

# INVESTING



for

INCOME

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Most do not plan to fail. They fail to plan.



# Preface

The purpose of this book is to help you construct an offshore portfolio of income generating investments able to support you without the need to work for the rest of your life.

- EXCLUSIVE MEMBERSHIP -

**The Offshore Club**, an exclusive club of financially independent individuals who live off a tax-free source of income from offshore investments is open for a limited time to new membership:

## The Applicant

- Are you financially independent, with the ability to live without the need to work for the rest of your life?
- Does your portfolio provide you with sufficient income to meet your lifestyle needs?
- Is your income derived from offshore investments that are free of income, capital gains and inheritance tax?
- Is your portfolio comprised of a balanced selection of asset classes consistent with the risks you are willing to take?
- Do strong privacy laws protect your investments?

## Club Membership

Congratulations, if these are your objectives you qualify for this exclusive club.

- Please proceed immediately to topic 1 for membership details.



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# 1: Financial Independence

## *An Exclusive Club*

It is the rare few who are able to retire comfortably off the income from investments with the same standard of living they enjoyed when working.

By the time individuals reach age 65 statistics for a typical western country reveal:

- 24% are already dead, usually from lifestyle related illnesses.
- 54% end up on government pensions.
- 16% are still working, usually because they have to.
- 5% are financially independent though still need to watch expenditure on luxuries, holidays etc.
- 1% is able to retire wealthy to do as they please, 0.25% of whom are millionaires.

Congratulations therefore if you are within the top 5% who have attained a level of income above basic requirements, or better still within the top 1% who are able to live in style.

The remaining 94% left retirement in the hands of others with little consideration for the details. When the first retirement paycheck leaves a lot to be desired, they are forced into reducing their standard of living by cutting back on spending.

Coupled with the loss of work that is a source of self-esteem, the reality of retirement can be a difficult time of adjustment for some.

Their lack of success can be attributed to one main factor as per the quote at the beginning of this book. They failed to plan, in this case for retirement.

In order to join the ranks of the top 6% you need to sit down and determine:





1. The lifestyle you expect in retirement.  
Money is a means to an end so it is most important you determine those paths not yet traveled that would give your life a sense of completion. Retirement like any other stage of life is about living, not money.
2. The amount of income you will need to support that lifestyle.
3. A balanced portfolio of investments that will pace inflation yet provide the level of income you require, consistent with the risk you are willing to take.
4. Invest in a way that will minimize if not completely eliminate your tax liability.

Of all the steps mentioned above finding a balanced portfolio of tax-free investments with a respectable dividend yield can be challenging.

This book is intended to help you in steps 3 and 4 above, by providing a variety of balanced investment portfolios that will generate the level of income you require for your retirement. Steps 1 and 2 are covered in the workbook titled *Financial Freedom*.

When retired realize you are not stuck on a nine to five routine that requires a fixed place of employment. If you are willing to think outside the borders of your home country, you have the option to greatly minimize your tax.

Though this alone could greatly increase your disposable income in retirement, investment advisors within your high tax country of origin rarely know how to reduce your tax offshore.

Finally don't forget that once your income is in place to enjoy retirement, after all that is what it's all about.

### *Benefits in an Offshore Portfolio*

Income can be classified under two broad categories: Earned and Unearned.



Earned income comes from sources such as salary, business profits, commissions, director's fees etc. For most individuals this is the primary source of income, usually coming from employment in various professions and trades.

Unearned income comes from interest in bank accounts, coupon payments from bonds, net rent from property, dividends from shares etc. In general it consists of income from investments.

Though most have money in bank accounts and receive income from investments in various forms, usually it is not sufficient to meet lifestyle needs. For most this is a secondary source of income that is given little consideration, other than to include it on the yearly tax return.

It is this second category of income that is the exclusive focus of this book. Obtaining unearned income from investments that have the potential to support you without the need for earned income from either employment or business is what this book is all about.

Of course you can still continue working if you wish, but it is now optional rather than mandatory.

Most however do not even consider the idea of living off investment income and certainly not before "retirement".

Depending on capital accumulated and dividend yield available however, it is quite possible the income from your investments can be equivalent to the existing income you currently obtain from employment. Given this can occur long before you reach 60, it is referred to as financial independence rather than retirement in this book.

This is easily achievable if the income from investments is tax-free, and now you are financially independent, you have no further need to put money aside for savings.

In spite of the possibility of becoming financially independent long before reaching age 60, most are relying on company retirement schemes, superannuation funds or government pensions, all of which kick in at age 60 or thereabouts.





Thankfully there is an alternative to working till you are 60 or whatever, and seeing a sizable portion of your retirement benefits, whether from company or superannuation funds, confiscated in tax. Or worst still living off a meager government pension.

If your source of retirement income is derived from within your high tax country, you are now at the mercy of tax laws within that country. It is called regulatory risk, in this case due to tax laws.

Given the rising nature of taxes since the 1920's in most of the developed countries of the world, this is equivalent to putting your neck in a noose.

If you live in a high tax country it is far likely your taxes will be higher rather than lower 10 years from now, with the apathetic majority happy to munch on the grass and moo as taxes ascend.

The purpose of this book is to help you construct a portfolio of offshore investments that minimizes regulation risk due to changing tax laws, and that will see you financially independent the moment your income goals are realized.

As well as suggesting specific securities or funds for your portfolio you will also learn how to track down suitable investments under the various asset classes yourself.

The latter is far more important than the former, because it will make you self reliant and able to source out the best offshore investments at any point in time. By the time you read this book the specific investments listed throughout the various tables may have faded in brightness.

The knowledge of how to research the offshore investment arena for specific income generating investments is a skill that once acquired will enable you to construct or update your portfolio at any point in time.

Look upon the specific portfolios given in the book as a snapshot in time, providing you with a concrete example of what an offshore investment portfolio for income would look like now, rather than a portfolio this is chiseled in stone.



The do it yourself approach suggested in this book overcomes many of the problems and risks associated with the usual retirement schemes in high tax countries.

If however you are stuck in an existing retirement plan that you cannot desert without heavy losses, then at a minimum you can consider using the do it yourself approach for your surplus funds.

The approach suggested in this book for financial independence consists of a selection of offshore securities within the four main asset classes, namely cash, bonds, property and stocks.

You can have cash in short or long term deposits; bonds in corporate or government institutions; property either individually owned or via property securities; and finally stocks.

In each of the asset classes you can invest solely in a specific country if you are concerned about currency risk, or if you have an international perspective diversify globally to avoid the risks associated with investments in any specific country.

Within each asset class you will have the choice to purchase individual securities or have them professionally managed through various offshore fund managers.

All of your assets can be kept under preferably two or more roofs for ease of monitoring, be they offshore brokers or large well-established offshore banks.

When constructed, the benefits of such a portfolio over present retirement schemes in high tax countries are as follows:

1. For a start the portfolio is tax-free, both on income generated from investments and on any capital gains realized down the track, should you sell any of your investments at any stage.

This will mean much greater income in your pocket for your lifestyle needs, or could alternatively mean less capital required to generate a given amount of income.

