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A LESPERANCE & ASSOCIATES
WHITE PAPER

A New Reality

HOW A BACKUP PLAN IS MORE ESSENTIAL
THAN EVER FOR PROTECTING YOUR
FAMILY'S WELL-BEING AND WEALTH

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A NEW REALITY

How a Backup Plan is more essential than ever for protecting your family's well-being and wealth

Early in 2018 I published a white paper about the wisdom of a properly designed and implemented Backup Plan for HNW families - to protect their assets in uncertain times. At the time I listed some of the risk-inducing events that had dominated the previous year's news cycle:

- Multiple *Category 5* hurricanes in the same month hitting the US mainland and territories causing massive destruction;
- Equifax and other huge data breaches;
- Russia meddling in US Presidential elections;
- North Korea nuclear weapons systems which could hit US military targets and soon the US mainland itself;
- The UK negotiating to separate from the EU;
- Catalonia voting to separate from Spain;
- Economic and political gridlock in Brazil as a result of a widespread corruption investigation;
- Billionaire Chinese business-people kidnapped by Chinese officials as the most powerful leader since Mao Zedong consolidated power; and
- A new *de facto* leader of Saudi Arabia arresting hundreds of royal family members and prominent business-people and seizing almost a trillion dollars of their assets.



The present day – how have the risks changed?

It is now 2020 and most of the 2017 threats have not been resolved. Indeed, most have gotten worse. Meanwhile, several other threats have emerged to make the world even more unstable and uncertain:

- Trade war between US and China
- Military skirmishes and greater risk of serious conflict with Iran
- Murder of a Saudi journalist and Washington Post reporter in Istanbul
- Massive wildfires in California and Australia
- Brexit negotiations linger on
- Extreme left and right-wing leaders elected in Mexico and Brazil
- Indian Prime Minister Modi embracing Hindu nationalism with the exclusionary amendment to the Citizenship Law
- The Extradition Act in Hong Kong sparks large-scale protests...for a year
- US abandoning Syrian Kurds...and Western allies...and global institutions...
- Historic Democratic gains in US midterms
- Massive tax increases becoming the policy of US Democrats
- Mexico's new socialist President introducing extraordinary seizure of assets and individuals based only on alleged minor tax violations
- North Korea nuclear tests...and subsequent failed talks
- A Global Climate Change Summit achieves...nothing
- Stalled or slowing economic growth globally in most countries...including USand the list goes on

When I started to write this white paper in early 2020, there was significantly more uncertainty and risk than three years previously. By extension, this presented even



more reasons for HNW individuals and families to start to prepare their Backup Plans. The risks are so global that, in the past 12 months our firm has worked with HNW clients from every continent... except Antarctica!

The Black Swan: The Present Threat of Covid-19

Then came the Coronavirus – which is re-writing the rulebook for risk assessment and management in real time. The aforementioned risks all more or less fell into one of five categories:

- political/legal,
- economic,
- social,
- technological and
- environmental.

What makes the Coronavirus so different is that it will impact all five risk categories. As a result, HNW individuals and families had better take notice and plan accordingly if they wish to protect their wealth in the long-term:

...the most important lesson of history endures. The impact of any pandemic goes well beyond lives lost and commerce curtailed. Today, America faces a fundamental choice between defending the status quo and embracing progressive change. The current crisis could prompt redistributive reforms akin to those triggered by the Great Depression and World War II, unless entrenched interests prove too powerful to overcome.

“Why the Wealthy Fear Pandemics”
Walter Scheidel - Professor of Classics and History at Stanford University.
April 9th 2020 New York Times



The years to come will be marked by significant uncertainty...and a clash of ideas that could possibly go beyond mere words. And not just in the United States. Ian Bremmer, CEO of the Eurasia Group predicts:

1. *Greater divide between emerging and developed markets*
2. *Growing realignment in economic balance and trajectory between east and west*
3. *Erosion of the global middle class*

These will result in:

...a rise in social instability...some developing regimes implode...a spike in refugee populations nobody wants...and radicalism that has long-term potential to develop into terrorism.

