

Global Advisor

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Spring 2004



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for Today's Investor

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If nothing changes...nothing changes!

By *John Eitel*

When Canada's Prime Minister Chretien was informed of the September 11th attacks on American soil he said, "the world has just changed ... forever". Political minds will debate the musings of the former Prime Minister on many topics over the years... but this statement will stand, cast in stone ... *changed forever*, never to be refuted.

This terrible act compounded a time of confusion: We were in the first year of a millennial change. A computer era that became comfortable in its change/growth and now with reckless abandon, it replaced menial jobs and raised the bar for education and experience levels... **without apology**. People being left behind the pace, were for the first time a wholly acceptable cost for the move forward. As the "boomers" moved out and/or retired as decision makers, technology led the drive in the boardrooms to be faster, cheaper and more efficient. Healthy bottom lines were created with less people and more technological creativity. We were in the middle of a paradigm shift.

Business will long remember this tragedy as being the catalyst for global change and awareness. The issuance of the Patriot Act by the most powerful economic and military presence in the world, forced us all to do business differently. The movement of money all of a sudden, became a prime importance. Not only to the few agencies watching taxation abuse, but also for the security of the free world. The Act gave George Bush a "blank cheque" to detain, secure, investigate and eliminate anything or anybody, anytime, anywhere ... and he used it!

The Patriot Act was a written overreaction in a time of fear and anger. Most will agree. Will it be re-written...Yes! Will it go away...No! And, if that was not enough to stop business cold, the market needed an Enron scandal at this time... just like Martha Stewart needed a stock tip! Questions of integrity in the midst of this righteous global stand removed the excuses and most of the traditional backroom deals that would normally have saved the tarnished.

Lets re-cap. 9/11: Seventy thousand airline workers were unemployed overnight, effecting an economic ripple. The requirement to flood the markets with capital to ensure the liquidity and future of the trading world. Chaos ensued. What was not a shock to the world, was angering and/or fearful. Trusted leaders caught with their hand in the till, borders locked down, a first-term, west Texan President planning war with the world. Is there anything else that could possibly fit itself into this "bad news" straight jacket?

Enter the ...**REGULATOR**. Now, I am the first to agree that we need high standards and reporting scrutiny to maintain a level playing field. Malicious people who go out of their way to steal the life savings of a family, whose only crime was to trust a person or a system, should be identified and punished. Disorder unleashed a wave of fear on business from the Regulators. They were designed to keep out the most unscrupulous of people and companies, create a fair and honest system to raise venture capital for aspiring companies and entrepreneurs to grow and prosper. We, inadvertently have created this behemoth of a power who has reveled with the prospect of headlines and handcuffs. Martha Stewart is a high profile example. As she comes before the courts, the original charge of "insider trading" is not on the list of charges. Her present crime seems to be gender, arrogance, and lying to the inquisitor from the Regulatory Authority As a former stockbroker, Ms. Stewart said she had a "standing stop loss" order in with her broker. This was not the case...apparently. There was a time when Regulators were considered "clerical" people to the Executive on Wall Street. Now they are the Masters. Is this an overreaction. . Most will agree! Will it be re-written...Yes! Will it go away...No!

This brings us to right here, right now. International investing and estate planning (offshore) is more attractive now, than ever before. All the "dust up" about the movement of money and the reporting of the same has created more black and white rules. Rules are good. They show us how to get things done with certainty and safety. It is the "gray" rules, the "no-

man's land" of obscurity and ambiguity that lays the groundwork for regulators or financial investigators to "freeze" assets until some undetermined time in the future, when they can revisit your case with more clarity. Now, more than at any time in the past, there are clear rules and safe measures to structure, manage and grow your portfolio. Now that the rules are clearer, insurance concepts can be introduced to insure the providing of funds (tax-free) for generations to come. Allowing you to, with free conscience to enjoy your retirement life, knowing full well that your obligations to your beneficiaries who will follow, will be honored. So while Martha "dukes" it out in the land of the gray...you can be clear.

Now, a few new rules do not cleanse those who would abuse you. Proper offshore planning and portfolio development is not so much about transactions, as it is about relationships. First, we need to be where we feel a level of trust. Most would agree that trust comes with experience. At this stage in our lives, we don't want to be with someone new to the business with the mantra "I think I can... I think I can". Experienced portfolio managers who understand the preservation of capital is paramount. Elements of risk and reward can be added according to age and appetite for speculation. Principal protection is the aim of all experienced portfolio management firms. A market that looks like it should soar, can be very seductive. We have a strong base forming: high tech is coming back this time with "earnings and fundamentals", a dot-gone market history to remind us of folly and a world coming back nicely from a savage recession. However, God forbid, that another attack on US soil and/or another corporate scandal should occur.

If there was ever an argument for Guaranteed Funds portfolio management, this is it! Any investment that will guarantee your principal and provides a return on the inflation rate and has the possibility of an upside to a potentially exciting bull market deserves your consideration. Worst-case scenario - your principal amount invested is secure with the ability to claw back inflation, while those around you with no downside protection are out there a mile rolling the dice, hoping that the world will play nice. It could happen. From my keyboard to God's ears. It is my prayerful wish. But I am still waiting for that red Schwinn bicycle I asked for when I was nine years old. Best case scenario - markets move in accordance with what we are seeing as a forming base. Money is returned to the brave and both you and your uncovered friends have a successful year. You, however, will fare much better in your international tax planning than your uncovered counterparts.

Reevaluate the world situation the following year, and if you feel the risk is gone, you can always lift the guaranteed portion of your strategy and carry on. But to be uncovered this year or invest in bank certificates that are taxed at source and never reach the inflation level seem unnecessary when other options are at your disposal.

The only other decision to be made is the firm that you deal with for wealth management and fiduciary services. Get to know the firm personally and feel good about the people you are dealing with. The firm should have legal and accounting/tax and investment expertise. They should have at least 10 years of business experience in the areas of international investment and estate planning.

These are changes that have been forced upon us in the crucible of our experience. Embrace them. Fear no evil. Live by the rules and walk in broad daylight to your foreign destination and use a Guaranteed Investment platform for at least a year and sleep well.

John Eitel is a writer and a speaker whose 30 years of experience in the stock market, offshore, venture capital and insurance worlds has given him insight into tax efficient solutions to protect assets and estate wealth. For more information, please visit www.johneitel.com or contact him at info@johnneitel.com

Remember, if nothing changes...nothing changes!

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