

A man with short hair and glasses is sitting in a wicker chair. He is wearing a dark turtleneck and a light-colored, textured blazer. He is looking off to the right. The background is a rough, textured wall. The overall lighting is dim, creating a moody atmosphere.

**HERE'S THE
FIRST CHAPTER OF
MY BOOK.**

**NOMAD
CAPITALIST®**



HOW CAN WE HELP YOU?

You're about to enjoy the first chapter of my best-selling book, ***Nomad Capitalist***. I spent almost two years writing the book as part of my mission to help as many people go where they're treated best.

Behind the scenes, I've built a team of people who not only help me publish new informative videos and articles, but who help me create and execute Plans for our clients. No company in this business spends more time researching and creating new strategies than we do.

If you'd like to learn more about how to successfully go where you're treated best, here's how we can help:

- Become a Client - Work directly with me to create and execute a holistic offshore Plan.
- Live Events - Join our annual conference to learn the latest real-world strategies, meet our network, and mingle with like-minded people.

For more information, please email help@nomadcapitalist.com.



NOMAD CAPITALIST

How to Reclaim Your Freedom with
Offshore Bank Accounts, Dual Citizenship,
Foreign Companies, and Overseas Investments



ANDREW HENDERSON

NomadCapitalist.com

Table of Contents

Introduction: “Shuttles Are For Slaves” i

Chapter 1: My Five Magic Words 1
– “Go Where You’re Treated Best”

Chapter 2: How to Be a Nomad Capitalist 27
– “Do I Have to Become a Goat Herder?”

E - Enhance Your Personal Freedom

Chapter 3: The Location Independent Lifestyle 47
– “Come to Cuenca, Where Flowers Bloom From Your Toilet Water!”

Chapter 4: Second Passports 63
– “I Welcome You As The Newest Citizen Of...”

Chapter 5: Birth, Love, and Children 97
– “Is This Only a Young Man’s Game?”

Chapter 6: Nomad Healthcare 115
– “Go Get a Big Mac”

K - Keep More of Your Money

Chapter 7: Offshore Banking 127
– “In Other Words, Just Being Smart”

Chapter 8: Offshore Companies and Tax Savings 153
– “Choose Your Tax Rate”

Chapter 9: Foreign Asset Storage 172
– “Super-Spy Vaults or Tinfoil Chapeaus?”

G - Grow Your Money

- Chapter 10: Overseas Investments** 185
– “A Home on Every Continent... And a Cattle Ranch Too”
- Chapter 11: Frontier Market Entrepreneurship** 212
– “If It Isn’t Risky, It’s Too Late”
- Chapter 12: Conquering Dogma** 236
– “The Pigeons Don’t Speak English”

Taking Action

- Chapter 13: The Nomad Code** 251
– 8 Ways to Activate the Life of Your Dreams
- Chapter 14: How to Get Started** 266
– A Summary

Chapter One:

My Five Magic Words

“Go Where You’re Treated Best”

Dateline: Sandusky, Ohio, United States

It was just another late summer day. My parents, sister, and soon-to-be twelve-year-old self were returning home from a typical day at the Cedar Point amusement park near our home in Ohio, when my father laid bare a revelation.

For about a year or so, he had been combing the internet and researching exotic relocation options. He was determined to find a better place for his family to live that would best position us for the future. Most kids marvel at the other kids who move to another school district or whose parents got jobs in another state and leave town. What my father shared with us on that balmy August day was a lot heavier.

“Andrew,” he started. “We’re considering moving to another country. Whether or not we do, I want you to know that you don’t have to stay somewhere just because your parents are from there. The world is changing and you don’t have to live in the same city, the same state, or — come to think of it — even the same country as where you were born. Don’t stay here for us. You should *go where you’re treated best.*”

I have to admit that, at the time, twelve-year-old Andrew was more concerned with what would happen to his relationship with his middle-school girlfriend than with how amazing it would be to live in New Zealand. Despite my budding entrepreneurial spirit, moving

would have been the end of the world from my adolescent perspective.

Ultimately, my parents decided against the move. However, despite my initial reticence, I could never quite get my father's words out of my head: *Go where you're treated best.*

Those "five magic words" opened my mind to a world of possibilities. It took years for them to fully sink in, but the simple knowledge that I was free to go anywhere and find what best served me unwittingly changed my life.

The Default Mentality

Most people stay in one place by default. A recent survey of my Facebook friends list shows that a larger percentage of my high school classmates still live in the same town where we grew up. Some made the bold move to a neighboring suburb. When you think about it though, there is no rule stating that they must stay there; the rule is only in our minds. That is why I left.

Don't get me wrong; you do not necessarily have to pack your bags to 'go where you're treated best.' Your hometown could very well be the right place for you. But it should be something you choose, rather than something you allow to be chosen for you as 'the thing to do.'

