offset their upkeep. And still others keep their domestic home to come back to or rent it out. If you want to sell your domestic home, but it's too difficult in today's market, you might consider renting it via a property manager to keep an eye on things and collect rent.

Your source of income while living overseas is important, as is having a good idea what your living costs are likely to run each month, so that you don't find yourself in the negative or running short of money. Many expats are not planning to work locally, and maybe couldn't even if they wanted to due to restrictions, so having a guaranteed source of income is good. Other possibilities include liquidating assets at home to build up your cash reserves and making some wise investments, and maybe getting a Swiss annuity or establishing an asset protection trust. Your investments could return to you what you need monthly to live on. Having your own business is another logical way to earn income while overseas. You might be able to take your existing business offshore or start a new one offshore which, depending on the type of business, can be operated from anywhere. An offshore e-commerce business could be the answer. Turn your knowledge and talents into a source of income. Your source of income and your personal financial resources will be a factor in deciding where and how you wish to live in the future.

Taxation is a consideration in your new country, and I believe a lot of thoughts on this subject have already been covered throughout this book—including that if your new home does not tax on foreign source income, and your business is located in yet another low-tax or no-tax haven, including e-business, you are perfectly set up to minimize your taxes. Chapter 9, Expat Haven, Tax and Incentives Guide, briefly covers taxes by country and gives an overview of their taxes and of what to expect.

The local economy is also something to consider, but as we all know, things can change quickly anywhere. Countries using stronger, more stable currencies, as mentioned earlier, will have a more stabilizing effect on the economy. And if you choose a country that has conservative fiscal practices, the better is the chance that their economy will continue along just fine. On the other hand, if the economy is your concern, you'll want to avoid any country that is freely spending money or inflating their economy, as Argentina has done in the past, and the United States, Japan and Britain are doing today. Some countries use the U.S. dollar, such as Ecuador, and this could be a problem in the future—although I think, eventually they will switch to another currency when the dollar declines far enough, perhaps creating their own currency. Or, it's possible that by then, South America may roll out a common currency to be used in multiple South American countries. In Europe, the EU countries are tied to the euro which is giving the former independent countries a problem as they cannot effectively, and independently of the EU, control their monetary situations themselves. Now, if the U.S. doesn't stabilize their economy, and it either slides back into a depression, or is inflated away through hyper-inflation, the dollar's demise would likely be imminent and the global financial system would find itself frail to say the least. At that point, it may not matter where you live, but if that scenario comes about, self-sufficiency would be necessary, if at all possible.

Economic stability often has a direct effect on political stability. If a country's economy is currently building into a nightmare, those in power are likely to be thrown out as soon as the people get fed up enough. Of course, then there are those forms of government that I feel have a more stabilizing effect anyway—that encourage productivity and growth through capital and markets and not at gun-point. A robust economy sounds good, and that is certainly something to strive for, but the question remains—how did it get there? Did they increase their money supply two years ago by forty-five percent but still haven't taken their finger off the printing-press button? If that's the case—or other similar, or worse, scenarios, then the economy may pop like a bubble in time, and undermine the economic and political stability.

Learn the climate of the country you plan to live in. The weather varies significantly around the world. If you like skiing, well, naturally you'll like the cold countryside and snow and St. Moritz in Switzerland may just be for you. However, if you're tired of Buffalo, New York, Truckee, California or Billings, Montana because they get a little too much of both, then sitting on the equator might stabilize the climate swings. Or, a nice white sandy beach where the temperatures are mild, and the water is fine—how does Bora Bora sound? There are also nice sandy white beaches in Latin America and exceptional investment properties. When you visit your potential new country visiting, notice what it's like, read what they say about the climate, and more importantly, ask people who live there every kind of question you may have.

Transportation is always important, but not necessarily necessary. If you can't live without a car or plan to see the countryside from one end to the other or are so remote that the only way to get somewhere is by driving, then you probably need a car. However, in many major cities it's easier to get around by cab or other public transportation. If you're not planning to go far, you may not need a car, in which case, you'll save money, and you will reduce your exposure to potential liability. If you live near the sources of things you need to live, you might try a bicycle or carpooling with other expats to go shopping. Big cities have plenty of transportation options, but it may be more difficult to get what you need if you are living in a small town or village somewhere and the nearest *real* town is miles away.

Education and schools can be important, especially if you have school-aged children who need an education. This will require some homework to determine that they will have access to the right schools through the years needed. If the local education is substandard, you may want to consider private schools. If education and schools are required for your family, living closer to a larger city would be more practical and would offer better educational options. You don't want to live too far from where the kids have to go to school. On the other hand, if you're really ambitious, you could consider home schooling. Thanks to the internet, there are a lot of resources online these days. I know a family in the U.S. with eleven kids that have all been home schooled and the family is still growing. Makes my head spin!

REAL ESTATE CONSIDERATIONS

If you are planning to live in foreign country, you have already given it some thought as to what type of living situation you would entertain, but you may still not know the local requirements, restrictions, or costs or professionals you might need to accomplish your goals. First, a property agent would be good to locate, and to determine that they are reputable and then consult with on the types of properties available in your area. You might still be debating as to whether to rent, buy or build your own home. This will give you an opportunity to see what's available in the area you are interested in, what types of apartments, condos, homes, farmland, etc. exist, and the cost of properties. A property agent, especially if a personal visit can be arranged, would be able to enlighten you on many questions you might have and should have, including local purchasing procedures and customs. Be prepared to get the answers you need to make an intelligent decision. If you are renting, you'll want to know exactly what it is that you are paying for, the terms and all costs. It is possible to lease properties, too. A landlord will generally want a security deposit, and pets may or may not be acceptable. In some cases, the rent will be required to be paid several months in advance, even if you are on a month-to-month basis or are leasing for six months, or a year or two. After the initial prepayment, the rent would then normally be due monthly on the due date. It's very likely that if you are in a generally non-English speaking country that the rental agreement will be in their language. This may pose a problem for you, even if your agent can speak English and explain the contents of the agreement. It would be wise to pay to have it translated or hire a local English-speaking attorney to review it, and if not translate it, at least itemize the important elements so that you know what you are signing and will be prepared to comply with it.

A lot of expats choose to buy land and build their own place, especially in areas where the selection of properties is limited or what's available for rent doesn't match their tastes. Land can be a good buy in many countries, but then you need to know what you are doing before you buy, so you'll know whether you can complete the project as planned. The first thing to find out is if you are able to buy property, if it's legal to own property in the country as a foreigner. Some countries restrict outsiders from owning real estate; however, it might be possible to incorporate a local company to use for purchasing the property. Your property agent should know, but in the case of building, you will also want to consult a local attorney on different matters and it would be prudent to consult a local architect. You might also want to learn if your investment will help you qualify toward permanent residency and maybe citizenship.

You will want to have the property surveyed and know exactly where the boundaries are, as these can be strangely described, especially when buying land in the sticks. It may be that planning permission is required, and knowing of any restrictions will be important to determining whether the land will fit your intended purpose. You won't want to find these details out after buying. You will want to look in to title insurance, and many large significant title insurance companies will insure the title to your property—but you will have to ask. You want to know too that there are no disputes over the ownership of the property and that all landscaping and improvement go with the purchase. Access to the property will be necessary and you will need legal access. Many rural properties have a water source, such as a stream, river, lake, underground spring, etc. and it's important to know whether you have legal right to use the water or does someone else. Also find out if anyone else has legal access to cross your property or can use it in anyway. Make certain that you, as the property owner, are able to enjoy full use of your property, and without interference by intruders or someone else with legal rights you may not be aware of. These are matters that must be determined in advance utilizing your local professionals. The extra cost will be worth it in the long run. Often, at least in the less expansive countries, professional fees can be very reasonable, perhaps just a few hundred dollars can do what you need. Ask for their fees in advance of retaining their services.

In some countries, not most, there is a complete lack of building restrictions or codes. Where there are building codes, they can be of a much lower standard and building materials are permitted that are far inferior to what we may be used to. No building codes might sound good on the surface, because of the freedom from restrictions on you. However, the downside to that is, likely there are a lot of places, and ones for sale or rent too, that do not meet building codes that North Americans are accustomed to, and which can save lives in the event of a catastrophe. You've seen the pictures of devastating after effects of an earthquake in Haiti, for example, and in foreign countries, disasters can be very bad for lack of higher standards and quality construction. But many are up to pace—witness the earthquake in Chile wherein the destruction was limited thanks to their stringent building code standards.

This is something to consider when buying or renting too, and also explains why you will want to have an architect when doing your own building who understands your concerns and expectations, and a builder who does, too. Factor in higher standards than what's normally done locally and you will have a home that's safer to live in for the extra cost, which may not be that much more, and you'll have a place that will be easier to market and more attractive when the time might come to sell, as the buyer will most likely be another expat. Chances are that the place you build would be more costly than what locals would typically spend, unless you're considering a major city or a first world country, and often their standards and wages are much lower. Many of the countries that expats choose are second- and third-world countries for their lower cost of living. Latin America is increasingly becoming more popular for expatriating. Only hire known, reputable professionals who can show you examples of their handy work. If you're planning to build within a development, check to see if the developer has a bank guarantee or insurance policy to cover in the event he goes out of business before the project is complete. In some countries, a bank guarantee or insurance policy over such a project is not always required by law. Whatever you do, don't venture into a project you haven't fully researched. Choose developments that already have the infrastructure in place. Know how much you're going to have to spend, and mostly importantly, how you're going to get out of it should it be necessary in the future.

Remember, building your own home is involved enough, and in a foreign country it can be even more challenging. And the costs are likely to run higher than estimated. The best insurance might be to oversee the project while building is in progress. You may want to rent nearby to make sure it's being done your way.

Before you buy land and build, determine what the market is for selling. If you are building within a gated development, you can get a pretty good idea quickly as to who's buying and living there and what type of home and style would be reasonable to build, keeping in mind who would be the ultimate type of buyer when you need to sell. As with building anywhere, you would need to know the restrictions. If there is a homeowner's association, you would also want to know their restrictions and attitudes before committing to a small community. A gated community, if planned right, could help to retain a higher standard and appearance, better security, and help the property value appreciate than if you built among the typical local residences where the standards and property values may be much less and could impact the value of your newly built home and its future demand when selling. That might also apply to enclaves or small towns where expats congregate as the overall interest in the community by expats and their property values are likely to hold better and appreciate from demand of future buyers.

Once you've decided where you want to build and the land you have to work with, you can determine the other costs associated with your building project. How much do you plan to invest in your new property? Are you prepared to tie up the funds for an indeterminate amount of time? Is your new property the majority of your investments or do you have other investments for cushion? Is your income sufficient to meet your monthly expenses? Do you have cash reserves, if needed? Feel comfortable with your answers and don't leave yourself short.

Here's a potential way to save money and hedge against currency shifts while you're in the process of buying and/or building. It'll be easier, and better, if you have your finances offshore before you start buying real estate and expatriating. If you have the funds already in hand that you wish to use for your foreign property endeavor and banked or invested offshore, you can hold your funds in a stronger currency, one that's appreciating at the time and likely to do so through the duration of your project. This would especially be lucrative if your project—and thus your spending—is in a country with a declining currency. Second best option would be if you found yourself building in a country with a stable currency. The spread between the appreciating currency, let's say at the time you determine the Swiss franc to be a good bet to hold for now, for example, and the value of this appreciating currency once it is ultimately converted into the local currency being used to pay your foreign costs, which might be the U.S. dollar or other currency you will use to pay your foreign costs--this will be your gain. This appreciation in currency values can be significant. In fact, you might find yourself with savings of five percent, ten percent, maybe even twenty percent or more. The object is to avoid the project costing you more money due to a declining purchasing power on the part of the currency you are using to pay your costs. Just look for the long-term trend of each currency to gauge the likelihood of the outcome over the length of your project. Thirdly, even if the currency you are spending to build the project is somewhat appreciating, but at a lesser rate than the stronger currency you are holding funds in, the spread, although probably smaller, will still be your gain.

FINANCING YOUR FOREIGN PROPERTY INVESTMENT

Were you to finance your new foreign real estate purchase or building project, and obtained financing in U.S. dollars or another declining currency, especially one in a long term decline, in effect you will save money on the cost of the loan, as the currency declines over time. This is because it will cost less to repay the loan—particularly if you had the funds socked safely away and held in a strong stable currency or a basket of strong currencies. If the difference in currencies became great enough, you might just want to pay off the balance and cash out of the loan to your profit.

You could refinance your domestic home to pull equity out to finance the purchase and development of your foreign property—as you are known to the lender, it may make it easier or otherwise more favorable to get the funds. The drawback may be not knowing what you intend to do with your domestic property in the long run; also, if you do refinance, your financing costs and monthly expenses would increase, which might not suit you. And, in today's real estate market, especially in the United States, there's a strong probability that currently there may not be enough equity to pull it off. Another drawback is that your domestic financing will require repayments in your domestic currency, such as U.S. dollars. Many expats prefer not to tie their domestic property to their foreign investment but rather to keep their foreign holdings cleanly separate from their domestic or even offshore investments.

In many countries, a local mortgage is unobtainable to foreign investors, and in some cases, impossible to get in any case as they are just not available. So your options may be limited to cash, as described previously, or refinancing on domestic property. However, when available, a local mortgage may be workable. The mortgage would be in the local currency and local language, and you should investigate the local mortgage market carefully before signing on the dotted line. However, the lender may not be as flexible or sophisticated as your domestic bank. Having a foreign currency mortgage certainly can have some advantages. For one thing, it's not attached to anything of yours that's domestic, and therefore, poses no risk to domestic or offshore assets. Secondly, if you are renting the property, there will be no fluctuations in the currency as the rent and mortgage are denominated in the same local currency.

Mortgages are also available in major currencies from international banks in major foreign real estate markets and in some up and coming markets. If you make mortgage payments in the same currency as where your income is earned or the property is located, you will once again alleviate the worry of currency exchange fluctuations. Loan-to-value (LTV) has typically been 70 percent in these types of markets, and could be a lot lower if it's a "non-status" loan not requiring proof of income to obtain it. The LTV could also be a lot lower if you are a non-resident. If credit is readily available, a strong buyer might be able to get up to 90 percent of the property's value.