**Ian Bremmer, CEO of The Eurasia Group,
Newsletter W/o April 5**

In parallel, influential Democratic advisor, Gabriel Zucman, Professor of Economics at Berkeley (whose influence reaches both European and US Governments) tweeted his solutions:

Apr 6:

Historically, temporary wealth taxes have been common in the aftermath of major crisis. Here's how this could work this time. Our plan (is) for a EU wealth tax to fund the common European effort against the pandemic...

Apr 4:

Confiscatory excess profits taxes, now



Yes, all those generous (and arguably necessary) relief and stimulus programs recently announced by Western governments will need to be paid for. One, almost certain, way to fund the unprecedented cost will be “Tax the Rich” policies.

For example, although the 2020 US Presidential campaign has not yet begun in earnest, the Democratic candidate Joe Biden has already announced his tax policies. These, determined by the Tax Policy Center, are:

- Raising taxes on corporations and wealthy households to increase federal revenue by \$4 trillion over the next decade;
- Dramatically increasing both capital gains for investors and ordinary tax rates; and
- Applying the payroll tax to income over \$400,000. This would result in the biggest tax increase on households. This provision alone would raise \$962 billion over a decade.

It may materialize that even more populist policies such as a new Wealth tax or dramatically increased Estate taxation could become part of the final Democratic policy platform. We will only know this after the summer Democratic convention.

Populist tax policy proposals are not just confined to the US. [China](#), [India](#), [Brazil](#), [UK](#), [the EU](#), [Mexico](#), [South Africa](#) and even [Russia](#), are among a long and growing list of countries where the cost of the pandemic and economic recovery are almost certainly going to be thrust upon the wealthy.

Knock-on risks resulting from the Coronavirus will impact every aspect of life in every nation. Whether you are in Europe, North America, South America, Asia, the Sub-continent or Africa, you will be exposed.

Predictably, a substantial portion of the risks will fall on the very wealthy, their families and companies / employees. For those individuals who are pre-disposed to taking



control and setting their own course, it is best to be prepared now in order to preserve as much possible wealth and security for later.

Prepare for an uncertain future: create a proper Backup Plan now!

To the great distress of many wealthy families throughout history, preparation for adverse events is too often either non-existent or incomplete. This fundamental failure in planning has been constantly repeated over the centuries and, more recently, several times during the 20th century. Many families who could have avoided these existential threats by a Backup Plan did not take this prudent precaution. As a result, they were decimated by pogroms, WWII, various smaller wars, expulsions, and genocides.

Even those wealthy families lucky enough to escape alive often found themselves destitute in their adopted home countries. The impact of this fundamental failing to plan for the worst was indelibly inscribed in my brain in my first year of being a lawyer.

A Case Study: A UHNW Kuwaiti Client faces frozen assets and the fall out of the Gulf War

In August 1990 I received a desperate phone call from an UHNW Kuwaiti client who was in London. Like many wealthy Gulf Nationals, this client was outside of the searing hot Arabian Gulf when Saddam Hussain invaded Kuwait. In order to prevent wealthy Kuwaitis from being blackmailed over their family members who had been captured during the invasion, [the US](#) and [the UK](#) governments froze Kuwaiti assets in their countries. As a result, my client was in dire financial straits. His family and entourage (nannies, maids, security people etc.) were occupying almost an entire floor of a luxury London hotel....and his credit card had stopped working and he had no access to his private banking assets.



Fortunately for my client, he had previously retained my Canadian firm to assist him in the purchase of several luxury penthouse condos in Toronto. As a result, he had placed approximately US\$5M in our firm's trust account to be paid out as construction milestones were reached. As Canada had NOT frozen Kuwaiti assets, he agreed to cancel his condo deals and lose the 10% deposit. Over the next year we paid out from our trust account his various bills until he regained access to his frozen funds.

After the dust had settled on the Gulf War, I worked with this client to set up an effective Backup Plan.

First, we secured several backup residences in jurisdictions where he and his family could live and thrive should there be another invasion of Kuwait. His other fear was that there might be a revolution in Kuwait like the one in Iran in 1979. Consequently, every alternative backup residence included a home, the immigration right to live in that country, and access to backup funds which would allow him to pay for their expenses. Key to the planning was the requirement that maintaining these alternative residences would NOT subject him to worldwide taxation or excessive physical presence requirements.