Most people never consider which place actually serves their needs. Instead, they simply accept the default mode set for them and impose silly barriers upon themselves such as, "But I would need to buy a plane ticket!" and other excuses that could be solved with the princely sum of about \$500.

The problem with this method of thinking is that you never realize that there are other options. You could easily have your money go where it is treated best and remain in your hometown. However, the default mentality leads most people to erroneously think that they have already got all the best options laid out for them.

You might be surprised that where you live is ranked #1 in... absolutely nothing. It is not the best place for starting or running a business, it is not the best place to get a job, it is not the best place to invest, it is not the best place to raise a family, it is not the best place for security or education or quality of living or any number of important factors we should all be taking into consideration.

Now, there is no such thing as a perfect place. With so many cities, states, and countries around the globe, the chances of your dot

on the map taking the #1 ranking in every category are slim to none. And you may choose to accept some of the flaws of the place where you live because you like it. That is perfectly normal. But have you ever stopped to realize that where you live is #1 in nothing?

The key here is awareness; the ability to realize that the country where you were born was not sprinkled with some magic pixie dust that made it the best for absolutely everything. Most of us – at least in the developed world – grow accustomed to living with whatever is offered to us within our geographical comfort zone. Things are good enough that we do not feel that we need to look elsewhere.

Growing up in the suburbs of Cleveland, Ohio, most of my friends supported the local sports teams. I never cared much for sports and I never quite understood why everyone in one place would universally choose to support the same teams. Until 2016, no major Cleveland sports team had won a championship in my lifetime. Heck, they had barely won anything in my parents' lifetimes. The Browns even managed to go 0-16 in the most recent football season.

Why would everyone support sports teams with such a losing track record solely because they played at a stadium down the street? How is the geographic location of your birth tied to rooting for some lousy team that clutches defeat from the jaws of victory every time they are given the chance? It makes no sense.

When did we lose the spirit of the greatest American pastime of all: immigration? Millions of people throughout history have packed their bags and moved to a place that treated them better when 'the home team' was failing. As the United States was expanding, this meant pioneers and later settlers moving west for better conditions.

What is particularly noteworthy about this westward expansion was that settlers were not only moving *from* something, they were also moving *toward* something. Settlers could have sat at home along North America's Eastern Seaboard and griped about the government, immigrants, or dwindling opportunities. They could have worried themselves over the lack of good jobs and decent land to farm. Instead, they staked their claim somewhere better and came out ahead.

In a competitive society full of new immigrants, moving west was about survival. Settlers were able to make a better living in the new safe havens in the likes of Iowa and later all the way to California. They would write letters to family back east telling of the great success they enjoyed on the new frontier and the incredible

opportunities still waiting for them. Sure, the chance of being attacked by a coyote was higher in the Arizona territory than it was outside of Boston, but so were the freedoms and chances to strike it rich. When outside of their element, pioneers thrived.

For them, going where they were treated best did not mean being unpatriotic or abandoning their home. It was the embodiment of everything it meant to ‘be an American.’ Nothing has changed about that drive to explore and thrive in the world’s final frontiers; and having that drive today is the furthest thing from being unpatriotic.

What it does mean, however, is that you acknowledge some cold, hard truths about the lack of opportunity to find good jobs or create profitable businesses in countries like the United States in the twenty-first century.

The gravitation toward the best opportunities is natural. So, perhaps, is the nostalgic romance of ignoring market realities to defend staying in the place where we were born. We all want to have a place to call home, and it is easier to stick with the one we were given at birth... even if it is not the best for us. However, it is never too late to tap into the natural instinct to look for and create something better.

Imaginary Lines & Psychological Borders

On a seemingly normal level, we make decisions to go where we’re treated best all the time. I was born in a part of Cleveland that set annual property tax rates at 2%. A mere fifteen miles to the west was a modern form of pioneer country: Lorain County. Family farms in Lorain County realized they could sell their land to developers and either move further out or retire.

With modern infrastructure, being such a short distance from the big city was much less of a challenge for residents than it was before. Yet, because the “pioneer” county’s government had less time to run up big expenses and waste taxpayer money, it was able to operate on a 1% tax rate.

Families could live in Lorain County for half the price of their next-door-neighbors with many of the same services they were used to in a higher tax city. So, my parents packed up and moved all of fifty feet across the county line. As it turned out, the home they built sat on land that literally bordered the county we had just left. You could throw a tennis ball out the back door and it would land in a place with twice the taxes, all because of imaginary lines.

The neighbors on the other side of the fence were quite snooty about the fact that they lived in the trendier county and looked down upon the new settlers for wanting to live in a modern-day “Wild West,” but that did not stop us from enjoying the benefits while they paid the bills.

This was one of my first lessons that doing what is best for you and your wallet will not always be easy. People may snicker and sneer and try to belittle you if you buck the trend. Ask most US citizens if they would live anywhere else and they would laugh. After all, the United States is the best country in the history of the world, right?