Having said that, in my opinion, the ideal situation is to have as much of your funds and investments held safely offshore, as covered elsewhere in this book, and with minimal assets held domestically. If financing is needed to complete your real estate transaction, obtaining a local mortgage where the property is located, or another form of financing locally, would not be a bad idea. Especially, if the bulk of your assets are held offshore in appreciating currencies and other appreciating assets—and depending on the country, you may gain against the local currency. Then too, if you are banking offshore, there are banks in tax haven countries where you can obtain a mortgage for foreign real estate, or if it's not possible, they may suggest that if you have an LLC or IBC they can loan you money against your company's assets that you can then use to acquire foreign real estate. When borrowing in a foreign country, have your new local foreign lawyer translate the terms and conditions before signing any mortgage papers.

In an effort to attract purchasers, developers often will provide financing, especially if it's difficult to obtain a local mortgage or other financing. They might let you pay the principal, without or without interest, in a series of payments until the project is completed; this also provides the developer with ongoing financing for the project. It may be too, that the developer will allow a portion of the purchase to be continued after completion. You'll want to make sure you know all the terms and conditions of the extended financing, including the point at which you will own the property free and clear.

Another option, if funds are limited, is to invest together with friends or investors to purchase and manage the property. It could be shared at different times by each owner or held as purely an investment. It could also be rented to earn income. Ownership could be joint or co-ownership, or an offshore vehicle such as a limited liability company or international business company could be ideally used to purchase the property, with company ownership divided among each investor. This will only work in countries that will allow a foreign entity, such an LLC or IBC, to own local property. Your new local attorney can advise you on the legality of whether a foreign entity can own property locally, or if owned jointly or co-owned, how to legally structure it.

And lastly, be sure to get proper insurance on your new investment—see Chapter 7.

ASSET PROTECTION FOR YOUR DOMESTIC REAL ESTATE

You'll also want to protect your domestic home. The Real Estate Equity Investment Strategy (REEIS) offers an innovative yet simple investment concept through which the domestic property owner can leverage the untapped equity of their homes and investment real estate to fund an offshore trust. Borrowed funds are placed on a CD deposit with a highly reputable and very liquid foreign bank in one of Hoyt Barber's T-8 tax havens to maximize the customer's return on investment in a secure setting while minimizing the net equity exposure in real estate located in a litigious jurisdiction.

The bank has established an exclusive arrangement with select affiliates. The result: interest rates on amounts borrowed through the REEIS program are competitive with prevailing home equity loan rates in the U.S. Because of the exclusive nature of this program, the bank offers CD yields unmatched by most competing banks, often exceeding the lending rate. There is no foreign exchange exposure with the REEIS, as loan and deposit amounts are all denominated in U.S. dollars.

Loans advanced by select lending affiliates under the REEIS program are secured by a mortgage or charge over available equity in qualified customer property, usually located in the U.S. Qualifying assets include real estate, partnership interests, corporate property, insurance contracts, and receivables. Visit www.BarberGlobalFinancial.com to learn more about this exclusive REEIS lending program.

7

Insurance Services for the Expat

The finest opportunity ever given the world was thrown away because the passion for equality made vain the hope for freedom.

—Lord Acton

Many considerations factor in to the topic of expatriating, and health insurance is one of the more important subjects. There are other forms of insurance available too while living overseas, from local or international insurance companies, including homeowner's, renter's, third-party liability, auto and more. Insurance can protect you from adversely having to experience a foreign country's legal system, most of which are much harsher and less civil than that in the United States. France and Mexico are two popular expat havens that come to mind; both country's civil codes are based on Napoleonic law—guilty until proven innocent. If you've ever heard stories of persons who were subjected to the Mexican or French legal systems and prisons, you would likely reconsider these countries for the purpose of escaping domestic oppression.

PUBLIC AND PRIVATE HEALTH CARE IN YOUR NEW COUNTRY

While researching other aspects of the country in which you are considering to live, such as immigration and taxes, you will also want to be comfortable with the availability and quality of the local health care, and the local public and private health care coverage options. The important considerations that will affect your decision on health care insurance will be your age, your present general health and the location you choose for your move. Your age is a big factor in your choice of health providers, and depending upon the country, the age requirements may vary. Often you will find that coverage is limited to a shorter number of years, such as to age 63, which will not carry you typically through old age. The alternative would be to have an international insurance policy which we'll discuss in a moment. Permanent legal residents often receive free health care through a country's social security system and this can be sufficient. Depending on the country, the quality may not be to the standard that you're accustomed to at home and the coverage may be limited in scope. The alternative, and likely an improvement over the public health system, would be to purchase a private health insurance policy locally for your medical requirements and emergencies. This is particularly good if you are not planning to travel much in the future, as it will only cover you within the country. The private health coverage will also cover you if you are not yet a permanent resident. Your age is a factor, because if you are older, you may not qualify for local coverage, in which case, an international insurance provider would be an excellent alternative. Some countries have expensive medical insurance because of related high medical costs, however, in many countries like Ecuador, Panama or Uruguay there is excellent health care and coverage available, if you qualify. And, it's also reasonable. Because of that, you may wish to have a higher deductible and just pay out of pocket for less costly treatment. Local providers are not as large and rich as international insurance companies and it may be best to use them only in reserve, for example only in the event of a catastrophic medical crisis, so that you don't find yourself being cancelled one day for using the benefits too often. Local coverage is available country-wide through a network of hospitals and doctors. So, you're good as long as you are not planning to leave the country as your insurance wouldn't follow you. However, if you need to travel, you can purchase travel insurance separately.

INTERNATIONAL MEDICAL INSURANCE

The best coverage you can get is through an international insurance group for comprehensive medical coverage while living and travelling almost anywhere. You will find these companies can provide a variety of insurance products at less cost to you than from your domestic insurance provider. They will also provide coverage through the age of 74. If you plan to split your time between countries or do a lot of travelling, this is the best way to go. Prices for policies vary, but most importantly is the quality of the product and reputation of the company. They need to be financially sound so that they are in business when you need them. The older you get, the more difficult and expensive it is to secure medical coverage, so the sooner you buy an international medical policy the better—and less expensive. Then make sure you keep up with the premiums and the policy will remain valid for life without worry of cancellation because you are getting older. Medical insurance from an international insurance group can issue policies ranging from basic to extensive coverage, and are priced accordingly. Here are a few international health care groups to contact for comparison. These large insurance providers are networked up with thousands of hospitals and hundreds of thousands of doctors worldwide, providing a global umbrella of medical assistance 24/7/365. And, you will be evacuated in an emergency if necessary, to secure proper medical treatment. Other products offered can include, personal accident coverage, dental coverage, vision care, term life, income protection, travel insurance and extra forms of coverage. Compare companies to fit your requirements and budget.

Here are a few international health care groups to contact for comparison. Additional companies can be found in Chapter 10.

BUPA International. International Health Insurance. Worldwide network of hospitals and clinics. Website: www.bupa-intl.com. Telephone 011 44 1273-718 306. U.K.

ChaseTempleton. UK's leading private medical insurance broker. Website: www.chasetempleton,co.uk. Telephone 011 44 0800 3633. UK.

Health Care International. International health and medical insurance. Website: www.healthcareinternational.com. E-mail: enquiries@healthcareinternational.com. Telephone 011 44 20 7590 8800. London, UK.

International Health Insurance Danmark a/s. International private medical insurance for the expatriate lifestyle. Website: www.expat-medical-insurance.com. Copenhagen.

TRAVEL INSURANCE

Travel insurance is designed for travelers provides emergency medical coverage outside of your home country. Travel insurance is not intended for regular or long-term health care purposes. Insurance providers often limit the coverage to a fixed period, such as 45 days. It is ideal for short travel trips, for example, two weeks or a month, and gives you peace of mind, too. Travel policies have very low deductibles, providing coverage to as high as 85 years of age, which is higher than what is typical for international health policies. Coverage usually includes personal effects, luggage, travel and trip cancellations, missed connections and more. Travel insurance providers usually offer several types of travel policies depending on the amount of coverage desired, from basic to premium packages. Additional coverage can be added for worldwide medical evacuation, car rental damage protection and drive protection. In the case of emergency evacuation, a company may provide up to $1 million dollars of coverage for trips less than three months. High risk activities are usually not included. If you want to horseback ride in the Andes or dive the world's second largest barrier reef in Belize or hang-glide off a slope in the Tijuca National Park outside of Rio de Janeiro, your high-risk behavior will not likely be covered. However, if you inform them of your intended activities, it is possible they can provide additional coverage, for a fee, of course. With travel insurance products, their coverage and costs will vary by company, but you can get an advance quote online so you can plan ahead for what you need and how much it will cost. Here are a few travel insurance providers. Additional companies can be found in Chapter 10 of this book.

AccessAmerica. World's largest travel insurance provider. Website: www.accessamerica.com. Toll-free (800) 284-8300.

Medex Global Solutions. Travel medical insurance. Website: www.medexassist.com. E-mail: info@medexglobal.com. Toll-free (800) 537-2029. Local (410 453-6300. Baltimore, MD.

Travel Insured International. Travel insurance plans. Website: www.travelinsured.com. E-mail: info@travelinsured.com.

American Express Travel Protection Plan. Travel medical protection. Website: www.295.americanexpress.com. Toll-free (800) 297-2900.

HOSPITAL INSURANCE PLAN

Hospital coverage is available in foreign countries, and might be sufficient if you do not go far from where you are living, as coverage is only provided by the hospital with which you have the policy. Unfortunately, hospital insurance plans have their shortcomings and should not be considered as a long-time health care solution. The older you get, and the more expensive you are to the hospital, the greater the possibility to lose your coverage which would force you to seek alternative coverage. And, if your treatment costs are more than you've spent in the form of insurance premiums, it's possible that the hospital could arbitrarily limit services or even cancel your plan, leaving you unexpectedly without adequate coverage when needed. If you are relatively young, it would be easier to find an alternative health plan, but that will be more difficult, and possibly impossible, if you have reached certain cut-off ages which would depend on the provider. Even if your hospital plan seems to be working for your immediate circumstances, it would be wise to plan ahead for changes coming in your life. If cost is the main issue, public health coverage might be better or local private health care coverage, but you still need to be young enough to qualify.

HOMEOWNER'S INSURANCE

Homeowner's insurance or household insurance is available from local foreign insurance companies and from international insurance companies to provide adequate coverage for your foreign owned home to protect third-party liability. This can cover improvements like home and buildings, and their contents for their actual cash value less depreciation. Valuables are covered for their authenticated value, so items like these might be good to have appraised by an internationally recognized appraising firm or auction house to document the value for insurance purposes. Some items may need to be independently insured, but a multi-risk or homeowner's insurance policy is usually available to cover most all real and personal property. If there is a mortgage on the property, the lender will no doubt want it adequately covered in the event of a disaster, as in many foreign countries, in part due to inferior construction or inadequate emergency response capabilities, complete destruction is common by fire, flood, earthquakes and storms. High construction standards are advisable as insurance companies can argue that construction was inferior and is the cause of the property casualty. It's best to buy well or build well. The chances are also better that your improvements will have a better chance for withstanding a disaster too. The policy will be needed to cover the full term of the mortgage. And, if there is no financing on the property, and you paid cash to build, you too will want the same coverage so you can rebuild at the prevailing construction costs. Coverage also usually covers theft, riot, civil unrest, vandalism, malicious damage and terrorism, which could be important if you bought or built in the wrong area. Regardless, you never know what the future holds anywhere, and it's good to insure all improvements on your property. If the insurance company believes that there may be a higher risk to your property, they may require certain security measures be taken before they insure the property, such as more locks, security shutters and metals grates over windows. Other security measures may be recommended by the insurance company to receive a discount. In foreign countries, third-party liability insurance is common and covers other persons who suffer injuries or loss while on your property and this can be separate coverage or apart of your homeowner's policy. Rental property insurance is also available and may be required by the landlord to cover third-party claims.

8

Expat Haven, Tax & Incentives Guide

I love to sail forbidden seas and land on barbarous coasts.

—Melville, Moby Dick, 1851

The following information on tourist stays pertains to U.S. citizens, together with the maximum length of stay (with proper travel documents) acceptable to the country being visited. For travel documents and other requirements including longer stays, call or visit the country's U.S. embassy for more information.

A typical approach to securing permanent residency would be to enter a country on the travel visa, then apply for residency while in the country, renewing your tourist visa in advance of each time it's set to expire, until you have satisfied the residency time requirement necessary to apply for permanent residency.

When seeking permanent residency and/or citizenship in any foreign country, it is best and most efficient to engage the services of a local lawyer with expertise in the area of immigration. In some countries, especially in places like Latin America, connections can make things go much smoother and faster.

Always keep in mind the tax consequences of your choices of countries for living or retiring, just as you would for doing business, including possible tax treaties that may provide tax relief. You can obtain IRS Publication 901 U.S. Tax Treaties, which tells whether a tax treaty exists between the U.S. and another country and offering a reduced tax rate or the possibility of a complete exemption from U.S. taxes for residents of a particular country who are earning income there. IRS Publication 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, tells of tax treaties available to U.S. Citizens and resident aliens with foreign income. You may download the appropriate publications at www.irs.gov. Other important tax publications and forms can be found at this website. A local professional or a U.S. international tax planner can give you further advice in these areas.

The following are a dozen popular expat havens, but keep in mind that tax situations are very much different from one another. It helps if the country where you are interested in living has a double-taxation treaty with the country where you hold citizenship, if you intend to earn income within your newly adopted expat retreat. Otherwise, your best bet is to find a country that does not tax on worldwide income, only foreign-source income, and then earn your income from outside the country to avoid their taxes. A double- taxation treaty is different from a Tax Information Exchange Agreement (TIEA) discussed elsewhere, and with such an agreement in effect between the country where you reside and the country where you are a permanent tax citizen, like the United States or Canada, allows you to effectively not pay taxes twice by offsetting the tax paid to the foreign government from your Federal tax bill. In any case, you would be prudent to seek professional tax expertise before committing to your move. The country's embassy should be able to provide you with the names of English speaking local legal and accounting professionals to consult with on any questions you may have about their country's taxes. They can also provide contacts for real estate associations and professionals for other types of services. As discussed elsewhere in this book, there is often the possibility to avoid taxes altogether.