In addition to alternative residences, he also immediately secured a second citizenship and passport for every member of his family. I had previously informed him that passports are the property of the issuing government. In other words, "his Kuwaiti passport" was not his but rather one that the Kuwaiti government allowed him to use. Accordingly, in the future should there be an overthrow of the Kuwaiti government, a new revolutionary council would likely cancel the passports of all members or top supporters of the prior regime. If this occurred while in Kuwait, he would be unable to travel abroad. If he were outside of Kuwait, he would be "invited to return home" to renew his cancelled travel document. The possession of a second citizenship and passport would avoid such a potential catastrophe for his family.



The rules of success for an effective Backup Plan?

As I learned from my Kuwaiti client, and through helping scores of clients over the last three decades, an effective Backup Plan is mission-critical. It allows a wealthy individual and family to deal with potential future negative events...from whatever source.

Furthermore, an effective Backup Plan is more than a 'lifesaver' in times of strife. It can also allow the family to immediately take full advantage of business, education, and lifestyle opportunities in a globalized world.

The choice by my own ancestor to immigrate from France to Canada in the 1600s had a profound impact on his life as well as the lives of the generations that followed. In the same way a properly designed, executed, and maintained Backup Plan will be the most important factor in your descendants' health, wealth and happiness.

With so much at stake and the "cost of failure" being so high, it is essential to get it right. So, let us now look at the "Four Rules of Success" for an effective Backup Plan.

Rule 1: Your family's situation, concerns and goals are unique.

While there are certainly some commonalities between wealthy families from a given country, ethnicity or religion, each family will have just as many facets which are unique to their own particular circumstances. These might include:

- Type and level of urgency and concern about potential threats
- Family history for both lineage citizenship claims and family ethos
- Number, age, and marital status of family members
- Liquid assets to devote to a Backup Plan
- Annual after-tax income necessary to maintain lifestyle
- Capital gains (amount and location)
- Annual income (type and source)
- Business succession and estate planning



- Potential divorce issues for all adult family members (Remember “Tax is a percentage of Income...Divorce is a percentage of Capital!”)

Rule 2: Your Backup Plan must be sold at both the boardroom table (i.e. make financial sense) AND the breakfast table (i.e. make sense to the entire family).

First, the cost of acquiring and maintaining your Backup Plan must be less than the “Cost of Failure”. The “Cost of Acquisition” can be measured in terms of both money (upfront and on-going) and physical presence. The Cost of Failure is the financial and personal cost to your family’s well-being and wealth of a single negative event or combination of simultaneous negative events.

Secondly, even if the benefits of your Backup Plan outweigh its costs, it must also be “livable” by the family members it is meant to protect and benefit.

By way of illustration, I am occasionally contacted by someone who has gone through a tax audit, divorce or a lawsuit who asks me to help them *“Move to a rock in the middle of the ocean without any taxes or lawyers.”* My standard response is that this can easily be accomplished BUT I tell them they may want to pack a gun in their luggage. When asked why I respond, *“...within six months either your family will want to kill you or you will want to kill yourself.”*

This glib response invariably prompts a frank discussion about their family and business needs. We talk about preferences such as language, accessibility, infrastructure, schools, medical facilities, rule of law, adequate staffing etc. Such a broad and deep discussion then gives me the information to propose a Backup Plan with elements that make both financial and personal sense.

Rule 3: The selection of a property is the LAST, not the FIRST decision.

Too often I am approached by a potential client who has already attended a real estate exhibition. Inevitably they have fallen for a pitch from a commissioned salesperson to buy a particular Citizenship by Investment or Residence by Investment real estate



product. The potential client then asks my team to design a Backup Plan around this chosen property.

Unfortunately, by the time we have worked through the factors that are outlined in Rule #1, we often discover that the jurisdiction of the purchased property is either not the best choice or even a useful choice.

The proper sequence of decision-making is as follows:

1. Review all the issues noted in Rule #1;
2. Have professional advisors work together to design a Backup Plan which adheres to Rule #2; and
3. Select and secure property(ies) and residence/citizenship status in the appropriate jurisdiction(s) as part of the execution of the Backup Plan.

Rule 4: The bitterness of poor advice lasts long after the sweetness of a low price is forgotten.