Seems a little too good to be true.

Uninformed boasts do not make something the best. You can see that manifested in the very Lorain County I lived in, where countless factories and automotive plants have now closed and jobs have been lost as companies went where they were treated best: Mexico.

In much the same way that my family moved a stone’s throw across an imaginary line in the grass to cut our taxes in half, US companies have moved manufacturing and operations to – among other places – cities along the US-Mexico border where labor is cheaper and the treatment is better.

There are those imaginary lines again.

For years, factories in the United States have been over-taxed, over-regulated, and generally treated poorly by anti-business politicians. Now, they have options. And they have used them. The CEO of Ford may still be a Detroit Tigers fan, but that will not stop him from making the most pragmatic decision for his company.

In the twenty-first century, the ability to do this is not limited to big companies. We all have parts of our lives and businesses that could be improved by merely walking across some imaginary line called a border. The key ingredient is simply to not put all of your eggs in the same basket.

It seems that before every election in the United States these days, some B-list actor gets on television and proclaims “If so-and-so wins, I’m moving to Canada!” (These guys are always moving to Canada.) What they are really saying is that they are going to take all of their eggs from their US basket and move them to a brand new Canada basket. All of them.

The problem with the proverbial ‘moving-to-Canada’ solution is twofold: First, I do not know of anyone who has actually followed

through on the threat. Going where you're treated best is a positive mindset designed to seek out the best, not flee from the worst. It requires commitment, not just a desire to complain.

Secondly, moving to Canada merely replaces one set of problems with another. Not only have you failed to spread your eggs to multiple baskets but you have not managed to upgrade to a better basket. While Canada may not have a president you disdain, it would still give you the same high taxes, more endless regulations, and the bad weather that you detest in the United States.

Why walk across an imaginary line just to get more of the same? Going where you're treated best means getting the best of all possible worlds by choosing only the best parts of a place while discarding the less desirable elements. You can cross dozens of imaginary lines to put your eggs in numerous different baskets, placing each individual egg in the best basket for its particular set of needs.

In some cases, all it takes to put your eggs in a better basket is to overcome the psychological borders that have been placed there. What really makes Calexico, California in the United States and Mexicali, Baja California in Mexico so different? Both are extremely hot, rather boring cities in the middle of a desert. All that divides them is an arbitrary stripe in the sand. The United States can build a wall as tall as it likes between Calexico and Mexicali, but that will not suddenly make one that much different from the other. The real border is in our minds.

These psychological borders impact much more than geography. I remember traveling to Ireland and England during the beginning of the financial crisis. Walking down the streets of Dublin and London, I noticed something curious: interest rates offered at banks were roughly triple what banks in the United States were offering. *Why, I thought, would I keep money in a US bank where 1% was pushing the limits when these banks seemed to offer 3% for a similar product?*

To the average observer, there is not much of a difference between banks in the United States, the United Kingdom, or Ireland. All three are wealthy western, English-speaking countries with decent rule of law. Relatively few people who live in any of them are worried about a banking system collapse, even as the majority of people in each country use said banks merely because they are part of the 'home team.'

To an astute financial observer, there is also little difference. While the countries are all wealthy, they are also all broke. To top it

off, all three offer fractional reserve banking systems with low levels of liquidity – that is, most of the money deposited is not sitting around the bank.

If they are all the same, why doesn't everyone in the United States just put all of their money into banks in the UK or Ireland where they will get a higher return? Why indeed. Putting your money somewhere it will get a higher return is one of the many ways you can go where you're treated best. If you can ignore the psychological borders, it is a simple decision to go where the interest rate is higher.

Of course, the world is not a totally free market and many countries (the United Kingdom and Ireland included) impose restrictions on who can open an account. However, there are plenty of other places that will allow you to open an account that are actually better than the cash-poor banks of western countries. All you have to do to gain access to these banks and the many services that they offer is to surmount the borders you have created in your mind about where you can go and which places best serve your needs.

The Pepsi Challenge

Construction on these psychological borders begins from a young age as we are taught to believe that our country is 'the best' from the time we are little. Americans in particular are of the belief that their country is 'the best country on earth.' Heck, even political types who believe the United States is descending into fascism will tell you, "But it's still the best country in the world."

Statistically speaking, though, it is rather unlikely that your country – or any one country – is the best at everything, let alone one thing. Over my career as an international adventurer, I have learned to ignore those who like to whine about home, yet always return to the 'but it's actually not so bad' argument.

Going where you're treated best is not about going where 'it's actually not so bad,' it is about going where you're treated best. However, it takes a lot of objectivity to really understand and see each place for what it is.

Take the banking system in the United States as an example. During the financial crisis years of 2008 to 2012, 365 banks were put into receivership in the United States. Yet, many people still consider the US banking system to be the best option.