Further information can be obtained from a several excellent sources in guides published by country. Generally, they include information on taxation, banking, finance and foreign property ownership. Visit Deloitte Touche at www.deloitte.com; Ernst & Young at www.ey.com/global; PricewaterhouseCoopers at www.pwcglobal.com.

12 POPULAR EXPAT HAVENS FOR NORTH AMERICANS

Argentina

Tourist Stay: Visa not required for tourist stay up to 90 days.

Passport/Residency: After two years of being accepted as an immigrant, you will qualify for naturalization, and the entire time need not be spent in the country. Dual citizenship is acceptable. Excellent passport with visa-free travel to more than 100 countries including the United States, a good part of Europe and most Latin American countries.

Taxes: Like the United States, and unlike most countries, Argentina taxes on worldwide personal and corporate income and profits. If you are a national or foreigner living in the country over twelve months or have a permanent residence you are considered a taxable resident beginning at the rate of thirty-five percent, which goes progressively higher. This country has many forms of taxes. Argentina is not very favorable from a tax stand point.

Finding a Property Agent: International Consortium of Real Estate Associations. Website: www.worldproperties.com. The Argentina Chamber of Horizontal Properties and Real Estate Activities. Website: www.caphai.com.ar. The Buenos Aires International Newcomers. Website: http://groups.yahoo.com/group/buenosairesinternationalnewcomers.com.

Embassy: Argentine Embassy, 1600 New Hampshire Avenue, N.W., Washington, D.C. Telephone (202) 238-6401. Fax (202) 332-3171. Website: www.embassyofargentina-usa.org

Belize

Tourist Stay: Visa not required for stays up to 90 days.

Passport/Residency: After living in Belize for one year, if you are more than 45 years of age and have a minimum annual income of US $24,000, you can qualify for the Qualified Retired Persons Program (QRP) and receive permanent residency and special tax status. More information on the QRP can be found in Chapter 2, Logistics of International Diversification.

Taxes: No income tax on foreign source income. A tax haven with strict bank secrecy.

Embassy: Belize Embassy, 2535 Massachusetts Avenue, N.W., Washington, D.C. Telephone (202) 332-9636. Fax (202) 332-6888. E-mail: ebwreception@aol.com. Website: www.embassyofbelize.org.

Brazil

Tourist Stay: Visa required.

Passport/Residency: Permanent residency can be obtained without visiting the country within sixty to 90 days. This gives you the right to enter the country, receive a national I.D. card and national banking number, entitling the holder to stay as long as desired, get a job or make investments, the same as citizens. After four years, you will be eligible for naturalization and the Brazilian passport and visa-free travel to 130 countries and most of Europe. Dual citizenship is recognized. Expect to spend approximately US $35,000. in administrative fees. Another option is to invest a minimum of US $200,000 in the official Economic Investment Permanent Residence. If you marry a Brazilian citizen and/or have a child by one, you are entitled to citizenship in one year. Brazil is also a backdoor immigration opportunity to Portugal and the European Union, cutting the time to qualify for residency in half to three years.

Taxes: If you stay in Brazil more than 183 days within a 12-month period and do not have an employment agreement or if you have a permanent visa or have contracted employment along with a temporary visa, you are considered a resident for tax purposes. Brazil is an industrial nation with the largest economy in South America and has many taxes.

Finding a Property Agent: FIABCI-Brasil. Website: www.fiacibrasil.com.br. Telephone 011 55 11 50787778.

Embassy: Brazilian Embassy, 3006 Massachusetts Avenue, N.W., Washington, D.C. Telephone (202) 238-2700. Website: www.brasilemb.org.

Costa Rica

Tourist Stay: Visa not required for stays up to 90 days.

Passport/Residency: Two types of residency programs: Retired persons who bring in over US $600 a month from an established retirement plan for at least five years; or, a person with a guaranteed passive income from a recognized source of at least US $1,000 a month for the same period; these sums must be converted into the local currency at the official exchange rate. Dual citizenship is acceptable. The new resident is only required to spend four months of the year in the country. Go for a visit. Their slogan—"*La Vida Pura"*—the pure life, is in evidence everywhere you look.

Taxes: Foreign source income is tax exempt, but if you earn income within Costa Rica, you will be subject to their income tax law and taxed on income and profits accordingly.

Finding a Property Agent: Costa Rica Real Estate Brokers Board. Website: www.camaracbr.or.cr.

Embassy: Costa Rica Embassy, 2114 S Street, N.W., Washington, D.C. Telephone (202) 234-2945 or (202) 234- 2946. Website: www.costarica-embassy.org.

Ecuador

Tourist Stay: Visa not required for stays up to 90 days.

Comments: The people and country are welcoming toward visitors. Move over Mexico—Ecuador, a democracy, is an attractive low cost of living retirement haven with an excellent climate, self-sufficient natural food sources with a 12-month growing season in many areas, and relatively cheap gasoline as a primary natural resource. The quality of life excels beyond Mexico and has a feeling of civility. They also have some of the best property values in the world.

Passport/Residency: Permanent residency can be acquired with a government-approved investment of at least US $25,000 for one applicant, which can include a real estate investment. Citizenship and passport can be obtained after three years of residency. Dual citizenship is recognized.

Taxes: No income tax on foreign-source income. No provisional, county or municipal taxes. No inheritance or gift tax on assets outside of Ecuador. Within the country, there is a progressive inheritance tax levied, which, like the income tax which ranges from five to thirty five percent, and no gift tax. No restrictions on real estate ownership by foreigners. Property taxes are very low. Nominal property transfer tax. There is a twelve percent VAT-style tax, known as IVA, on purchases, and this is typically included in their low retail prices, and this constitutes the major portion of tax revenue for the country.

Finding Properties: Ecuadorian properties for sale. Global Property Investors. E-mail: LatinAmericaProperties.GPI@safe-mail.net; LatinAmericanProperties.GPI@hushmail.com.

Embassy: Embassy of Ecuador, 2535 15th Street, N.W., Washington, D.C. Telephone (202) 234-7200. E-mail: embassy@ecuador.org. Website: www.ecuador.org.

France

Tourist Stay: No visa required for stays up to 90 days.

Passport/Residency: Permanent residency is possible—and even naturalization after five years. The process is very bureaucratic and time-consuming. If you reside in France for over 183 days a year, you will be considered their subject for tax purposes. You may be considered a "resident" earlier, if you have established yourself with a permanent lifestyle or you have business activities in France, in which case, you could find yourself subject to French income tax--arguably the worst in the world.

Taxes: Oui, oui! You really wish to experience the French culture if you're willing to subject yourself to this country's taxes. You will want to consult with a French professional to make certain you are complying with French tax laws.

Finding a Property Agent: Federation Nationale des Agents Immobiliers et Mandataires. Website: www.fnaim.fr. Syndicat Nationales des Professionals Immobilier. Website: www.snpi.com. Union Nationale de l'Immobilier. Website: www.unit.fr.

Embassy: Embassy of France, 4101 Reservoir Road, N.W., Washington, D.C. 20007. Telephone (202) 944-6000. Website: www.info-france-usa.org.

Consulate: French General Consulate, 4101 Reservoir Road, N.W., Washington, D.C. 20007. Telephone (202) 944-6195 or (202) 944-6200. E-mail: info@consulfrance-washington.org. Website: www.consulfrance-washington.org.

Ireland

Tourist Stay: Visa not required for stays of up to 90 days.

Passport/Residency: Citizenship by ancestry is possible. A non-Irish-background permanent resident can become a naturalized citizen after five years. And, a foreign national can marry a person of Irish birth, and qualify for citizenship after three years. Creative types such as writers, artists, actors, etc. also receive favorable treatment.

Taxes: Here's another European country with high taxes and they also tax on worldwide income. You are considered a taxable resident if you spend more than 183 days in a calendar year. They have a Pay As You Earn (PAYE) employment income tax that applies to all Irish-sourced income. If you are a citizen, but a non-resident, you are only taxed on Irish-sourced income. Irish income tax rates are progressive: Up to 36,400 euros in annual income is taxed at twenty percent; earned income above this amount is taxed at the rate of forty-one percent. There are many other taxes too.

Embassy: Embassy of Ireland, 2234 Massachusetts Avenue, N.W., Washington, D.C. 20008. Telephone (202) 462-3939. Fax (202) 232-5993. Website: www.irelandemb.org.

Italy (and Campione d'Italia)

Tourist Stay: Visa not required for tourist or business stays of up to 90 days.

Passport/Residency: Descendants of Italian nationals are recognized as citizens regardless of birthplace, and other ethnic Italians can gain citizenship through lenient procedures. If you are a foreign citizen with no Italian origins, a ten-year residency period is required before naturalization. Dual citizenship is recognized. Tourist visas are easily renewable indefinitely if you can show proof of financial means. Work permits are also easily obtainable. In fact, with enough cabbage, anything is obtainable in Italy.

Taxes: Italy is notorious for its taxes and its tax dodgers. Resident foreign nationals are not taxed on foreign-source income. There are all types of income tax. A sliding scale of 23 to 43 percent applies after allowances have been credited. The upper end earners—those making in excess 75,000 euros annually—pay the top rate.

Campione d'Italia: An excellent expat location located on Lake Lugano in the Swiss canton of Ticino, Campione is an Italian enclave and is known as the "backdoor to Switzerland" as it is surrounded by Switzerland and its residents have certain Swiss entitlements such as Swiss license plates, post office, Swiss traffic laws, telephone service, etc. Residents have completely unrestricted access to Switzerland and Liechtenstein as there are no border controls, making Campione a very attractive expat and business haven with easy access to the world's best banking and insurance services. Residency rights in Campione are attainable by renting a house or apartment. Real estate is limited and therefore expensive, but in demand, and a solid investment.

There are no income taxes nor local taxes in Campione. This enclave is a unique, little-known tax haven. Residents are not subject to Swiss double-taxation agreements. Campione is an attractive tax haven where foreigners can incorporate a Campione company, utilize a Swiss address and avoid Swiss income and withholding taxes. This is a good, less expensive alternative to a Swiss company.

Finding a Property Agent: Federazione Italiana degli Agenti Immobiliari Professionali. Website: www.fiaip.it. Federazione Italiana dei Mediatori e Agenti in Affari. Website: www.fimaa.it. Domenico Leuzzi. Website: www.itercomm.it. E-mail: coastofangels@virgilio.it. Telephone 011 (39) 0967-815-807. Lois Allan. Website: www.larchitrave.it. E-mail: loallan@tin.it. Telephone 011 (39) 187-472-068.

Embassy: Embassy of Italy, 3000 Whitehaven Street N.W., Washington, D.C. 20008. Telephone (202) 612-4400. Fax (202) 518-2151. Website: www.italyemb.org.

Mexico

Tourist Stay: Visa not required for stays up to 180 days. Mexico will provide you with an FMT (Forma Migratoria Para Tourista) tourist permit which can easily be renewed if you wish to stay longer as long as you are not working in the country, but you must leave the country and return again to obtain the extension.

Passport/Residency: There are over 300,000 American expats living in Mexico, which is quite a statement. Knowing something about how Mexico operates, I can't help but wonder why. And, in recent years, it has become extremely dangerous in some regions with the potential for crime and violence to spread. In fact, the Mexican government is also pretty shaky and has the potential to collapse. In recent years, the Presidents of the United States, Canada and Mexico signed a treaty to create the North American Union (NAU), an EU-like entity. If you were planning to escape America, you might want to look further. The government has also been known to confiscate real estate purchased by expatriates. And, you don't want to find yourself in a Mexican prison, which could happen fairly easily under their Napoleonic law and sometimes corrupt policing activities, so the stability of the country you choose should be a high priority.

On a lighter side, and the reason why there are many expatriate Americans and Canadians living in Mexico is the country boasts a relatively nice climate, and has made it easy for non-Mexican retirees on fixed incomes to live inexpensively and obtain legal residency. There is also the incentive to invest in government-approved projects and receive a special residency permit. Mexico favors new immigration and has multiple plans to choose from, although many people living there simply renew their tourist permit every 180 days. Immigration programs worth looking into if you really want to put down roots in Mexico include the Visitante Rentista for annual stays with proof of income and the Immigrante Rentista for those who qualify and wish to become a permanent resident. This latter program can also lead to citizenship and passport. There are also other special residence visas based on investment in the country and one-year temporary entry permits for special types of visitors. Their embassy can provide you with detailed information.

Taxes: In many countries you would need to have been in the country for 183 days before becoming subject to their taxes, as was also once the case in Mexico, but Mexico now recognizes the "tax resident"—and this includes any foreign national who establishes residence regardless of how long they've been there. If over fifty percent of your income is derived from Mexican sources, the government will consider your "center of vital interests" to be Mexico, and will subject you to their taxes, although they are lower than either the U.S. or Canada. This will require you to register to obtain a tax identification number and file an annual tax return. Although they have an income tax on worldwide income, they do grant a foreign tax credit on income taxes paid elsewhere. This can offset paying taxes twice. If you're from a country that also taxes on worldwide income, you'll still be on the hook for taxes elsewhere, in at least one other country, so it's best to find an expat haven that does not tax on foreign earned income if that's how your income is derived, and then structure your income and profits in a no-tax haven like Belize. And, if you're a U.S. taxpayer, exercise the "foreign-earned income exclusion (FEIE)" and make up to $91,500 per person tax-free. You'll want a competent Mexican professional who can advise on legal and tax matters whenever they arise, and you may also need to keep your domestic accountant too.

Finding a Property Agent: FIABCI-Mexico. Website: www.fiabci.com.mx. Telephone 011 52 5 5664260. Asociacion Mexicana de Professionales Immobiliarios. Website: www.ampidf.com.mx.