Clients need to understand the level of knowledge, experience, and financial motivation of the individual or firm who is offering them advice. Too often this “advice” is given (and believed) by inexperienced or unqualified salespeople. Their sole motivation is to sell whichever product will pay them the highest commission. They are not trained or motivated to advise the potential customer of alternatives that might better meet the client family’s needs. Nor are they trained or motivated to advise the client of the significant future costs of their product. These might include worldwide taxation or significant physical presences requirements. Clearly, such information would be directly opposed to the salesperson’s financial benefit in closing the sale.

Sadly, even those clients who seek out professional advice are too often fatally short-changed. This failure usually arises from one or both of the following “Silo Effects”:

- Jurisdictional; and/or
- Relevant areas of law



With regards to the Jurisdictional silo, most professionals are only familiar with their own jurisdiction's rules. US lawyers tend to only know US law. UK lawyers tend to only know UK law...and so on within each jurisdiction.

With regards to the Relevancy silo, immigration professionals normally only provide immigration advice. Likewise, tax and family law lawyers tend to only provide advice (if even asked) about the impact of their respective areas of law.

As someone who studied tax law and also worked as a Canadian immigration officer throughout law school, I began my practice incorporating both immigration and tax elements in my advice. However, given the short-comings and constant change surrounding the Canadian residence by investment program, I quickly realized that I needed to expand my knowledge, experience, and advice. I needed to include any jurisdiction which might meet my client's needs. Over the past three decades I have examined and analyzed dozens of residence and citizenship programs first as they appeared and then as they were revised.

The critical importance of family law issues was driven home when one of my new clients informed me of his earlier move to the UK. While the Remittance Tax Regime was attractive from a global tax perspective, by moving into the [Divorce Capital of the World](#), he took a major hit to his wealth during a subsequent divorce action. Too many HNW individuals overlook this issue because at the time they are not in a potential marital breakdown situation. Unfortunately, they ignore the reality that statistically half of their pre-adult children will be divorced in their lifetimes. This can have a major negative impact on the family's multi-jurisdictional wealth. The danger should be recognized and avoided by planning.

The final mistake that HNW individuals make is that they do not understand the ethical rules around conflict of interest and hidden fees. Too often they come to me after having been seduced into retaining an advisor who offered them low fees. What they do not know (or have not been told) is that the "advisor" is paid a significant undisclosed commission from the Residence or Citizenship by Investment product that they



recommend. Usually this undisclosed commission is several times more than the “fee” they charge to the client.

In my opinion this is an inherent conflict of interest. The purchaser can never be certain if the advice they receive is in their best interests or in the best financial interest of the salesperson / advisor.

For this reason, our firm has never applied to be a marketing agent for a country or development that has a Residence or Citizenship by Investment product. Instead, we are paid directly by our clients to provide advice which, in our professional experience, is in the client’s best interest. If the Backup Plan contains elements where there is a Residence and/or Citizenship by Investment that pays a commission, this is fully disclosed to the client and the client will direct where they wish that commission to be paid (i.e. to themselves or their family).

Elements of an effective Backup Plan

An effective Backup Plan includes the following:

Element One - Alternative Citizenships:

When developing this first part of a Backup Plan, it is important to determine upfront whether the family’s current citizenship recognizes the concept of “dual citizenship”.

Many countries such as the US, Canada and the UK legally recognize the right of their citizens to retain or acquire additional citizenships along with their own. However, there are countries such as China, India, and the GCC nations which do not allow or have restricted rules around dual citizenship. In these cases, special care and protocols in the acquisition and maintenance of alternative citizenships are essential.

Citizenship is granted pursuant to the domestic law of the country granting that citizenship. Many countries incorporate one or both of the legal concepts of Jus



Sanguinis or Jus Soli. Jus Sanguinis (Latin for right of blood) is a principle of nationality law by which citizenship is not determined by place of birth but by having one or both parents or grandparents who are citizens of the state. Jus Soli (Latin for right of the soil) is commonly referred to as "birthright citizenship". It is the right of anyone born in the territory of a state to nationality or citizenship.

In addition, many countries also incorporate into their domestic nationality laws a method for an individual to "earn" citizenship through naturalization. Naturalization laws can take many forms and can include the following:

1. Meeting certain religious criteria: e.g. Israel's Law of Return;
2. Meeting certain physical presence, tax residence, language and local knowledge criteria: i.e. traditional naturalization in western countries;
3. Citizenship by Investment: The traditional naturalization requirements are waived where specific economic contributions are made; and
4. General Authority: In many countries the power to grant citizenship is granted to some government office or body on their own criteria. This might be contribution to the state in sports, humanities, art, economic benefit, etc.