However, even in an average year, at least one or two dozen banks will become insolvent in the United States. Meanwhile, the

FDIC – the government agency that promises to insure depositor money – has well under 1% of all its insured deposits on hand, and the US government that funds it is \$20 trillion in debt. One big bank failure and your life savings are at the mercy of an act of Congress. You know, the guys that read “Green Eggs and Ham” to filibuster a bill they do not like.

In contrast, Singapore has never had a bank failure in its fifty-plus year history as a country, banks actually keep cash on hand, and the country itself has no net debt. In fact, many banks in Asia are swimming in so much cash that they do not want to open new accounts because they simply do not know what to do with all the money.

When you objectively evaluate places to park your cash, Singapore comes up at the top of almost every list. The reason not everyone has their money there is a function of habit: we are conditioned to go where we are familiar, not where we are treated best.

It is like the age-old battle between Pepsi and Coca Cola. Back in the 1980s, Pepsi was largely a regional brand popular in the Southeast and Midwest, while Coca Cola was already a nationally-recognized brand. In places like Texas, Coca Cola outsold Pepsi nine to one.

John Sculley, the CEO of Pepsi at the time, decided to change all that with what became known as the iconic Pepsi Challenge. Pepsi knew that their cola performed well in blind taste tests, but as soon as the brand was part of the equation, Coke always won. So, Pepsi created an advertising campaign built around a blind taste test with regular folks off the street.

Their goal was to capture the expression of loyal Coke fans on camera when – after taste testing the colas in Cup A and Cup B – they would discover that the cola they had chosen was actually Pepsi.

The advertisement that made Coca Cola go nuts was of a granddaughter who persuaded her grandmother to try the Pepsi Challenge while they were out shopping together. The grandmother admitted that she did not know why she had accepted the challenge — she had never had a Pepsi in her entire life! But she went ahead and tried the two colas and selected her favorite.

When they revealed the brands, the granddaughter said in disbelief, “Grandma, you picked Pepsi!” The grandmother replied, “I know! I’ve never had a Pepsi in my life. It must be better!”

I am not going to weigh in on the Pepsi vs. Coke battle, but there

is a lot we can learn from the Pepsi Challenge about the power of conditioning and what it takes to go where you're treated best.

There are very few companies that do branding better than Coca Cola. At its core, branding is nothing more than conditioning. Coke works hard to condition consumers to relate the feelings of happiness and joy associated with the Christmas season (or the Olympics, summer BBQs, etc.) to a bottle of Coke. Just from reading this, you have probably already pulled up the image of Santa taking a sip from his glass of Coca Cola that we all have seared into our memory by the mammoth branding genius that is Coca Cola.

Without knowing it, thousands upon thousands of consumers have been conditioned to choose Coca-Cola, not because it necessarily tastes better but because Coke has conditioned them by developing their emotional relationship to the brand.

All the Pepsi Challenge did was remove that emotional conditioning and let people choose objectively. In doing so, they were able to discover what they actually prefer. Going where you're treated best is no different. It is simply a matter of putting a blindfold on our emotions and objectively assessing what each place has to offer.

The United States has conditioned us to think that it is the best 'brand' of country out there for everything from banking to investing to living. However, if you remove the branding from the equation, it allows you to objectively assess what each country actually offers. It is no longer about the brand. It is about the formula.

If you can get past the US brand of banking versus the Singapore brand, it is easy to see that Singapore's banking formula is far superior. Going where you're treated best becomes a cut and dried matter of finding the countries with the right formula to solve whatever issues you may have at hand... and then going there to fix it.

The key is to recognize that no one country will have the right formula to solve every issue. For instance, just because Singapore has a fantastic banking formula does not mean that it has the perfect formula for everything. While Singapore may have rock solid banks, it may not be a great place for you to live. A halfway decent one-bedroom apartment can easily cost \$5,000 a month, chewing gum is not sold for fear of litter, and the mere act of sipping Evian on the subway is punishable by a \$400 fine.

The good news is that it is possible to open a bank account in Singapore without living there (although it has gotten harder and the low-minimum accounts are hard to get now). You do not have to forsake chewing gum or sell a kidney for rent money to avail yourself of one of the best banking countries in the world.

Therein lies the difference between ‘go where you’re treated best’ and the proverbial ‘move to Canada.’ When you empower yourself to go where you’re treated best, you get the good parts from every country without the stuff you do not want because you only utilize the corresponding formula each country has to offer without buying into their entire brand. (Oh, and you actually do it rather than just yap about it.)

Your Top Priority

As a Nomad Capitalist, you do not have to give up what is important to you to make improvements in your life. You just need to change the way you look at borders. More importantly, you have to decide that *you* are your top priority. This advice is, by no means, a license to be selfish. It is, however, an invitation to stop and take a moment to examine why you do what you do.

We are wired to be part of a tribe. There are many good things that come from this natural instinct, but it is our complacency with the tribes that have been chosen for us that causes us to go (or stay) where we are treated poorly. Even in the worst of cases, our sense of patriotism can cause us to stay where we are unwelcome.