Embassy: Embassy of Mexico, 1911 Pennsylvania Avenue, N.W., Washington, D.C. 20006. Telephone (202) 736-1000; 728-1600. Website: www.embassyofmexico.org/.

Consular: Mexican Consular, 2827 16th Street, N.W., Washington, D.C. 20009. Telephone (202) 736-1012.

Nicaragua

Tourist Stay: Visa not required for stays up to 90 days. They will issue a tourist card for 30- to 90-day stays.

Passport/Residency: Nicaragua is party to the CA-4 (Central America-4) Border Control Agreement which allows citizens of Nicaragua, Guatemala, Honduras and El Salvador to travel without the customary formalities at border crossings. This includes U.S. citizens and any other foreign nationals that qualify under the agreement. Citizenship is possible by birth, by descent and by naturalization. A legal resident of Nicaragua for at least three years may obtain citizenship and passport.

Taxes: Low taxes based on a progressive tax rate. The maximum personal income tax is thirty percent. There is no tax on foreign-earned income. Nicaragua has an uncomplicated tax system with very attractive business incentives. There are many incentives under Law 306 for starting and operating a tourist-related business including tax incentives such as exemption of income tax and many other taxes. Contact the Instituto Nicaraguense de Turismo in Managua, Nicaragua for more information on the New Tourism Incentive Law. Telephone 011 (505) 2254-5191. Fax 011 (505) 2222-6610. Website: www.intur.gob.ni. For information on investing and doing business, contact: ProNicaragua at www.pronicaragua.com.

Real estate ownership is shaky and the courts are not much help. The government has been known to confiscate properties in the past, and legal titles can be clouded and unclear. The legal system is subject to corruption so you don't want to find yourself getting roped into it. Property ownership disputes are common and arise after the purchaser thinks he's the proud owner of a piece of Nicaragua, only to find someone disputing the new ownership and subjecting him to endless litigation. Obviously, a bright local lawyer would be needed to research the ownership and title of a property in advance of purchasing it, but this may be no guarantee against future problems.

Finding a Property Agent: Discover Real Estate in Nicaragua. Website: www.discovernica.com. San Juan del Sur. Website: www.sanjuandelsur.org.ni.

Embassy: Embassy of Nicaragua, 1627 New Hampshire Avenue, N.W., Washington, D.C. 20009. Telephone (202) 939-6531. Website: http://managua.usembassy.gov/wwwhemba.htm/.

Consulate: Nicaraguan Consulate. Telephone (202) 939-6541. Website: www.consuladodenicaragua.com.

Panama

Tourist Stay: Visa and tourist card valid for stays of 90 days and is purchased for $5 at the Tocumer International Airport. Longer stays are possible, requiring a Panamanian lawyer to make application for a "change of migratory status visa" and payment of a $250 fee.

Passport and Residency: An attractive expat or retirement haven. There is The Pensionado Program, a popular resident visa that can be obtained through a simple application process for those with a minimum income of US $1,000 a month by having an official foreign government income source or other guaranteed source of future income. Once obtained, which takes about ninety days, this visa provides permanent residency for life. The good news, too, is that the cost in professional and application fees should only be a few thousand dollars.

An Immigration Visa is good for one year, at which time you can make application for permanent residence; after five years you can seek full citizenship which entitles you to an excellent passport.

There are other visa programs but they take longer to secure and the costs and requirements are greater. They include the Private Income Retiree Visa, the Investor Visa, the Persons of Means Visa and the Small Business Investor Visa. Their embassy can provide further information including names of English-speaking Panamanian lawyers or contact Barber Financial Advisors Ltd. in Vancouver, Canada. Refer to the resources section of this book.

For instance, the Private Income Retiree Visa is for retirees with no pension or who may not work, but who have retirement funds or other assets. It requires an investment in a certificate of deposit (CD) with the National Bank of Panama that would generate a minimum of $850 per month. The principal amount would need to be several hundred thousand dollars to create that amount of income. This visa includes a travel document, not to be confused with a passport, and immediate residency. Both the visa and CD are for five-year periods.

Taxation: No tax on foreign sourced income. Local taxes are low. Panama is one of the best tax havens and a major international banking and shipping center. For more information on the benefits of Panama, please refer to Chapter 3, The Best Offshore Structures. There are substantial tax incentives for any business in the tourism trade, and other business incentives, such as the Colon Free Zone, where business can receive special tax incentives. For more information on economic and financial development, contact the American Chamber of Commerce and Industry in Panama. Website: www.panamcham.com.

Finding a Property Agent: Asociacion Panamena de Corredores y Promotores de Bienes Raices.

Website: www.acobir.com. Telephone 011 507 2287840. Panama Info. Website: www.panamainfo.com.

Finding Properties: Panama properties for sale. Global Property Investors. E-mail: LatinAmericanProperties.GPI@safe-mail.net; Latin AmericanProperties.GPI@hushmail.com.

Embassy: Embassy of Panama, 2862 McGill Terrace, N.W., Washington, D.C. 20009. Telephone (202) 483-1407. Website: http://panama.usembassy.gov/panama-esp/.,www.embassyofpanama.org.

Uruguay

Tourist Stay: Visa not required for tourist stays of up to 90 days.

Passport/Residency: This country has been a good haven for expatriates and a fairly easy one in which to obtain permanent residency which leads to naturalization in three years. The income requirement is a low $6,000 annually from a variety of sources from within the country or elsewhere, not just from a retirement pension. Once the application for residency is made and approved, a foreign national can stay in the country indefinitely. A passport can even be obtained in 12 to 18 months, even before permanent residency is granted to retirees under special law #16,340 who have at least an $18,000 a year pension and own real estate in Uruguay worth at more than $100,000. The permanent residency process takes approximately thirty days. The Uruguay passport is good throughout countries that are party to the Mercosur Agreement. Proven financial self-support required. Uruguay offers low cost of living and variety of geographic locations and lifestyles, such as urban, beaches, mountains, farm land, etc. Real estate financing is available, unlike in some countries, such as Ecuador.

Taxes: No personal income tax on foreign sourced income for foreign nationals, including business income and profits and retirement income. Some taxes are undergoing changes. No currency controls. Strict tax secrecy. Uruguay's strict bank secrecy is under pressure from the OECD and likely will be comprised. There are tax-free zones for establishing or relocating a business.

Finding Properties: Uruguayan properties for sale. Global Property Investors. E-mail: LatinAmericanProperties.GPI@safe-mail.net; LatinAmericanProperties.GPI@hushmail.com. There are excellent real estate opportunities in Uruguay.

Embassy: Embassy of Uruguay, 1913 "I" Street, N.W., Washington, D.C. 20006. Telephone (202) 331-1313. Fax (202) 331-8142. E-mail: uruwashi@uruwashi.org. Website: www.uruwashi.org.

IINFORMATION ON 18 OTHER EXPAT HAVENS

Andorra

Tourist Stay: Visa not required for tourist stay up to 90 days.

Passport/Residency: The first step to immigrating is to secure a "passive" residence permit good for four years which grants certain protections under the law. It takes twenty-five years before you can get citizenship.

Finding a Property Agent: Collegi Professional d'Agents I Gestors Immobiliaris d'Andorra. Website: www.agia.ad. Telephone 011 376 80 11 15.

Embassy: Embassy of Spain, 2375 Pennsylvania Avenue, N.W., Washington, D.C. 20008. Telephone (202) 452-0100. E-mail: emb.washington@maec.es. Website: www.maec.es/subwebs/Embajadas/Washington/en/home/Paginas/Home.aspx.

Austria

Tourist Stay: Visa not required for tourist stay up to 90 days.

Passport/Residency: Citizenship can be obtained, but on a limited basis, and requires a large government-approved investment of US $2 million minimum. However, permanent residency can be secured if you have a residence in the country and a minimum annual income of US $25,000. After five years of residency you can make application for naturalization. Excellent stable country.

Finding a Property Agent: FIABCI-Osterreich. Website: www.fiabci.at. Telephone 011 43 1 5127777.

Embassy: Embassy of Austria, 3524 International Court, N.W., Washington, D.C. 20008. Telephone (202) 895-6700. E-mail: austroinfo@austria.org. Website: www.austria.org/.

Bahamas

Tourist Stay: Visa not required for tourist stays up to 8 months.

Passport/Residency: Instant permanent residency is offered under "The Bahamas Investment Promotion Program" for three categories of investors: (1) Individual Investors; (2) Group Investor; (3) Entrepreneur. Many of the "rich and famous" have chosen the Bahamas as their main or second residence. The minimum investment category starts at US $150,000 in a government-approved project. A Bahamas resident alien passport is obtainable for travel.
Embassy: The Bahamas Embassy, 2220 Massachusetts Avenue, N.W., Washington, D.C. 20008. Telephone (202) 319-2660. Website: www.bahamas.gov.bs

Finding a Property Agent: Bahamas Real Estate Association. Website: www.bahamasrealestateassociation.com.

Consulate: Bahamas Consulate, 231 E. 46th Street, New York, NY 10017, Telephone (212) 421-6420.

The High Commission of the Commonwealth of the Bahamas. Washington, D.C. Website: www.bahemb@ad.co. Telephone (202) 319-2660. In London, UK. Website: www.bahamasclondon.net. Telephone 011 44 020-7408 4488.

Belgium

Tourist Stay: Visa not required for stays of up to 90 days. Longer stays are possible with a visa.

Passport/Residency: Citizenship by naturalization may be applied for after residing in the country for more than five years; must be at least 18 years old.

Finding a Property Agent: Confederation des Immobiliers de Belgique. Website: www.cib.be.

Embassy: Embassy of Belgium, 3330 Garfield Street, N.W., Washington, D.C. Telephone (202) 333-6900. Website: www.diplobel.us.

Chile

Tourist Stay: Visa not required for stays of up to 90 days.

Passport/Residency: With a minimum US $30,000 investment, citizenship can be obtained after five years of residence. Dual citizenship is not recognized. Spain extends preferential treatment to Chilean nationals when applying for Spanish citizenship. Chile has a growing free market economy that has attracted foreign investors with government incentives.

Chilean Trade Commission: ProChile New York, 866 United Nations Plaza, Unit 302, New York, NY 10017. Telephone (212) 207-3266. Fax (212) 207-3649. E-mail: info@chileinfo.com. Website: www.chileinfo.com.

Embassy: Embassy of Chile, 1732 Massachusetts Avenue, N.W., Washington, D.C. (202) 785-1746. Fax (202) 659-9624. Website: www.chile-usa.org.

Croatia

Tourist Stay: Visa required for stays of up to 90 days. A temporary residence permit is required for stays of over 90 days.

Passport/Residency: Acquiring Croatian citizenship is not very practical for anyone who is not Croatian or from a surrounding country who might consider immigration. They have a very involved naturalization process that basically would require an immersion into the culture and which would be a time-consuming experience.

Finding a Property Agent: The Croatian Chamber of Economy. Website: www.hgk.hr/en/pocetna.asp. Croatian Sun. Website: www.croatiansun.com. E-mail:

paul@croatiansun.com. Telephone 011 (385) 20-312-228. Sunshine Estates. Website: www.sunshineestates.net.

Embassy: Embassy of Croatia, 2343 Massachusetts Avenue, N.W. , Washington, D.C. 20008. Telephone (202) 588-5899. Fax (202) 588-8937. E-mail: Washton@mvpei.hr. Website: www.croatiaemb.org.

Dominica

Tourist Stay: No visa required.

Passport/Residency: It has an excellent citizenship program. Refer to Chapter 1 of this book.

Embassy: Embassy of Dominica, Washington, D.C. Telephone (202) 364-6781. Website: http://bridgetown.usembassy.gov.

Dominican Republic

Tourist Stay: Visa not required for stays up to 90 days.

Passport/Citizenship: If residency is desired, a resident visa must be applied for through your nearest Dominican Republic Consulate, and once granted, you have sixty days to arrive in D.R., at which time you must apply for a provisional residency card with the Immigration Department.

The residency card is for one year and is renewable each year. D.R. is welcoming to foreign retirees and has developed a new program to speed up the residency process with a minimal investment, i.e. $15,000 U.S. dollar certificate of deposit held by a local bank. Permanent residency can lead to naturalization The D.R. passport is not the best for travel, as a visa is required to most countries. But, the D.R.is a beautiful country.

Embassy: Embassy of Dominican Republic, 1715 22nd Street, N.W., Washington, D.C. 20008. Telephone (202) 332-6280. Website: www.domrep.org.

Greece

Tourist Stay: Visa not required for tourist stays of up to 90 days.

Passport/Residency: Greece is not the best choice of country for second citizenship unless you once held Greek citizenship or have Greek ancestors, as there are more attractive citizenship possibilities in other countries. However, whether Greek or not, there are provisions for Greek immigration.

Finding a Property Agent: FIABCI-Greece. Website: www.fiabci.gr. Hellenic Federation of Real Estate Agents. Telephone 011 30 21 03621930.

Embassy: Embassy of Greece, 2217 Massachusetts Avenue, N.W., Washington, D.C. 20008. Telephone (202) 939-1333. Fax (202) 939-1324. Website: www.greekembassy.org.

Honduras

Tourist Stay: Visa not required for stays up to 90 days.

Passport/Residency: Citizenship by naturalization is obtainable after residing in Honduras for at least three years; however, dual citizenship is not recognized except in certain instances. Honduras is one of four Central American countries that are party to the "Central America-4 (CA-4) as described under Nicaragua.

Finding Properties: Honduras properties for sale. Global Property Investors. E-mail: Latin AmericanProperties.GPI@safe-mail.net; LatinAmericanProperties.GPI@hushmail.com.

Embassy: Embassy of Honduras, 3007 Tilden Street, N.W., Washington, D.C. 20008. Telephone (202) 966-7702. Website: www.hondurasemb.org.

Malta

Tourist Stay: Visa not required for stays up to 90 days.