When developing a robust citizenship component of a Backup Plan, it is essential that an in-depth examination of the family history be undertaken. If possible, the family history should go back at least to the great-grandparents of the current oldest family members. In certain situations (e.g. Sephardic Jewish claims to Portuguese or Spanish citizenship), certain surviving family or cultural indicators are looked at to establish a more distant claim.

Generally speaking, lineage citizenships that can be acquired through family or religious means are from large developed countries. These countries often offer excellent rights (e.g. the [right to live throughout the EU](#)), visa-free travel and credibility. Too often families wrongly assume they are ineligible for lineage citizenship because they do not stay current with the ever-changing legal landscape in this area. As a result, they



overlook this avenue while simultaneously reading in the press or on-line about countries that sell citizenship. Consequently, they may end up unnecessarily wasting hundreds of thousands of dollars on Citizenship by Investment programs from countries which offer significantly less benefits and prestige.

Citizenship by Investment programs are widely advertised on the internet and in the press. Often the “consultants” who promote these programs proudly proclaim that they are “licensed” or even “exclusive” marketing agents of the governments offering these programs. As noted in Rule 4 above, I feel that status as a marketing agent for a specific government or project inherently puts one into a conflict of interest.

Element Two: Alternative Homes and Business Locations

Recently I had a client situation which dramatically demonstrates the value of an alternative home and business location as part of a Backup Plan. Along with investigating lineage citizenship claims, I arranged for a forward-thinking US client to have a Work Permit in Canada. This included a Work Permit for his spouse and Student Permits for his school age unmarried children. It was important for this client that the acquisition of this immigration status would NOT automatically make anybody in their family tax resident in Canada...even if Canadian Permanent Residence (i.e. Landed Immigrant) status were obtained.

In addition to the Work and Study Permits, the client purchased a condominium in Toronto where the costs of mortgage, interest, insurance, and condo fees had been covered by the rental income he had been getting from Airbnb. The client also set up a satellite “mirror” back office of his US operations with a part-time local employee, file cabinets and a computer server at a shared work office in Toronto. As part of his Backup Planning, the client also updated his US home and business interruption insurance.

When the U.S. National Weather Service began to warn that a Category 5 hurricane was likely to hit their hometown, my client sprang into action.



First, he cancelled the upcoming Airbnb reservation on his condo and booked flights for himself and his family to Toronto. He also asked to temporarily expand his office space and arranged for two of his key employees to temporarily relocate to Toronto. Since this was happening at the beginning of a school year, my client also quickly enrolled his high school age children in private schools that he and his wife had previously visited and assessed. This was all quickly achieved because the children already possessed valid Student Permits.

By the time the hurricane hit and rendered his home and business premises uninhabitable, my client and his family were safely in Toronto and able to continue with their personal and family lives uninterrupted. His business was also able to operate seamlessly.

In choosing the right alternative home or homes, an effective Backup Plan must consider all the factors noted in Rule #1 and fulfil Rule #2. As noted above, these alternative homes should “Do No Harm” to the family's tax position. As an added benefit, these alternative residences might also give some family members the ability to relocate temporarily or permanently for educational or career opportunities.

Finally, the alternative residence(s) should also consider the tax ramifications (and opportunities) that would arise should all or some of the family decide to make this location their new “tax home”. This includes legal pre-immigration tax planning and tax treaties with the family’s current tax jurisdiction. Consideration also needs to be given as to the “physical presence cost” of each alternative residence. Finally, the future ability to convert a residence status into citizenship through naturalization is an important feature to consider.

Element Three: Alternative Financial Resources

As illustrated by my Kuwaiti client, having your family safe in an alternative residence but not having the financial means to maintain them or your business is not ideal. The only thing worse is that your assets are safe, but you and your family are in danger or trapped.



To avoid both of these situations, we like to work with our clients' existing financial advisors (or introduce them to experts we respect) to ensure that appropriate alternative financial resources are available for their use if needed. It is worth noting that the location of these alternative resources does not necessarily need to be in the same jurisdictions as the family's alternative residences. In fact, given tax and privacy issues they are often NOT in the same jurisdiction.