Consider when the African nation of Rhodesia achieved independence a generation ago. The enormous victory was followed by a series of land reforms that devolved from a fair process between willing buyers and sellers to outright confiscation of large farms from the white minority.

Some of those farmers are still there in modern-day Zimbabwe. They had years of advanced notice, but for some reason they chose to stick around and watch their land get confiscated. And they continue to live under that system, fully knowing that it could all happen again.

Think about that: what would compel farmers living in a country with such a storm brewing to stay and ride it out? It is an honest question that deserves an honest answer. Either they were (and are) blissfully ignorant of the imperfections and challenges around them, or they are willing to tolerate a great deal of injustice.

When Barack Obama was elected in 2008, some conservatives proclaimed that the new president would round up dissenters and put them into work camps. If I had thought that my future at home was pounding rocks into smaller rocks and foraging for food under the watchful eye of prison guards, I would not have stuck around and complained about the situation. I would have gotten in line for the next flight out.

Most of us do not think in such extremes, but if you have taken the time to read this of your own volition, chances are there is something you would like to improve in your life or business. You may feel that you are paying too much in taxes and would like to keep more of your hard-earned money. Or, perhaps you sense that there are better opportunities for your entrepreneurial endeavors somewhere else. Maybe you just have a nagging uncertainty about your country.

You could have any number of concerns that have made you look beyond your present borders. They may not seem like pressing concerns, but no one is going to get an offshore pang like they get a hunger pang. Yet, there is something driving that concern and it is important to listen to that to avoid becoming complacent because you are your top priority.

Open For Business

The basis of going where you're treated best is about diversification. If you rely entirely on one place, that one place can come and take your wealth, freedom, or whatever else they feel entitled to. It is the same reason wealthy Arabs have poured money into Istanbul real estate for years. While they may prefer living in Qatar, they know that they need other options. And, of course, they want all those options to be Muslim and be within a reasonable distance by business class.

Now that Turkey has had its fair share of challenges, the Arabs are turning elsewhere to countries like Georgia. And, in true capitalist fashion, Turkey is attempting to lure them back with the carrot of Turkish citizenship if they invest. Competition at its finest.

The problem with diversifying internationally is that some governments do not particularly like competition. However, some do. In fact, one of my leading indicators for whether a government

seeks to compete for wealth and talent is whether they used to be uncompetitive.

Some of the most business-, wealth-, and talent-friendly countries on earth were communist hellholes in your lifetime. Years ago, I was traveling through Europe and enjoying dinner in a small town. Having the place to myself, I watched as a commercial welcoming investment to the small country of Georgia played over and over again.

As a marketing guy and a capitalist to the core, there was something heartwarming about the idea of a country advertising itself to the public as if it were the sovereign equivalent of the Snuggie.

Mikheil Saakashvili, then-President of Georgia, took power after the 2003 Rose Revolution and was determined to turn the country into the next Singapore by ending corruption and taking a sledgehammer to taxes. He ultimately managed to flatten tax rates and reduce the number of taxes from twenty-one to just six.

What better way to get the word out, he figured, than to buy television airtime and broadcast the message that Georgia was open for business. Saakashvili was a visionary who realized that the world is an increasingly competitive marketplace for countries, and his needed to stand out.

Today, there is a stark contrast in the former Yugoslav and USSR republics of Eastern Europe. Some like Belarus, have retained Soviet-era dysfunction, while those like Georgia, Montenegro, Macedonia, Romania, and Bulgaria have opened their arms to business. While I first realized the power of investing abroad in Western Europe, I soon realized that any country, even those you cannot find on a map, offers potential.

I surmised that, because Georgia remembers what life was like under the USSR, they have made a point to not go back. That is why just about anyone can open a bank account in Georgia, no questions asked. You cannot do that in the United Kingdom, where the government is more concerned about making rules than about ensuring its continued prosperity and capital inflows. Prosperity in the United Kingdom is taken as a guarantee, whereas Georgia remembers a time when prosperity was far from guaranteed.

Chances are that that you grew up with the former notion that prosperity was a given, that your money would always be safe in the bank, and that your home was 'the biggest and best investment you will ever make.' Once you had that stuff down, all you had to do was

show up for work every day until they handed you a gold watch and you retired on a comfortable Social Security check.

That is, until the whole world fell apart and you began to rethink everything. In a post-financial-crisis era, you see people 'leaving the corporate world' on a regular basis. More and more people are beginning to realize that it is not the way forward. Like Georgia, they remember the old way of doing things, and they do not want to go back.

People who think like that need countries that think on the same wavelength. While the West holds onto the rules and regulations of their old corporate economies, the Georgias of the world are forging new paths toward greater market freedom and rethinking the formulas for prosperity in the twenty-first century.