Passport/Residency: A favorable expatriate haven and low- tax haven. Those wanting to stay longer than three months are welcome as Temporary Residents and must apply for an extension to remain longer. Citizenship is granted to foreign nationals after five years of residency and who are allowed to stay or leave at any time. Dual citizenship is recognized. As Malta is an EU country and party to the Schengen Area agreement, permanent residents are entitled to travel freely throughout the member countries. This lovely, sunny Mediterranean mecca has seen thousands of years of human history and the Maltese typically speak very fluent English.

Finding a Property Agent: Maltese Association of Estate Agents. Telephone 011 356 343730.

Embassy: Embassy of Malta, 2017 Connecticut Avenue, N.W., Washington, D.C. 20008. Telephone (202) 462-3611/2. E-mail: Malta_Embassy@compuserve.com. Website: http://valetta.usembassy.gov/; http://malta.usembassy.gov.

Monaco

Tourist Stay: No visa required for stays of up to 90 days.

Passport/Residency: Real estate prices make this enclave an expensive haven, but expats are always welcome. Permanent residency can be secured if you have strong financials and your good name is still intact as evidenced by their due diligence process. A Monaco lawyer can assist and give you the inside line. Besides the rich and famous, creative types are also drawn to Monte Carlo. Monaco has also come under attack similarly as have other European banking centers such as Switzerland and Liechtenstein in the past couple of years, with pressure mounting from the OECD and France and accusations of money laundering, much of it stemming from the Italian and Russian crime cartels.

Finding a Property Agent: Chambre Immobiliere Monegasque. Website: www.chambre-immo.monte-carlo.com. Telephone 011 377 93509085.

Embassy: Embassy of France, 4101 Reservoir Road, N.W., Washington, D.C. 20007. Telephone (202) 244-7656. E-mail: embassy@monaco-usa.org. Website: www. Monaco-usa.org.

Netherlands

Tourist Stay: Visa not required for tourist stays up to 90 days.

Passport/Residency: Foreign nationals must reside for five years in the country to qualify for naturalization, whether as a legal resident or not, or three years if married to a Dutch national. Citizenship also confers a passport which is honored in over 120 countries without the requirement for a visa, including all of the EU, the United States, Canada and Mexico. Those swinging Dutch also make exceptions to the rules and time-frames for naturalization. Immigration is open to many people, including to those having had an extra-marital relationship with a Dutch national and same sex relationships. But some command of the Dutch language is required. Another avenue for obtaining Dutch citizenship and their very attractive passport is by residing in the Netherland Antilles, a group of islands in the Eastern Caribbean, for a period of five years, and if you qualify, you are entitled to apply for Netherlands citizenship and receive all the benefits that includes. Their embassy can provide more specifics.

Finding a Property Agent: Dutch Association of Real Estate Brokers. Website: www.nvm.nl. Telephone 011 31 30 6085185.

Embassy: The Royal Netherlands Embassy, 4200 Linnean Avenue, N.W., Washington, D.C. 20008. Telephone (202) 244-5300. Website: www.netherlands-embassy.org.

Portugal

Tourist Stay: Visa not required for stays of up to 90 days.

Passport/Residency: A residence permit is a slow process—maybe 12 to 18—and at that time the applicant receives a residence visa and residence card. If you keep a low profile, you're not likely to be bothered by officials even if you do not yet possess one. A government-approved investment of US $100,000 and sufficient income to live on can qualify you for permanent residency and naturalization eligibility. Brazil, a former Portuguese colony, offers reciprocal citizenship to residents of at least three years in Portugal. Real estate prices in Portugal are affordable throughout the country and the quality of life is high. Stateless refugees are often allowed to immigrate and are granted a "Portuguese Aliens Passport," which occasionally can also be secured by other legal residents as well under what they deem to be "under exceptional circumstances." This passport is accepted throughout the EU. This sounds like a loophole—a sharp Portuguese lawyer could explain further and may also prove to be the needed conduit to grease the bureaucratic wheels and secure this valuable travel document.

Finding a Property Agent: Associacao dos Profissionais e Empresas de Mediacao Immobiliara de Portugal. Website: www.apemip.pt. The Association of Foreign Property Owners in Portugal. Website: www.afpop.com. E-mail: info@afpop.com. Telephone 011 282-458 509. *Embassy:* Embassy of Portugal, 2012 Massachusetts Avenue, N.W., Washington, D.C. 20008. Telephone (202) 350-5400. Fax (202) 462-3726. Website: www.portugalemb.org or www.embassyportugal-us.org.

Spain

Tourist Stay: Visa not required for tourist stays up to 90 days.

Passport/Residency: Citizenship by naturalization takes 10 years' residency in the country for a non-Spanish person, or two years for certain former nationals. But the fastest way, which only requires a one-year residency, is by marriage to a Spanish citizen. Dual citizenship is not recognized except with certain countries with Spanish ties that have signed a dual-nationality treaty. Faster exceptions and means to residency also exist for Spanish-related persons—there is a means to shorten the time frame for qualifying for Spanish citizenship if you are of Spanish blood from a former colony of Spain, such as in Latin America or the Philippines.

Finding a Property Agent: Institute of Foreign Property Owners. Telephone: Conde de Altea 33, 03590; Altea (Calpe) 95 584 32 12. Association of Spanish Property Owners. London, UK. Casa Home Search. Website: www.casahomesearch.com. E-mail: info@casahomesearch.com. Telephone 011 (34) 654-371455. Agencia de Serveis Immobiliaris

Domus. Website: www.domusbegur.com. Telephone 011 (34) 972-622072. E-mail: domus@domusbegur.com. Spanish Property Insight. Information on the Spanish property market and purchasing procedures. Website: www.spanishpropertyinsight.com.

Embassy: Washington, D.C. Telephone (202) 452-0100 or (202) 728-2330. Website: http://madrid.usembassy.gov/.

St. Kitts & Nevis

Tourist Stay: Visa not required for tourist stays of up to 90 days.

Passport/Residency: St. Kitts & Nevis have an excellent citizenship program that includes a highly recognized passport with visa-free travel to 100 countries. See Economic Citizenship and Retirement Programs in Chapter 1 of this book.

Thailand

Tourist Stay: Visa not required for stays up to 30 days.

Passport/Residency: There are not a lot of reasons to want to immigrate to Thailand unless you need to live and work there, and they also only issue 100 permanent residence permits a year.

An investment program is in place that guarantees permanent residency with a $300,000 investment for a minimum of three years. Thailand would only be worth pursuing under special circumstances or if planning to travel within Asia.

Finding a Property Agent: Thailand Real Estate Broker Association. Telephone 011 66 (0) 2285 4496-7. Thai Real Estate Association. Website: www.thairealestate.org. Telephone 011 66 (0) 2229 3188 90. The Real Estate Broker Association. Website: www.reba.or.th. Telephone 011 66 (0) 2986 53889. Udon Real Estate. Website: www.udonrealestate.com. E-mail: fbi@udonrealestate.com. Telephone 011 (66) 42-24-63 78. Fair Properties. Website: www.fairproperties.com. E-mail: fairproperties@hotmail.com.

Embassy: Royal Thai Embassy, 1024 Wisconsin Avenue, N.W., Washington, D.C. 20007. Telephone (202) 944-3600. Website: www.thaiembdc.org. Website: www.thaiembdc.org.

Turks & Caicos

Tourist Stay: No visa required for tourist stays up to 30 days.

Passport/Residency: A Permanent Residency Program offers several ways for expatriates who can invest US $250,000 in a government-approved investment to be entitled to full-time residence. The costs vary: self-employed pay around US $50,000 and retired persons US

$15,000. Permanent residency can lead to full citizenship for those who have completed five years of residency and have held a Permanent Residency Certificate for a minimum of one year. *Embassy:* The British Embassy, 3100 Massachusetts Avenue, N.W., Washington, D.C. 20008. Telephone (202) 588-7800. Website: www.britishembassy.ie or www.britain-info.org.

TRAVEL DESTINATIONS

Most countries allow travelers to stay in their country for a short period of time as a guest, for business or pleasure, often without the requirement of a visa. The length of stay varies by country and whether the trip is for business or pleasure. A typical length of stay is three months, but it can be as long as six or eight months, or as short as one month. Besides the appropriate required travel documents, you may need to produce a return plane ticket, meet health requirements, such as immunizations, AIDS/HIV testing, etc. and be able to show proof of financial support for the length of the intended stay. Foreign entry requirements are imposed by each country and the information can be readily obtained by contacting the United States Department of State in Washington, D.C. along with embassy contact information. Their website is www.travel.state.gov for more information.

A worthwhile guide to obtain for frequent travelers is the Travel Information Manual (TIM). It gives foreign entry requirements for all countries. Individual copies maybe purchased or by annual subscription. Published by TIM, P. O. Box 902, NL-2130EA Hoofdorp, Netherlands. Website: www.iata.og/tim/index.

Before leaving the United States, double check the requirements for re-entry as requirements may change. Contact the National Passport Information Center at Toll- Free (877) 487-2778 for more information. Website: http://passportusa.com/passport/passport_1738.html.

9

Avoiding the Pitfalls

Underlying most arguments against the free market is a lack of freedom itself.

—Milton Friedman (1912-2006) American economist

The pitfalls that threaten our daily existence have increased exponentially since the days of the caveman, mostly by design from powerful persons, organizations and governments. Today, legislation and treaties empower the few to rule the rest with greater and greater ease, and for many reasons—with exploitation for gain being historically among the primary reasons. Let's take a look at a few of the pitfalls—some masked as well-meaning concepts—that any of us today might encounter without deliberately trying to break any law. Often, these overlap so that the coverage is more effective. The overall affect is potentially to criminalize everything and everyone at the convenience of the government.

THE USA PATRIOT ACT

Since its passage immediately after 9/11, some have called *The USA Patriot Act* the Anti-Constitution of the United States. Why? It's been scrutinized by sharp legal minds and they've determined that this bit of legislation in fact effectively undercuts your constitutional rights. And the naming was clever—but it's anything but patriotic. The truth is that this 362-page document, officially known as Public Law No.107-56 is mostly about your money, not terrorism. In the name of "security," the government found a new rouse for attacking your liberties utilizing a perfectly good crisis. Sounds familiar?

The target of the Patriot Act is not just about protecting us from the threat of terror, but it is also about a massive erosion and invasion of your personal and financial privacy, which as we mentioned earlier, is the cornerstone of your personal sovereignty. Due process of law has been subverted with the swipe of a pen, which is a protection against totalitarian behavior, and essentially leaves you defenseless should the government wish to make you their latest target. This small detail which we have grown accustomed to in America is the very point of this book, and this theme made an appearance in my last two John Wiley & Sons, Inc. titles, *Tax Havens Today* (2007) and *Secrets of Swiss Banking* (2008).

Today, your banker and other financial institutions can become financial policemen for the government under the Act. Wiretapping without a warrant is okay too and surveillance powers on Americans in all forms is on the rise. A search warrant? Should a government agent want to search your home, and even confiscate personal records or property while he's there, all he needs to do is write a search warrant on the spot and hand it to you. No judge is needed to decide if there is a probable cause or suspicion or a thread of evidence that you have done anything wrong. Even real estate can be confiscated. This is where the Patriot Act has become most convenient to the government, as it drastically reduces your liberties, and likely your freedom will be next, and, gives the government much more power for abuse. You could literally be cleaned out financially before you could hire a lawyer. And, if this happens, you'll need a good one. Their hope is you can't afford to defend yourself in a trial, which can be extremely costly, so that you will have to accept a plea-bargain. The act goes beyond just this and is the foundation for a lot of potential abuse. It's only a matter of how much an authority may want to exercise their newly expanded powers. The passage of this act is reason enough for many who wish to retain their personal sovereignty, their privacy and guard their wealth from being destroyed, to seriously move their funds, assets, and maybe even themselves, to a safer and more secure location. James Madison stated it well, when he said, “Since the general civilization of mankind, I believe there are more instances of the abridgement of freedom of the people by the gradual and silent encroachments of those in power than by violent and sudden usurpations.”

If you’d like to learn just how expansive the government powers are under this act, and the parts that can affect you, not just terrorists, you should obtain a copy of *The U.S.A. Patriot Act: What it can do to you—and what you can do to escape it* by Robert E. Bauman, JD, Second Edition, June 2006, published by The Sovereign Society. Visit their website at www.sovereignsociety.com or e-mail them at info@sovereigntysociety.com.

ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT

As the members of the Organization for Economic Cooperation and Development (OECD) have been mostly tax collectors for industrial nations, you can imagine the mindset here. The Paris-based body, founded in 1990, is charged with expanding the global powers of its membership, which are 30 democracies that work to deal with the economic, social and governance challenges of globalization as well as to exploit opportunities. Exploit what opportunities? The OECD has been a major proponent to spearheading the assault in the past decade against tax havens in the name of creating “fairness” among countries. That’s a popular theme these days used by the globalists to push their governance plan and create universal taxation for all. They like to refer to it as “unfair competition.” Competition is competition; what they don’t like is not having dominance over citizens, the markets or those countries that do not wish to compromise their sovereignty and hand over decision-making to outside influences. The U.S. at first embraced the OECD’s underhanded methods but then changed their mind after deciding that supporting their agenda would be detrimental to the United States. Why? The main reason was because the U.S. is actually *the largest tax haven in the world*—attracting trillions of tax-advantaged foreign investment capital annually. Clearly, and understandably, the U.S. *did* support the concept of tax havens—theirs—just not for all those other small countries also known as tax havens.

As a result, a lot more money is leaving the country these days than pouring into it, not only because of the desire by many to make more money in a better economy elsewhere, but also because of a loss of confidence, and maybe even fear of Washington. Of course, if there is a tax benefit too, so much the better. In the name of "security" and "prosperity" a wave of legislation has been passed to protect us from terrorists, criminals, and now, from the next financial crisis. What we really need is protection from a government that is showing serious signs of fast becoming oppressive and authoritarian. As Philosopher Tacitus stated, "The more corrupt the state, the more numerous the laws."

For more information visit the OECD Website at www.oecd.org.