Element Four: Complementary Services

Depending on the specific client family threats and concerns, it may also be prudent for the Backup Plan to include additional services such as:

- Global Medical Coverage
- Kidnapping and Evacuation Insurance
- Security reviews and Services
- Educational Consulting
- Geopolitical Intelligence Services (so that you can see when threats may be becoming imminent)

When developing a Backup Plan, we advise clients when it might be advisable to also include such elements. We often introduce and work with these types of service providers on a need-to-know basis.

Element 5: Maintaining Effectiveness

As noted at the beginning of this paper, threats often arise or become more or less important over time. Given that your family's Backup Plan is meant to provide safety and opportunity beyond your lifetime, it is important to incorporate a consistent monitoring, updating and educational element to maintain its effectiveness.

We often work with Family Offices and other advisors to make monitoring, review, and education inherent parts of protecting our client family's wealth and well-being.



Case Studies

Now that we have laid out the issues involved in developing, implementing and maintaining an effective Backup Plan, let's take some time to view look more closely at some common concerns and elements we identify and address for families in specific jurisdictions.

Hong Kong | Current concerns to the HNW and Recommendations

Concerns

- Corona Virus
- Extradition Act reintroduction
- China continuing its “disappearing” of businesspeople
- China exerting more control sooner than 2047
- Recession
- Loss of financial centre and gateway to China status
- Return of air pollution

Elements of Effective Backup Plan

- Suitable 2nd or 3rd backup residences (where one could live if another lockdown or problem in HK)
- Not increasing tax burden in maintaining backup residences
- Maintaining backup residences with minimal annual physical presence
- Tax minimization if move for long periods of time or permanently to backup residence
- Second passport for ease of travel and to continue travelling if current HKSAR document is cancelled or rendering increasingly difficult to travel on



- Overseas assets beyond the control of HKSAR or Chinese governments to live in backup residences

China | Current concerns to the HNW and Recommendations

Concerns

- Corona Virus allowing [more government surveillance](#) over everyone through apps, facial recognition software and AI;
- Targeting of those who [complain about government actions](#)
- [Social credit scoring](#)
- Increased complete control over money allowing taxation or outright seizure as government moves toward [Sovereign Digital Currency](#)
- [Recession](#)
- Loss of [world's product supplier status](#)
- [Quality and stability of China's food supply](#)
- [Return of air pollution](#)
- [Stability of currency and debt](#)

Elements of Effective Backup Plan

- Suitable 2nd or 3rd backup residences (where one could live if another lockdown or want to leave China)
- Not increasing tax burden in maintaining backup residences
- Maintaining backup residences with minimal annual physical presence
- Tax minimization if move for long periods of time or permanently to backup residence
- Second passport for ease of travel and to continue travelling if current Chinese document is cancelled. Care taken regarding privacy on second citizenship;
- Overseas assets beyond the control of Chinese government to live in backup residences



India | Current concerns to the HNW and Recommendations

Concerns

- Coronavirus tsunami causing [major backlash against wealthy](#)
- Continuing [social unrest as a result of Citizenship legislation](#)
- Continuing [harassment by tax department in search of Black Money](#)
- Changing tax rules on [Non-Resident Indians](#) (i.e. will the Feb 2020 proposals be brought back because of the pandemic?)
- [Inability to deal with future pandemics](#)
- [Recession](#) and currency instability

Elements of Effective Backup Plan

- Maintaining NRI status
- Suitable 2nd or 3rd backup residences (where one could live if another lockdown or claim as foreign tax home)
- Not increasing tax burden in maintaining backup residences
- Maintaining backup residences with minimal annual physical presence
- Tax minimization if move for long periods of time or permanently to backup residence
- Second passport for ease of travel and to continue travelling if current Indian document is cancelled. Care taken regarding privacy on second citizenship;
- Overseas assets beyond the control of Indian government to live in backup residences

Middle East | Current concerns to the HNW and Recommendations

Concerns

- Negative geopolitical impacts with conflict between US/[Saudi and Iran](#)
- [Recession](#) and [societal unrest](#) caused by oil price war and/or pandemic
- [Businesspeople being targeted](#) as disloyal to rulers