The Connection

Most people give little if any thought to the biggest opportunities available in the global economy, but the opportunities are wide open. It is merely a matter of making the connection between forward-thinking entrepreneurs and investors and the countries that offer them exactly what they need to succeed.

For instance, global outsourcing has become both a business trend and a political rally cry in our lifetimes. Companies like HP and Apple have lowered costs for everything from production to tech support by having workers in China and the Philippines do work formerly done in more expensive countries. Whether unpopular or controversial, outsourcing is not a new concept.

At the dawn of the industrial revolution, quickly emerging nations often used outsourcing to cut costs and grow faster. After their revolution in 1868, the Japanese realized that their burgeoning industry required the help of experts to flourish — experts that were not available in Japan. So they summoned the people who did know to come to Japan and get everything set up properly.

These on-site visits were more common 150 years ago because, you know, that thing called the telephone did not exist yet. Today, outsourcing services can be provided remotely anywhere from call centers in Delhi to factories in Shantou. More importantly, access to the tools of international business is no longer an exclusive advantage of big business, it is available to anyone willing to take their business where it is treated best.

For example, I sat down with Jake a while back to discuss the needs of his business working in affiliate marketing. He had been in the game for almost ten years making a steady \$200-\$300,000 a year while living in San Diego. About eight years in, he finally decided to outsource a lot of the grunt work of his business overseas. By the time he contacted me two years later, he was making \$1 million a year.

But now Jake had a bigger problem: folks who earn more than \$1 million a year are like shark bait to the California taxman. The Franchise Tax Board is perhaps the world's biggest bully. Jake's new success meant he would be sending a \$500,000 check to California the following April. He never wanted to repeat that mistake again. \$500,000 re-invested would go a long way in his pocket rather than by being wasted.

So, we got to work creating a plan to fully internationalize Jake's life and business. He had already learned to outsource his work to increase his revenue, but he needed to take advantage of every offshore tool available to him to achieve all the benefits of going where you're treated best.

Jake told me that he loved the beach, so we found him a great location on the beaches of Southeast Asia where he could live the majority of the year. He could spend part of his time visiting friends and attending industry events back in California, but he would spend the rest of the year living on a beach that did not cost him \$500,000 a year in taxes.

From there, we got him an easy second residency in a zero-tax country and moved his company from California to two offshore jurisdictions. He had a few one-time costs to move his business overseas, but once he paid that final bill he was done forever. If he keeps things up, Jake will pocket an extra \$1 million by the end of the second year, and an extra \$7 million after reinvestment over the next decade.

All of this was made possible because Jake was willing to pick and choose from each of the places that offered him exactly what he needed to improve each aspect of his life and business: outsourcing to eliminate time-consuming grunt work, moving overseas to decrease his personal income taxes, offshoring his company to reduce business taxes, and so on. Each component went to where it would get the best treatment, all while Jake was soaking up the sun and running his business as usual.

Some will tell you that, in order to be treated best, you must stay and fight. If you want lower taxes, just vote for the candidate who promises to lower them. This democracy-focused model misses the point that we are all individuals and want different things. What is good for your country might not be good for your wallet. That does not mean that you hate your country but rather that you want what is best for you.

If your internet business could grow three times as fast because it paid a lot less in taxes – or even none at all – waiting around for the next election is not only a pipe dream; it will cost you a lot of money. I often walk business owners through exactly how much they are paying in tax for every single day they wait, and the amount is often shocking to them. Besides, why wait for others to determine your business success when you have the power to change it for the better right now?

This is what I do, and it is what I help the people I work with every month to do as well. I help entrepreneurs like Jake who started a business doing coaching, or e-commerce, or whatever else in their home country and who have been successful, but only to a point. They are reinvesting all of their profits into their business, but end up passing on so many opportunities because they do not have enough to reinvest.

Books like *The Four Hour Workweek* and my friend Chris Ducker's *Virtual Freedom* opened many of our eyes to the idea that hiring virtual assistants in developing countries was a great way to keep costs low (or in some cases, cut costs completely), be more productive, and grow our business faster. However, this is just scratching the surface of all the options available to entrepreneurs willing to go global.

Like Jake, entrepreneurs who hire an assistant in the Philippines or Romania or anywhere else are going where they are treated best to reduce the cost of labor for their business needs. In the same way, you can reduce your taxes and increase your returns by seeking international solutions. As Jake experienced, the increase in your profits by making a few simple tweaks to your business and lifestyle could yield millions of extra dollars in your pocket in the next few years.

That is why, when I say that I prefer 'flight' over 'fight,' I simply mean that I make decisions about where I live and do business through the objective lens of good financial management and not

through the emotional lens of patriotic frenzy. You can love your country and still go where you're treated best. When it comes down to it, it is all a matter mindset.

The biggest example of the 'stay and fight' mindset is the people who stockpile automatic weapons in the hills somewhere. They will tell you that they are preparing for a doomsday scenario when FEMA camps and military force come to fruition. While they may plan to sit on their roof picking off Army Rangers one by one, I am sure the military could just as soon send in a helicopter and pick them off first.