FINANCIAL ACTION TASK FORCE

The FATF was inaugurated in 1989 as a policy-making body to bring about the political will to pass legislative and regulatory reforms. This intergovernmental body is empowered to create policies to thwart money laundering and terrorist financing domestically and internationally. This is the red-headed step-child and anti-money laundering wing of the OECD. Financial institutions worldwide who are members of the FATF are cooperating to gather data through their financial intelligence units (FIU), collectively known as the Egmont Group, for monitoring purposes so that they can comply with the FATF. This information is compiled from financial data for analyses, and in appropriate situations, to turn over to respective government authorities for investigation and prosecution. The scope of the FATF has now gone beyond controlling laundered drug money and terrorist financing, but also incorporates any suspicious transaction that might be crime related.

For more information, visit the fatf website at www.fatfgafi.org.

Member nations include: Argentina, Australia Austria, Belgium, Brazil, Canada, China, Denmark, European Union (EU), Finland, France, Germany, Greece, Gulf Co-operation Council, Hong Kong (China), Iceland, India, Ireland, Italy, Japan, Kingdom of the Netherlands, Luxembourg, Mexico, New Zealand, Norway, Portugal, Republic of Korea, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

FINANCIAL CRIMES ENFORCEMENT NETWORK

The Financial Crimes Enforcement Network (FINCEN), an arm of the United States Department of the Treasury, was set up in 1990 "to safeguard the financial system from the abuses of financial crime, including terrorist financing, money laundering and other illicit activities." This agency has been effective financial crime fighters, but it's also designed to track your money. FINCEN is linked to other government agencies including the Central Intelligence Agency (CIA), the Defense Intelligence Agency (DIA) and others, and they readily share all information and records that they have been gathering since the passage of the Bank Secrecy Act in 1970 with these other agencies and foreign governments. The FINCEN computer can probe all financial accounts in the United States today. That's reassuring.

For more information, visit their Website at www.fincen.gov.

MONEY LAUNDERING

Today, money laundering is a buzz word. It's a subject that ought to be better understood by everyone since just about anyone could be affected. In the U.S. a money laundering conviction could quickly net you twenty years behind bars. I covered this important topic and some others that relate to how your personal sovereignty is being threatened at the international level through governments, and organizations like the OECD, and the Financial Action Task Force (FATF) in my previous book, *Tax Havens Today: The Benefits and Pitfalls of Banking and Investing Offshore,* 2006, John Wiley & Sons, Inc., Hoboken, NJ. The net is getting wider, and the definition of money laundering itself is so broadly written by those who draft such legislation, that the fact is, an ordinary, typically law-abiding person in many countries today could be swept into their dragnet of horror. Money laundering, and other cleverly disguised legislation supposedly intended for a narrowly-defined threat but ultimately intended for expansive purposes, has the potential to catch up even non-criminals and be extremely harmful to your one's sovereignty. Just as when the loosely-drafted racketeering laws were passed years ago with the specific purpose of targeting organized crime figures, those laws became broadly interpreted, too. And, a one count conviction could fetch you up to twenty years as well, and that's not even for a violent crime. With those kinds of severe penalties, it looks like it could evolve into a case of coercive cooperation—or else.

For more information on money laundering, visit International Money Laundering Information Network IMoLIN) at their Website at www.imolin.org.

QUALIFIED INTERMEDIARIES

There have been effective measures to discourage tax haven use, including blacklisting by the OECD in the recent past, at least until these countries agreed to certain compromises. But eliminating them from existence, as may be the preference, has not been a reality. Even though some countries have rolled over and weakened their bank secrecy or abolished it, and sometimes have signed a tax treaty or a Tax Information Exchange Agreement (TIEA) gutting the stronger benefits of a tax haven or offshore banking center, as in the recent case of Switzerland and other formerly attractive European banking centers, there are still tax havens that have not given in to the muscling. However, a few have, but still retained strong enough confidentiality laws, coupled with refusal to sign a TIEA, such that they still are attractive and have much to offer. More on TIEA's will be forthcoming in this chapter.

The strongest bank secrecy laws can be found today in Belize, Panama, Nevis, Cook Islands and Hong Kong. A few others like St. Vincent & the Grenadines and Anguilla are useful too. Please refer to my annual T-8 list of the best tax havens and offshore banking centers in this book. These actions by the OECD have weakened formerly excellent tax havens like the Bahamas and the Cayman Islands to the point of now being useless to Americans. It also has caused some North Americans to shy away from tax havens altogether although there are excellent ones still remaining. Just the mere fact that an asset is located in another jurisdiction can cause the desired effect of asset protection and effectively delay an adverse action to successfully attach the asset. However, if you employ a tax haven jurisdiction such as in Belize, Panama, Nevis, Cook Islands or Hong Kong, your government won't waste its time trying to chase it, knowing that their inquiry will be snubbed. No fishing expeditions are going to work within these countries and they do not exchange tax information, or any financial information whatsoever, provided you are not acting criminally. Even then, that is a definition that would need to be to be determined. Refer to the Mutual Legal Assistance Treaty (MLAT) forthcoming for more information on how they could possibly penetrate your financial fortress, if, you are determined to be working criminally. Another advantage to expatriating is to avoid being served and forced into court, whenever they wish to see you. In this way too, there is a better chance to convince you to repatriate your assets should they want them—but not entirely, as you have learned earlier. However, as you know, through careful planning you can technically set yourself apart from your assets, and if you do not control them, you cannot be expected to produce them even for a judge.

There are many international securities and markets that U.S. investors are restricted from investing in, as these investments are not permitted to be sold in the United States on U.S. exchanges or through U.S. brokers. This is true in Canada for Canadians, too. Sharp investors have been getting around this for years by investing from offshore, either through an offshore bank or through a foreign brokerage account, often in the name of an offshore corporation. An added benefit is that it is also more difficult for your government to control, since the investments are outside of the country. By investing from offshore, many more opportunities, and possibly even much more lucrative ones, are now available to you for investment.

Unfortunately, the government doesn't give up so easily, and if they can't get in the front door, they'll often try the back door. This has often worked well for them and has presented challenges for foreign financial institutions and the Americans who want to do business with them, but who find themselves running into the long arm of the U.S. government. This is one reason why setting up your offshore structures and financial accounts now is imperative to building a bridge to safety and away from trouble. Not doing so will definitely expose all of your assets domestically and put them at risk at some point in the not-so-distant future.

A couple of ways the government can put a hitch-in-your-get-along is through using the Qualified Intermediary (QI) to expose those investors who are trying to utilize a no-tax or low-tax haven to let their profits rest offshore and avoid or defer capital gains tax while investing back into U.S. markets, anonymously. Needless to say, their assets would not be easy to locate, and, therefore, are kept largely safe from attachment or confiscation. And, some assets would be impossible to reach, as mentioned. So, asset protection also played a role in decision by investors not to invest from the U.S., but from outside the country. The choice of jurisdictions from which to invest these days is extremely important, for asset protection reasons. As for tax reasons, well, no one in his right mind would advocate tax evasion. Fortunately, tax avoidance—correct reduction of exposure—is still legal, and we will cover that soon.

The QI regulations impose far-reaching requirements on foreign institutions who sign a QI agreement to disclose the identity of any U.S. account holder. These financial institutions have literally signed an agreement to act as compensated auditors, or, at least, spies, for the IRS. Recipients of U.S. source income find themselves forced to withdraw their investments from the United States; that is, from their offshore lair, or have their identity disclosed to the IRS and face the music, including a penalty of over thirty percent on the cash flow of their investment. The financial institution would act as a tax collector of the funds. Why would a foreign bank comply with the U.S. government and not just tell them to mind their own business? Because, if they don't cooperate, the government will threaten them with terminating the foreign bank's access to the U.S. banking system and markets. By going along with the government, they create a lot of paperwork for themselves, and ultimately, they will upset their client by cooperating with their government. The bank is usually too dependent on the U.S. financial system to say "no," and turning the client's business down is much easier, resulting in a bit of a "Catch 22" all around.

In a similar way, the U.S. strong armed the Union Bank of Switzerland (UBS) by leveraging them because they had branches in the U.S. and plenty of still-unknown American depositors in Switzerland. The U.S. government efforts were effective enough and led to a lot of changes, including a certain amount of Swiss cooperation. In my Swiss book, I pointed out the possibility of this, and even cited the potential for it to happen, naming UBS as a potential candidate for this type of action. This also led to a compromise in bank secrecy by the Swiss government, which, although there were no signs of them taking the hit early 2007, I warned that a breach could be possible, and that all good things can come to an end. The likelihood seemed slim as the Bank Secrecy Act in Switzerland had been around since 1934. Since that time, the German government too had wanted to bust Switzerland open, in order to get at its citizens who had money deposited there and who had invested from there ever since that time. That little detail of secrecy saved a lot of fortunes, and even lives. Also, it helped preserve those persons from what was to come—Hitler and the Nazis—until such time as they could expatriate or ride out the trouble, at least knowing part of their lives were secure.

That's why it is important to bank, invest from and set up offshore structures in the right tax haven. If so, you can file U.S. Treasury form TD F 90-22.1, "Report of Foreign Bank and Financial Accounts," if required, which is explained elsewhere in this book, to keep yourself legal. You can rest peacefully at night, knowing that the country you chose will not provide any information, or turn over your funds or investments to your government, or for that matter, even acknowledge that they exist. This is an invaluable buffer, particularly should things go awry back home, and, in the worst case scenario, it could buy you valuable lead time to develop Plan B. Hopefully, this book will give you many ideas and valuable contacts to develop your strategy and to avert changes, if and when, they present themselves.

Having a foreign bank account and investing overseas is exercising your sovereign right, and your sovereignty cannot be legislated. Remember, for maximum safety, the best places to bank offshore and set up offshore structures today for Americans and Canadians are the T-8 tax havens. There are a few other options out there too, but these are the best places to begin. The other safe method for investing offshore, securing maximum asset protection and financial privacy, and to plan your estate is through one of the Swiss financial-related insurance products as described earlier.

U.S. TAXPAYER REPORTING REQUIREMENTS

There are special requirements imposed on U.S. taxpayers to report certain international financial transactions including income, profit, transfers, ownership and other purposes. Here are some of the more frequently used IRS forms that you should beware of, which can be pitfalls if you do not comply, or at least be aware of what they want. It is highly recommended to seek professional tax advice and assistance with filing returns to stay compliant with all laws.

Form 5471, Information Return with Respect to a Foreign Corporation. This form is used when acquiring or disposing of an interest in a foreign corporation, when a controlled foreign corporation conducts certain transactions, and when declaring income received from a foreign corporation.

Form 5472, Information Return of a 25 percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. This one is used when an American company has substantial foreign ownership or when a foreign company is doing business in the U.S.

Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts. This is used when establishing or transferring assets to a foreign trust.

Form 926, Return by U.S. Transferor of Property to a Foreign Corporation—used when transferring property to a foreign entity.

Form 3520A. This is used to declare income of a foreign trust when a U.S. taxpayer holds an interest.

Forms 1020NR (corporation) and 1040NR (individual). These forms are used for receipt of U.S. income or foreign effectively-connected-with income by a resident or non-resident alien, respectively.

Form 4789, Currency Transaction Report (CTR)—used by financial institutions to report cash deposits or transactions of $10,000 or more. (These same financial institutions are also required to keep records of all transactions of $3,000 or more).

Form 4790, Report of International Transportation of Currency or Monetary Instruments. This form is to be filed with the Bureau of Customs if $10,000 or more in cash or monetary instrument equivalent is being carried into or out of the United States.

Form 8300. This is used to report business transactions involving $10,000 cash or more.

Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. This form is required for declaring distribution of income or disposition of shares.

Form 8832, Election to be Taxed as a Disregarded Entity. A foreign LLC, IBC or other foreign corporation will be taxed as a foreign corporation unless elected to be taxed as a disregarded entity for a single owner or for more than one owner, as a partnership. Filing is at the option of the owner(s), but must be done within seventy-five days of incorporation.

Form 8858, Information Return of U.S. Persons with Respect to Foreign Disregarded Entities. This form is required to be filed with a U.S. taxpayer's income tax return. This applies to U.S. persons who are shareholders or partners in disregarded controlled foreign corporation or partnership. Stiff penalties exist for not complying.

Form 8865, Return of U.S. Persons with Respect to Certain Controlled Foreign Partnerships.

Treasury Form TD F 90-22.1 (FBAR), Report of Foreign Bank and Financial Accounts. A U.S. taxpayer must file this form annually disclosing any financial interest in or signing power over a foreign bank or other financial account if the aggregate value of the account exceeded $10,000. Multiple accounts can now be reported on the same form.

The FBAR reads, in part: "F. Bank, Financial Account. The term "bank account" means a savings, demand, checking, deposit, loan, or other account maintained with a financial institution or other person engaged in the business of banking. It includes certificates of deposit. The term "securities account" means an account maintained with a financial institution or other person who buys, sells, holds, or trades stock or other securities for the benefit of another. The term "other financial account" means any other account maintained with a financial institution or other person who accepts deposits, exchanges or transmits funds, or acts as a broker or dealer for future transactions in any commodity on (or subject to the rules of) a commodity exchange or association."

A U.S. person is also required to report certain indirect financial interests in any foreign account if the legal owner is:

- Another person acting as agent, nominee, attorney, or in some other capacity on behalf of the U.S. person.

- A corporation in which the U.S. person owns directly or indirectly more than fifty percent A partnership in which the U.S. person owns an interest in more than fifty percent of the profits or capital, or
- of the total value or voting power of all shares of stock.
- A trust in which the U.S. person either has a direct or indirect present beneficial interest in more than fifty percent of the assets from which such person receives more than fifty percent of the current income.

The PENTAPUS

The "pentapus" constitutes five major challenges posed by the Internal Revenue Code for international tax planners to deal with on behalf of their U.S. clients. The object is to avoid them if legally possible to reduce or defer taxes. Here's a brief synopsis of each:

Controlled Foreign Corporation (CFC): Majority owners of foreign corporations, as a result of Subpart F of the Internal Revenue Code, are restricted from accumulating profits and delaying payment of taxes until they choose to declare a dividend. The CFC is difficult to circumvent and shareholders must pay taxes on undistributed earnings on their foreign corporations regardless of whether dividends are paid. A CFC is defined by IRC 951-64 as being a corporation owned by U.S. persons holding more than fifty percent of the outstanding voting shares of the company by a maximum of five U.S. shareholders. An American owning ten percent or more, directly or indirectly, of the voting shares of a foreign corporation.