Elements of Effective Backup Plan

- Suitable 2nd or 3rd backup residences (where one could live if another lockdown or leave current location)
- Not increasing tax burden in maintaining backup residences
- Maintaining backup residences with minimal annual physical presence
- Tax minimization if move for long periods of time or permanently to backup residence
- Second passport for ease of travel and to continue travelling if current travel document is cancelled or travel becomes difficult because of geopolitical events

UK | Current concerns to the HNW and Recommendations

Concerns

- Coronavirus tsunami causing [major backlash against wealthy](#)
- [Non-confidence vote](#) on Brexit or Coronavirus
- Changes to or [abolishment of the Non-Dom Remittance tax basis](#);
- Wealth, estate, capital gains [tax changes to pay for costs of pandemic](#)
- Loss of [access to EU](#) with Brexit
- [Recession](#)

Elements of Effective Backup Plan

- Suitable 2nd or 3rd backup residences
- Not increasing tax burden in maintaining backup residences
- Maintaining backup residences with minimal annual physical presence
- Tax minimization if move for long periods of time or permanently to backup residence
- Domicile of Choice to sever UK estate tax



Brazil | Current concerns to the HNW and Recommendations

Concerns

- Coronavirus tsunami causing major backlash against wealthy
- Continuing social unrest as a result of political instability
- Increasing harassment by tax department
- Recession and currency instability
- Inability to deal with future pandemics

Elements of Effective Backup Plan

- Suitable 2nd or 3rd backup residences
- Access to US without US tax status
- Not increasing tax burden in maintaining backup residences
- Maintaining backup residences with minimal annual physical presence
- Tax minimization if move for long periods of time or permanently to backup residence
- Second passport for ease of travel and to continue travelling if current Brazilian document is cancelled

Mexico | Current concerns to the HNW and Recommendations

Concerns

- Coronavirus tsunami causing major backlash against wealthy lead by President AMLO
- Continuing social unrest as a result of political instability
- Increasing harassment by tax department
- Recession and currency instability
- Inability to deal with future pandemics



Elements of Effective Backup Plan

- Suitable 2nd or 3rd backup residences
- Access to US without US tax status
- Ability to sever Mexican tax status for those who have more than 50% Mexican source income
- Not increasing tax burden in maintaining backup residences
- Maintaining backup residences with minimal annual physical presence
- Tax minimization if move for long periods of time or permanently to backup residence
- Second passport for ease of travel and to continue travelling if current Mexican document is cancelled

United States | Current concerns to the HNW and Recommendations

Concerns

- Coronavirus tsunami causing [major backlash against wealthy](#)
- Democratic sweep in November 2020 with [dramatic tax increases](#) (Minimum is doubling of capital gains tax rates but could also be increased rates for income, estate and a Wealth Tax)
- Increased [social unrest](#) caused by pandemic and political polarization
- Increased [mass gun violence](#)
- Increased chance of [hurricane](#) or [earthquake](#) disaster
- [Inability of state and federal agencies](#) to work together effectively on future pandemics or disasters
- All of the dangers listed in the beginning of this paper!

Elements of Effective Backup Plan

- Suitable 2nd or 3rd backup residences for temporary or long-term relocations



- Fire Escape Plan to “Vote with your Feet” in tax efficient manner if onerous future tax burden is imminent
- Post escape access to US without US tax status
- Not increasing tax burden in maintaining backup residences
- Maintaining backup residences with minimal annual physical presence
- Tax minimization if move for long periods of time or permanently to backup residence
- Second passport for ability to Vote with your Feet and escape citizenship-based taxation

Time to act: GET A BACKUP PLAN NOW!

If you have read this far into this paper, it is because at least some part of you is worried about the future for your family. As I hope I have helped to clarify, if you presently have the financial wherewithal, it might appear to future generations that you were a little derelict if you did not recognize today’s threats to your family’s well-being and wealth. After admitting to yourself that the threats are real and life-altering, I hope that this paper has served to give you a roadmap for getting the expert help that you need. Creating an effective Backup Plan now will preserve your good fortune for generations to come. As a final thought, I leave you with the words of Thomas Edison...

**Good fortune is what happens when opportunity meets with
planning.**