These people live by the notion that being a patriot, loyal to their country and government, is the most noble purpose and must be defended at all costs. They condemn guerrilla warriors in other countries, yet await the day when they can do the same in their country... all while there are places where their values are already en vogue.

I live by a different motto: fight for yourself, vote with your feet, and go where you're treated best. You come first. You deserve the best. If things have come to the point that you are stocking guns and dehydrated food, chances are that the place where you live is not treating you best. As an Eagle Scout who is risk-averse and a believer in diversification I can respect the desire to be prepared. However, at a certain point, you have to be honest with yourself. Are you in the right place for *you*?

Similarly, if you have to call your accountant and dream up crazy loopholes to get your tax bill anywhere close to reasonable, you might also be fighting too hard and should consider a different way. Every once in a while, I hear from some hotshot business owner who is proud of himself for finding some 'brilliant' plan to reduce his taxes, only to come to me and realize that his plan is not even legal.

Why stay and fight the system the wrong way when you can go somewhere else, get all the tax benefits of living abroad, and then sit back, relax, and enjoy without the stress? Especially when those all-too 'brilliant' plans often only save you a few percentage points; a drop in the bucket compared to the ocean of savings offshore.

In the 1973 Bruce Lee movie *Enter the Dragon*, Bruce Lee is asked what his style of fighting is. "My style," he explains, "is the art of fighting without fighting." This perfectly sums up the Nomad Capitalist lifestyle. You may not like the system where you are from. You may feel you pay too much in taxes. You may not feel like you

belong there and wish to live somewhere else. So you fight without fighting and go where you're treated best.

Whatever your discontent may be, choosing to go where you're treated best is the art of fighting without fighting. Rather than wasting physical and mental energy trying to change the system, you can move on to greener pastures and keep more of your money, feel more at home, and enjoy life more than ever before, with more wealth than ever before.

Planting Flags

Now that we know what we are trying to accomplish, let's get specific. When we open a foreign bank account or take some other action that diversifies our assets, business, or lifestyle to a more favorable place, that is called "planting a flag". Back in the 1960s, a man named Harry Schultz created the concept of the "Three Flag Theory," which suggested that those seeking sovereign freedom do three things:

1. Have citizenship somewhere that does not tax income earned outside the country. This was the personal safe haven.
2. Have businesses and investments in stable, low- or no-tax countries. These are called the business havens.
3. Live as a tourist in countries that support your values, rather than society's. These countries are the lifestyle havens, or 'playgrounds.'

The idea of flag theory, as it became known, was to live life out from under the thumb of the taxman and the bureaucrats that make life no fun. Those who practiced the theory could become 'PTs' – known as 'perpetual travelers' or even 'prior taxpayers – who would then jet set from one locale to the next going where they were treated best.

While Nomad Capitalists who adhere to flag theory can certainly choose to travel perpetually, it is also possible to achieve the benefits of this lifestyle by obtaining two or three home bases around the world and alternating between them. Heck, you can even live in one

place if you want, confident that your bank account is somewhere else just as safe.

The point is to take advantage of the best treatment possible. For instance, the third flag is to live as a tourist because countries often reserve their best treatment for the folks who enter their borders as tourists. Unlike a resident or citizen, tourists do not usually get heckled by the police for stupid stuff like jaywalking. They do not have to pay local income tax, either. There are nice offices dedicated to helping tourists find stuff and, in many countries, they can even get their sales tax or VAT refunded when they leave.

While most tourists head back to the reality of a cubicle, snow in the driveway, and tax season when they return from their vacation, Nomad Capitalists leverage this treatment into an ongoing lifestyle.

As a Nomad Capitalist, you may choose to visit the same places over and over again; one couple I know has three homes in three different countries that they visit each year, never exceeding their tourist visa status. They are not residents or citizens of any of those countries; being so would make them subject to the kinds of rules that residents and citizens are subject to. Instead, they are happy to fly under the radar as tourists. They know which cities are best for shopping, which are best for eating and drinking, and they leverage the best of each one.

Other Nomad Capitalists who utilize flag theory choose to stay on the move. I used to prefer this method. I realized at one point in my life that many cities started to bore me after ten days, so I devised a plan to spend one year composed of 36 ten-day trips. It was a fantastic year. Now, however, I tend to prefer slower travel and being able to settle in for a few months at a time in homes that I own as both investments and lifestyle properties.

Living the Nomad Capitalist life means you choose the terms. It was not always that way, though. In the early days of flag theory, a much smaller, much wealthier group pioneered a way of living that can now be done with far less money. In the mid-twentieth century, being a perpetual traveler meant summering in Monaco, wintering in the French Alps, and stashing money in Swiss banks accounts. The idea of jetting from place to place in an effort to stay one step ahead of the taxman – sometimes legally, and others not – was a notion of whimsy for Joe Citizen.