Foreign Personal Holding Company (FPHC): A U.S. shareholder's company, earning income from passive sources, such as dividends, interest, royalties, annuities, profits from stock sales, certain commodity profits, rents, income from the sale of an estate or trust, certain personal service types business, and a few other sources, will be considered a FPHC, and will be taxed on a proportionate share of the undistributed income when fifty percent or more of the stock is owned by a maximum of five U.S. persons, and if at least sixty percent of the gross income comes from passive sources. Refer to IRC 551-58.

Personal Holding Company (PHC): Similar to the FPHC, the PHC or IRC 542(a), is not levied against U.S. shareholders, but is a tax against the company.

Passive Foreign Investment Company (PFIC): If 70percent of a foreign corporation's income is derived from passive sources, regardless of how many shares are owned by U.S. persons, or more than half of its assets contribute to the total source of income, each U.S. shareholder will pay taxes proportionately with interest when profits are no longer deferred, as defined by IRC 904(d)(2)(A).

Accumulated Earnings (AE): The IRS discourages accumulating earnings without being taxed so that funds will be re-invested or taxed, distributed or not. The AE is taxed only on U.S. income whether it's from a U.S. or foreign corporation and there have been exemptions available for U.S. shareholders. Consult a U.S. tax advisor.

For further reading on these tax topics, I refer you to Walter Diamond's *Tax Havens of the World,* an offshore reference work found in the resource section of this book.

NEW TAX-RELATED LEGISLATION

HIRE Act

The Hiring Incentives to Restore Employment (HIRE) Act (HR2847) was passed by President Obama on March 18, 2010 which ratchets up the reporting and disclosure requirements on those holding assets and foreign accounts overseas, known as a "specified foreign financial asset" and when the aggregate value of all assets exceeds $50,000. For more information on the new legislation, please visit CB&H at www.cbh.com/international. Your accountant should be well versed on these new requirements. There are also changes in the Statue of Limitations, offshore corporations, withholdable payments and foreign trusts.

New reporting requirements were passed in 2009, and enforced by the Financial Crimes Enforcement Network (FinCEN), a department of the U.S. Treasury, also known as the "financial intelligence unit," and retroactively demands U.S. persons to report back to 2009, and henceforth, all of the following:

- Insurance policies with cash value
- Foreign annuity policies
- Foreign accounts with brokers or dealers for futures, options regardless of the commodity, every transaction executed, that are subject to a commodity exchange or other association's rules.
- Foreign accounts with mutual funds or pooled accounts, traded publicly, where shares are issued, with regular redemptions and regular net asset valuation determination.

Basically, FINCEN wants to know about all U.S. persons asset holdings outside the United States *if it can*, and their dealings, aside from "financial institutions," with any person who is in the business of accepting deposits as a "financial agency," which is defined as, "a person acting for a person *as a* financial institution bailee, depository trustee or agent, or acting in a similar way related to money, credit, securities, gold, or in a transaction in money, credit, securities or gold."

More legislation has been proposed too, including two recent ones, FATCAT and the 2010/11 Green Book. Further clarification as it becomes understood will be released and available through media sources and professionals.

STRUCTURING

Under a 1991 amendment to the Bank Secrecy Act of 1970, the Financial Record Keeping, Currency and Foreign Transactions Reporting Act, "structuring" is basically the act of trying to avoid the system that's in place to detect money laundering, and it's illegal. This includes structuring deposits to avoid the $10,000 currency transaction reporting required by the government of banks. Treasury Form 4790 is a red flag that a suspicious transaction may have taken place.

For instance, if you break down an amount into smaller sums so none exceed $10,000, and deposit these in various amounts to avoid triggering the filing requirement, or if you delayed or spread them out over time, depositing such lesser amounts into one or more accounts, then you are structuring, and this in itself is illegal and carries stiff penalties. It can be an individual acting independently or any number of others known as “smurfs” which are used in the process to make independent deposits that won’t hit the bank’s radar screen, and this also includes wire transfers, not just over the counter deposits or other forms.

SUSPICIOUS ACTIVITY REPORTS

A Suspicious Activity Report is the ultimate form, as it gets filed anytime anyone *thinks* you are doing something wrong. Generally, the eagle-eye is a financial institution. The SAR is required to be filed with FINCEN, a division of the U.S. Treasury, in the case of “any suspicious transaction relevant to a possible violation of law or regulation.” With so many laws extant, most bank clerks would likely not know when one is potentially being violated. Many of these so-called “bankers” can’t correctly fill out a bank wire request form without assistance from their supervisor, or in some cases, even their customer. Actually, all it takes is for you to look “suspicious”—lots of gray area at best. SAR’s are fairly ineffective, and very few have ever led to prosecution. What it does do, is to create a lot of paperwork, more government expense, and no doubt, job security for some unknown bureaucrats. Can you imagine working for FinCEN and getting one of these slips of paper and being expected to investigate a suspicion? Makes your brain frost over.

TAX AUDITS

The U.S. Internal Revenue Service wants everyone to believe that hundreds of billions of dollars are being moved offshore annually from the U.S., in hopes of harnessing support for closing down the tax havens and to anger taxpayers who feel cheated by someone who’s using the system to save taxes or merely desiring to protect their cash elsewhere. There are many reasons for being offshore aside from reducing taxes. The truth is, the actual amount squirreled away or flowing to tax havens annually is just a guesstimate by the government, and likely an over-inflated one at that. But they do upset some taxpayers fired up, some of whom can also get pretty righteous on the subject, claiming it’s not fair. The funny thing is that it wouldn’t even require breaking the law to find yourself categorized as a tax dodger or as being somehow unpatriotic just by virtue of having a foreign bank account—even if you do everything perfectly legally, including filing the Treasury form annually, like I do.

Besides gaining stealthy asset protection and financial privacy, thanks to being in another jurisdiction that has strong bank secrecy laws and preferably no Tax Information Exchange Agreement (TIEA), you have also significantly hampered the auditing process of your home country, and they know it. In the U.S., once they begin an audit, the auditor has three years to complete it. However, they often give up before they start, when the auditor discovers the taxpayer has a bank account or brokerage account in a tax haven country. They know that some of these tax havens are impenetrable and will not cough up anything. They also know that the costs and time involved in researching such activity would never prove cost effective, even if there were hope to learn something.

Some countries, even if they don't have a TIEA in place, may still not be cooperative, or they may move so slowly as to thwart the progress of an audit. Often the IRS ventures into these waters on what amounts to a "fishing expedition" to see what they can dredge up. These are usually not very successful and the better tax havens don't cooperate. Without that, auditors don't stand a chance of acquiring the hard evidence they need to make a case, let alone convict someone of tax evasion. As such, there has been talk of extending the audit period from three years to six years, in hopes of giving the G-Men some hope; maybe they think they'll get luckier. That still won't change anything if you are in one of the better tax havens with the strongest bank secrecy and no TIEA. Please refer to the T-8.

TAX INFORMATION EXCHANGE AGREEMENTS

For those seeking a tax haven, choosing one that has a tax information exchange agreement (TIEA) defeats the most important reason for banking and investing from such a place. The strong arm of international organizations and high-tax foreign governments have applied enough pressure to some of the hottest places, like the Bahamas and the Cayman Islands, who have succumbed to signing a TIEA. If real financial privacy is important to you, do not bank in a tax haven or offshore banking center which has signed a TIEA. Why? There are perfectly good tax havens that'll protect you, your assets and your privacy without compromise. A country that has signed on will open up, like a clam at a clambake, and provide whatever the requesting country wants, which is normally for the purpose of going after you, whether your misbehavior is real or perceived.

The TIEA was drafted simply to exchange domestic tax information between the United States Internal Revenue Service and the tax haven who chose to be a party to it. The TIEA has no benefit to a private third-party individual such as you, the offshore investor. Only the tax collector benefits from this agreement. Secrecy laws in financial matters is the linchpin of success for tax havens, and the cornerstone of your personal sovereignty, the single most important reason for their popularity over the decades. But, a TIEA clearly undermines this purpose. Bank secrecy or bank confidentiality is non-existent if a country has signed a TIEA, and this includes professional relationships in these countries. Once good tax havens could now be hazardous to your personal and financial health. Refer to the T-8 list of tax havens which is revised annually.

MUTUAL LEGAL ASSISTANCE TREATY

The Mutual Legal Assistance Treaty (MLAT) is all about crime and generally not about taxes. It allows assets to be seized even without a court order within countries who have signed. Adverse action against the individual can be arbitrary. This idea seems to be getting more popular. The MLAT was created to help law enforcement in criminal investigations, and is even used in tax evasion cases where tax evasion is not regarded as a crime, as in some countries. This treaty lacks regard for due process of law, which requires "probable cause" under the Fourth Amendment, and substitutes it with "reasonable suspicion." Just whose judgment makes the call? A few dozen countries are a party to this treaty. The confiscated proceeds from the MLAT—or what looks more like booty—is split between the treaty countries. This sounds lucrative, and it's an incentive for these governments to abuse of their power. Billions of dollars have been snapped up in this fashion without ever going to court. Again, please refer to the T-8 list for the best tax havens.

FRAUDULENT TRANSFERS

Avoiding fraudulent transfers is essential to safely placing assets offshore, legally, without putting yourself in jeopardy with domestic law. These laws are intended to protect creditors. Severe penalties exist if assets are determined to have been fraudulently transferred at a creditor's expense. As it is difficult to get assets back that were re-titled in the name of an offshore entity, the creditor would need a serious financial incentive to pursue it. Although, if that happened, and they got you into court, it would likely be a lot easier to convince you to repatriate the assets or else face the consequences of fines and possible imprisonment. Therefore, it is wise to be prudent when transferring assets offshore, and to establish a proper motive for why you are doing so, such as for legal tax planning purposes, estate planning, executing a legitimate business plan or other perfectly good reason. If no creditors or court are seeking the assets to begin with, there is likely little reason anyone will be interested, or for that matter, even know where to start looking. Your solvency is the test of whether a transfer was fraudulent. Although proving fraud is generally not that easy, there is what is known as a "badge of fraud" and there are eleven such badges. Any one of them could be a red flag and raise the possibility for fraudulent intention. A badge of fraud is easier to prove than actual fraud.

There is also "constructive fraud" which is lack of value or consideration in return for the asset transferred. In this instance, proof of intent to defraud or the need for a badge of fraud is not necessary. If there is any question about assets being transferred offshore, it would be wise to consult with a domestic attorney before proceeding with any transfers. On the other hand, offshore jurisdictions usually have a period of limitations, often one, two or three years in length, where the assets could be contested by a domestic creditor, attorney, or court, after which, asset protection under the offshore laws would be in full force. Rarely does an offshore jurisdiction have no window and thereby offer immediate asset protection. Belize is one of the exceptions and assets transferred to a Belize APT are not contestable and are immediately asset protected. Refer to Chapter 2, The Best Offshore Structures.

In the United States, the Uniform Fraudulent Conveyances Act (UFCA) and the Uniform Fraudulent Transfers Act (UFTA) offer creditors certain remedies and protections against fraudulent transfers of assets.

10

Resources for the Expat and Freedom Seeker

All men recognize the right of revolution; that is, the right to refuse allegiance to and to resist the government, when its tyranny or its inefficiency are great and unendurable.

—Henry David Thoreau

Please note: A new edition of this book is forthcoming; when referring to the listings following here, kindly keep in mind that any listed publication may now be out-of-print, and/or any listed organization or service listed may have moved, changed, or are no longer available as shown here. With any listing of interest, you may wish to Google it for updates, if any, prior to further action.

SUGGESTED READINGS

Freedom & Privacy Books

Freedom Under Siege: The U.S. Constitution After 200 Years by Ron Paul. The Ludwig von Mises Institute, Auburn, AL. 2007.

The Road to Serfdom: A Classic Warning Against the Dangers to Freedom Inherent in Social Planning by F.A. Hayek. The University of Chicago Press, Chicago, IL. 1976.

The Market for Liberty by Morris and Linda Tannehill. Laissez Faire Books Inc., New York, NY. 1984.

Economics of a Free Society by Wilhelm Ropke. Libertarian Press, Inc., Grove City, PA. 1994.

The New Approach to Freedom by E. C. Riegel. The Heather Foundation, San Pedro, CA. 1976.

Flight from Inflation by E.C. Riegel.

The Virtues of Selfishness: A New Concept of Egoism by Ayn Rand. A Signet Book, New American Library, New York, NY. 1964.

Unwarranted Intrusions: The Case Against Government Intervention in the Marketplace by Martin Fridson. John Wiley & Sons, Inc., Hoboken, NJ. 2006. Website: www.johnwiley.com.

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Eden Press, P. O. Box 8410, Fountain Valley, CA 92708. Toll-Free (800) 338-8484. Fax (714) 556-0721. Website: www.EdenPress.com. Contact them for a free copy of their Privacy Catalog.

Publishers and sellers of information you won't find elsewhere, including two useful directories *The Eden Directory of Private Mail Drops in The U.S. and 90 Foreign Countries,* and *The Worldwide Maildrop Guide.* Scope International Ltd., Forestside House, Rowlands Castle, Hants PO9 6EE, United Kingdom. Offshore books and information.

