

Offshore Investing...

the Logical Approach

Imagine if you could invest your money in a place that would be safe and secure, and could be passed on to your kids without any probate fees, which would be safe from creditors even if you went bankrupt, and could grow for years completely tax-free.

Stop imagining. You can, legally, safely, and securely, through some of the world's largest money centres -- offshore tax havens, something that most people don't know about, and have never even thought about. Despite the lack of general information, countries like the Bahamas, the Cayman Islands, and the European haven Luxembourg have risen to the top 10 money centres in the world. There's a lot of safety and security offshore, much more, in fact, than a relatively small money centre like Canada.

Surprised? You shouldn't be. After all, the wealthiest of U.S. and Canadian society have been using tax havens for years. Fortunately, you don't have to be ultra-wealthy to take advantage of these great opportunities.

So are offshore tax havens the answer to investor's dreams? In a nutshell, yes! Where else can you get a defense against unreasonable taxes, frivolous creditors claims, and downright ugly probate fees and estate taxes -- none of the conventional financial vehicles, that's for sure.

Investing offshore is similar to investing in Canada or the U.S. Your Financial Advisor is only a phone call away, although you can always hop on an airplane, if you don't mind the hardship of travelling to a warm, sunny climate, staying at a beautiful resort, and sipping on a nice tropical drink! Is that too much for those conservative Canadians to take?

One of the requirements to investing offshore is to provide references with your account application. These usually consist of a bank reference letter, and also a professional reference letter from your lawyer or accountant. Why? The offshore investment firms simply want to know who you are -- and they want to protect themselves from any illegal activity.

Which brings up an interesting point. In the past, isolated cases have caused the general media to feel that offshore tax havens are a refuge for money laundering. That is simply not true. Because of the strict requirements, the last place you will find illegal money is in the tax havens. You are much more likely to find money laundering in your own back yard. In fact, InterPol rates Canada as one of the world's main money laundries. So enough of that. Myth dispelled.

Back to the benefits of offshore investing, including:

- access to the world's investment opportunities - you are not limited in any way;
- investment opportunities on more favorable terms than those offered in high-tax countries;

- protection against unreasonable claims by creditors;
- elimination of estate robbers like probate fees and estate taxes;
- minimization of taxes on dividends, capital gains, and interest; and
- access to offshore funds on a tax-efficient basis.

It's worth going over these points in detail. The first point: access to the world's investment opportunities. Did you know that Canada represents only 3% of the world's financial markets, the U.S. 40%? Why limit yourself? There are perfectly valid reasons for investing internationally.

The second point: investment opportunities on more favorable terms than those offered in high-tax countries. Here's a good example. Suppose you found a fund company who offers a certain type of mutual fund that you like, say an options trading fund. And suppose this fund is offered through a Bahamas-based investment firm. If you were to analyze your long term returns, you would most likely find that the rate of return is slightly higher in the Bahamas. Why is this? Because taxes are lower in the Bahamas, and this directly impacts the overall operations of the fund company and its management. So does it make sense to look offshore? Absolutely.

The third point: protection against unreasonable claims by creditors. No big deal right? Well, I guess you haven't been sued yet. Here's a shocker that will drive my point home. Next time you are travelling to a major U.S. city, open up the phone book, and look under attorneys. For example, Orlando's telephone directory has 174 pages of attorneys. Their motto - go where the money is! Your job is to make sure they don't go after you. A great incentive to start investigating the benefits of offshore havens.

Point four: elimination of estate robbers like probate fees and estate taxes. Add it up. Take stock of your net worth. Then calculate what your estate would pay in probate fees and estate taxes if you were to die right now. Not a pretty picture. Some have the goal of spending all of their money, running out on precisely the day they die. While that's a worthy goal, it can be a disaster if you get the timing wrong. Here's another idea. Transfer your assets offshore. Pass on. And be secure in the knowledge that your heirs will receive their due without the estate being subject to probate fees and inheritance taxes.

The fifth point: minimization of taxes on dividends, capital gains, and interest. Another worthy goal. And one that is relatively easy to attain. A properly set up offshore structure - the same one that will allow you to eliminate probate fees and inheritance taxes - will also allow you to legally eliminate taxes on the growth of your offshore investments. How dramatic are the tax savings? Here's an interesting example for you to think about. If you invest \$100,000 at a 10% annual rate of return, and your tax burden is 40%, you will end up with \$320,000 after 20 years. On the other hand, if you invest these funds offshore tax-free, your return is more than doubled to \$672,000, a difference of \$352,000. Which would you choose?

Finally, point number six: access to offshore funds on a tax-efficient basis. Depending on a number of factors, it's possible to access not only the capital you invest offshore, but also the growth, on a tax-free basis. Many boats and cottages has been purchased by offshore corporations; many offshore credit cards have purchased goods or services; and many scholarships and grants have been funded by offshore institutions... as you can see, the possibilities are endless.

Offshore investing is for those who want to take the safe, secure, and logical approach to protecting their assets. Offshore investing gives you the power to protect your holdings throughout the world's major tax havens. And offshore investing allows you to diversify your holdings throughout the world's markets, without any restriction or interference. Is offshore investing for you?

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