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Versichenrung der Schweizer Arzte (Arzteversichenrung)
3000 Bern 9, Switzerland

AXA Compagnie d'Assurances sur la Vie (AXA Vie)
1000 Lausanne 3 Cour

Basler Lebens-Versicherungs-Gesellschaft (Basler Leben)
4002 Basel, Switzerland

Berner Lebensversicherungs-Gesellschaft (Berner Leben)
8022 Zurich, Switzerland

Convia Lebensversicherungs-Gesellschaft (Convia)
6002 Luzern, Switzerland

Coop Leben AG (Coop Leben)
4103 Bottmingen BL, Switzerland

Elvia Leben (Elvia Leben)
8022 Zurich, Switzerland

Financial Assurance Company Limited (Financial Assurance Vie)
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Generali Personenversicherungen (Generali Personenversicherungen)
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La Genevoise Compagnie d'Assurances sur la Vie (Genevoise Vie)
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Groupe Mutuel Vie GMV SA (Groupe Mutuel Vie)
1920 Martigny, Switzerland

Imperio SA (Imperio)
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Schweizerische National Lebensversicherungs-Gesellschaft (National Leben)
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Patria Schweizerische Lebensversicherungs-Gesellschaft (Patria)
4002 Basel, Switzerland

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4002 Basel, Switzerland

Phenix Compagnie d’Assurances sur la Vie (Phenix Vie)
1001 Lausanne, Switzerland

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1260 Nyon, Switzerland

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8022 Zurich, Switzerland

SEV-Versicherungen (SEV Versicherungen)
4011 Basel, Switzerland

Skandia Leben AG (Skandia Leben)
8034 Zurich, Switzerland

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1001 Lausanne, Switzerland

UBS Life AG (UBS Life)
8098 Zurich, Switzerland

Vauddoise Vie, Compagnie d’Assurances sur la Vie (Vaudoise Vie)
1001 Lausanne, Switzerland

Winterthur Leben (Winterthur Leben)
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Zenith Vie, Compagnie d’Assurances sur la Vie
1009 Pully, Switzerland

Zurich Lebensversicherungs-Gellellschaft (Zurich Leben)
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H & P Trust Company (Switzerland) AG, Poststrasse 6, 6300 Zug, Switzerland. Telephone: 41 41 729 63 63. Facsimile: 41 41 729 63 64. Website: www.henleyglobal.com/switzerland. Contact: Mr. Cees Jan Quirijns. E-mail: ceesjan.quirijns@henleyglobal.com. Trust and corporate services, including Swiss companies and structures involving Switzerland, as well as international corporate and trust structures.

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Henley Estates Ltd., Schifflände 26, 8024 Zürich, Switzerland. Telephone: 41 44 266 22 33. Facsimile: 41 44 266 22 34. Website: www.henleyestates.com. Contact: Ms. Flavia Wetzel. E-mail: flavia.wetzel@henleyestates.com. Specialist advisers and brokers for exclusive residential real estate in Switzerland.

Swiss Insurance Partners AG, Neustadtgasse 12, 8024 Zurich, Switzerland. Telephone: 41 44 266 22 66. Facsimile: 41 44 266 22 67. Website: www.sip.ch. Contact person: Mr. Marco Gantenbein TEP. E-mail: marco.gantenbein@sip.ch. A leading independent insurance consultancy with strong expertise in advising international clients on Swiss and Liechtenstein annuities and life insurance, including complex private-banking insurance wrapper solutions.

SWISS AND OTHER ORGANIZATIONS

Information on Switzerland and the financial industry. Swissnetwork Media AG, Geneva, Switzerland. Website: www.swissnetwork.com.

Swiss Annuities published by Swissnetwork Media AG. Information on the Swiss insurance industry. Website: www.swissannuities.com.

Insurance Information Institute, Annuities Section. Website: www.iii.org/individuals/annuities.

International Financial and Legal Network (IFLN). Website: www.ifln.com.

International Tax Planning Association. Website: www.itpa.org.

Society of Trust and Estate Practitioners (STEP). Website: www.step.org.

Swiss Federation of Private Insurance. Website: www.bpv.admin.ch/de.

Swiss Insurance Association. Website: www.svv.ch.

Swiss National Bank, Zurich, Switzerland. Website: www.snb.ch.

OFFSHORE INVESTMENT & FINANCIAL COUNSELORS

Mr. Michael Chatzky, Chatzky & Associates, 6540 Lusk Blvd., Suite C121, San Diego, CA 92121. Telephone (858) 457-1000.

Mr. Rick Rule, Global Resource Investments Ltd., 7770 El Camino Real, Carlsbad, CA 92009. Telephone (760) 943-3939; Toll-free (800) 477-7853. Website: www.gril.net.

Mr. Tom Azzarra, Offshore Tax & Estate Planners Ltd., P. O. Box CB-11552, 54 Sandyport Drive, Nassau, Bahamas. T/F (242) 327-7359. Vonage (514) 667-7068. E-mail: taxman@batelnet.bs. Author of *Tax Havens of the World,* Tom is an international tax planner and investment advisor registered with the SEC.

Mr. Harry Andrew, Aylesworth LLP, P. O. Box 124, 18th Floor, 222 Bay Street, Toronto, Ontario M5K 1H1 Canada. Telephone (416) 777-0101. Fax (416) 865-1398. E-mail: hanadrew@aylaw.com. Website: www.aylesworth.com.

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Precious Metals Information and Quotes. Website: www.thebulliondesk.com.

Mastercard ATM Locator. Website: www.mastercard.com/atm.

Visa ATM Locator. Website: www.visa.com/pd/atm.

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Mr. Darrell Aviss, Managing Director, SwissGuard International, GmbH, Bahnhofstrasse 52, CH-8001 Zurich, Switzerland. Telephone 41 1 214 62 47. Fax 41 1 214 65 19. E-Mail: info@swiss-annuity.com. Website: www.swissannuity. com. Toll-Free from the U.S. 1-800-796-7496. Swiss annuities.

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BANK RESOURCES

Bank Websites Worldwide. Website: www.qualisteam.com.

Financial Standing of Banks Worldwide. Website: www. Fitchratings.com.

Thomas Bank Directory, World Bank Directory. Accuity Solutions, 4709 W. Gold Road, Suite 600, Skokie, IL 60076-1253. Telephone (847) 676-9600. Fax (847) 933-8101. Website: www.accuitysolutions.com

Secrets of Swiss Banking: An Owner's Guide to Quietly Building a Fortune by Hoyt Barber, John Wiley & Sons, Inc., Hoboken, NJ. 2008. Switzerland is still the global vanguard for asset and investment management and their financial-related insurance products for excellent estate planning, investment diversification, asset appreciation, maximum financial privacy, asset protection and more.

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Home Exchange. Website: www.home-exchange.com.

RETIREMENT RESOURCES

AXA Retirement Scope. Global comparative information on attitudes towards retirement. Website: www.retirement-scope.axa.com.

American Association of Retired Persons, 601 E Street, N.W., Washington, D.C. 20049. Toll-Free (800) 424-3410. Telephone (800) 424-3410. E-mail: member@aarp.org.

Third Age Living. Website: www.thirdageliving.

Elderhostel. Website: www.elderhostel.com.

Senior News Network: Travel. Website: www.seniornews.com/travel.

Association of Residents Overseas (AARO). Website: www.aaro.org.

MEDICAL AND TRAVEL INSURANCE

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Website: www.chasetempleton.co.uk.

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Norfolk Mobility Benefits. Comprehensive supplier of expatriate insurance services. Website: www.norfolkmobility.com. Toll-free (800) 523-6586. Calgary, Alberta, Canada.

Access America. World's largest travel insurance provider. Website: www.accessamerica.com. Toll-free (800) 284-8300.

BUPA International. International Health Insurance. Worldwide network of hospitals and clinics. U.K. Telephone 011 (44) 1273-718 306. Website: www.bupa-intl.com.

American Express Travel Protection Plan. Travel medical protection. Website: www.295.americanexpress.com. Toll-Free (800) 297-2900.

Medex Global Solutions. Travel medical insurance. Website: www.medexglobalt.com. E-mail: info@medexglobal.com. Toll-free from the U.S. (800) 537-2029. Local (410) 453-6300. Baltimore, MD.

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Travel Insured International. Travel insurance plans. Website: www.info@travelinsured.com. Toll-Free (800) 243-3174. Toll-free (800) 243-3174; local (860) 528-8005. Hartford, CT.

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ORGANIZATIONS

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The Sovereign Society, 5 Catherine Street, Waterford, Ireland. Telephone 353 51 844068. Fax 353 51 304561. Email: info@sovereignsociety.com. Website: www.sovereignsociety.com. Investment author, John A. Pugsley, Chairman.

American Enterprise Institute. Website: www.aei.org. Conservative think tank.

The Association of Americans Resident Overseas, B.P. 127, 92154 Suresnes Cedex France. Telephone 011 (33) (01) 42 04 09 38. Fax 011 (33) (01) 42 04 09 12.

American Citizens Abroad, 1051 N. George Mason Drive, Arlington, VA 22205. The Voice of American Citizens Overseas. Headquartered in Geneva, Switzerland. Telephone 011 (41) 22 340 02 33. E-mail: info@aca@gmail.com. Website: www.aca.ch.

Federation of American Woman's Clubs Overseas (FAWCO). Website: www.fawco.org

Downsize DC.org, Inc., a non-profit educational organization based in Washington, D.C. Co-founded by Harry Browne. Visit their website at http://www.DownsizeDC.org for more information on their ideas for promoting individual liberty, personal responsibility, free markets and small government.

Freedom House. Information on freedom. A country's freedom level ranked according to the Freedom Rating. Website: www.freedomhouse.org.

Future of Freedom Foundation. Website: www.fff.org.

International Society for Individual Liberty, 836-B Southampton Rd., #299, Benicia, CA 94510. Telephone (707) 746-8796. Fax (707) 746-8797. E-mail: isil@isil.org. Website: www.isil.org.

World Service Authority, headquartered in Washington, D.C. Founded by Garry Davis. They issue their own passport and travel documents which have received *de jure* and *de facto* recognition from over 150 countries since 1948. They are commonly used for emergency purposes and to assist refugees. Website: www.worldservice.org.

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The Heritage Foundation and the Center for Freedom and Prosperity. Visit their website at www.freedomandprosperity.com. They are waging an effective and ongoing counter-attack against the OECD.

The Society for Trust and Estate Practitioners. Website: www.step.org.

Amnesty International throughout the world. Website: www.amnestyUSA.org.

Transparency International. Website: www.transparency.org.

GOVERNMENT WEBSITES

European Union (EU). Website: www.europa.eu.int.

Embassy Sites in Washington, D.C. Website: www.embassy.org

Background Notes. Information by country. U.S. State Dept., Washington, D.C. Website: www.state.gov/r/pa/ei/bgn/.

Bureau of Consular Affairs. International Travel Section. Travel information by country. www.travel.state.gov.

Internal Revenue Service. Easy-to-use website. Instructions and forms available online. www.irs.gov.

CIA World Factbook. Country information. Central Intelligence Agency (CIA), Washington, D.C. Information by country. Website: www.cia.gov/cia/publications/factbook.

U.S. Center for Disease Control and Prevention, Atlanta, GA. Toll-Free (877) FYI-TRIP or (877) 394-8747. Health information and health travel advisories. Website: www.edu.gov/travel/index.htm.

Health advisories worldwide. Visa Information Telephone Numbers. U.S. State Dept., Washington, D.C. Website: http://travel.state.gov/phonetaq. html.

Human Development Report. United Nations, New York, NY. Website: www.hdr.undp.org.

National Passport Information Center. Toll-Free (888) 362-8668.

U.S. Government Publications Currently Available. Website: www.bdtax.net/english/publications.htm.

U.S. Customs – Contact them to determine what they consider to be a “negotiable instrument” before traveling. Toll-Free (800) 232-5378. Website: www.customs.ustreas.gov.

Commerce Department, Washington, D.C. Website: www.commerce.gov.

Federal Reserve System, Washington, D.C. Website: www.federalreserve.com.

International Trade Administration, Washington, D.C. Website: www.ita.doc.gov.

Treasury Department, Washington, D.C. Website: www.treas.gov.

Canada Revenue Agency, Ottawa, ON. Canadian tax agency. Website: www.cra-ara.gc.ca. The IRS of Canada.

INTERNATIONAL ORGANIZATIONS

Bank for International Settlements. The Central Bank of Central Bankers. Website: www.bis.org.

Financial Action Task Force (FATF). Website: www.fatfgafi.org.

Organization for Economic Co-operation and Development (OECD). Website: www.oecd.org.

Financial Crimes Enforcement Network (FINCEN). Website: www.fincen.gov.

United Nations (UN). Website: www.un.org.

World Bank. www.worldbank.org.

International Monetary Fund. Website: www.imf.org.

Group of 20 (G-20). Stay abreast of the global finance ministers and central bankers and the meetings. www.g20.org.

International Money Laundering Information Network (IMoLIN). World's leading money laundering organizations. www.imolin.org.

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TAX PROBLEMS?

I personally recommend Mr. Donald W. "Mac" MacPherson, Attorney-at-Law and author. Mac is a former Green Beret and graduate of West Point Academy. He specializes in tax law, tax/bankruptcy, offshore/tax shelters, criminal defense, civil litigation, and evaluations, with emphasis on trials and appeals. The MacPherson Group Attorneys is a nationwide network of expert lawyers. Contact him toll-free at 1-800-BeatIRS. Telephone (800) 232-8477; (623) 209-2003. His offices are located at 7508 N. 59th Avenue, Glendale, Arizona 85301. Website: www.beatirs.com.

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News Links. More than eighteen thousand newspapers and other news services worldwide. Website: www.abyzNewsLinks.com.

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Newspapers Around the World. Website: www.onlinenewspapers.com.

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Overseas Job Network. Telephone 011 44 1273 440220. Fax 011 44 1273 440229. Website: www.overseasjobs.com. Publisher of Overseas Employment Newsletter.

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Reference Desk. Great site with hundreds of links to every imaginable information source. Website: www.refdesk.com.

Information by Country. Usenet newsgroup(s) – soc.culture.(name of country).

International Calling Codes. Country and city codes. Website: www.the-acr.com/codes/cntrycd.htm.

Anti-Surveillance Products. Website: www.thespystore.com.

Hushmail. Hushmail offers private free email accounts. E-mail is encrypted and spam/virus scanned.

Startmail. Startmail is offered by the same people who gave us Startpage—the private search engine. Startmail offers encrypted email accounts.