It was also much more frowned upon. Tax rates in the United States peaked at 91% before John F. Kennedy took office. Back then,

patriotic US persons seemed substantially happier to pay than they would be in today's more global world. They also believed that they actually got something for their tax money back then.

Today, tax rates are lower, as are the stigma and barrier to entry of living a jet set lifestyle. In fact, it is so easy to jet set around the world these days that plenty of modern perpetual travelers choose to spend their winters in Thailand and their summers in Amsterdam. However, most of these folks are not fully availing themselves of the host of financial benefits that come with the Nomad Capitalist lifestyle.

Unlike their jet setting predecessors, many of today's perpetual travelers did not escape the grind because they wanted to lower their taxes – they just wanted to travel. There is nothing wrong with that, but even if you did not set out to reduce your taxes, why not enjoy all of the benefits that come with the lifestyle?

I once helped a US citizen and entrepreneur who had been living nomadically in Europe for almost two years. Eric knew the basic tax laws for US persons living abroad and filed a tax return accordingly each year and elected the Foreign Earned Income Exclusion. Yet, despite working with a US accountant, by the time Eric came to me for help, he was still paying \$81,000 in taxes every year.

Eric and I got under the hood of his business and discovered that his US company had been set up improperly from the start. We restructured his business to include both a new US company and an additional offshore structure in Asia that enabled him to legally avoid taxation on most of his income, and pay about one-third of his previous rate on the rest.

By planting just a few more flags around the world, Eric will be able to save approximately \$600,000 over the next five years without changing anything about his nomadic lifestyle. The ability to save all that money had been there all along, all he needed to do was start thinking like a Nomad Capitalist and not just a nomad.

These options are available to anyone willing to learn and then take the necessary steps toward greater freedom.

How Is This Legal?

In the fifty years since the concept of planting flags was introduced, numerous revisions have helped expand the theory into more aspects of our lives. Going where you're treated best is all

about modernizing flag theory to fit life in the twenty-first century – a time when we really can live, work, and play anywhere we want.

Part of that process is to bring the philosophies of flag theory into the light, examine them up close for all to see, and then fit them into a perfectly legal blueprint.

Fifty years ago, the type of person likely to plant flags was more inclined to live in their home country than to travel. As glamorous as the jet set life seemed to be, most people preferred the comforts of life in Boston, Seattle or Dallas knowing that their untaxed cash was safely tucked away in Zurich. Travel was a perk, but not their way of life.

This was also the time when Swiss bankers were more than willing to cater to those very desires. It was common practice for these bankers to arrange to covertly retrieve stacks of cash from your house, fly them back to Europe on their private jet, and deposit them into your anonymous numbered bank account.

What was the problem with this activity? Simply put, it was illegal. Not exactly a minor detail. It would still be illegal if you tried to do the same thing today. However, flag theory in and of itself is not illegal. It can all be done in the light of day, 100% by the book.

I was recently having dinner with a business consultant in Ukraine. As we dipped into another bit of Georgian *khachapuri*, she asked incredulously: “How is what you do legal?! It’s OFFSHORE!”

Decades of media portrayals of illegal offshore activity have made the public think that merely having an offshore bank account is illegal. But not every offshore transaction is made with stacks of cash, private jets, and numbered bank accounts. When I explained to my dinner guest that, were she to move to London, she would open a British bank account and stop paying Ukrainian taxes, she seemed to understand.

‘Offshore’ is not so dark and complicated. If it was, you would not see me splashing my face all over the world’s most-visited website for everything offshore. I like my freedom, thank you very much.

There is no doubt that a lot of people used to seek a false sense of freedom by breaking the law and bypassing the system. But that was not real freedom. Who could enjoy true freedom while in constant hiding? Real freedom comes from adhering to laws, even those we don’t agree with. I much prefer to find loopholes and

exceptions within the law, and create options for myself to ensure my continued success.

Besides, western governments have tightened the screws on offshore practices to the point that it has become nearly impossible to get away with illegal offshore activity to begin with. The rules of the offshore world you may have heard about on some spy show on TV have changed. Offshore banking, for instance, is not as easy as just dropping a briefcase of dirty money onto an island bankers' lap.

Going where you're treated best has nothing to do with illegal activity; and the people who follow those five magic words do not concern themselves with the offshore world of the past or in the movies. After all, why pursue illegal routes to protecting your wealth when there are perfectly legal ways to achieve your end goals?

The E-K-G Formula

When we plant flags, we are internationalizing our assets, businesses, and our social lives, giving us access to the best the world has to offer. Over the years, I have developed a simple three-part formula to help the folks I work with determine which parts of their life and business they wish to internationalize. I call it my E-K-G formula to Enhance, Keep, and Grow your personal and financial freedom.

This approach makes up the heart of the Nomad Capitalist lifestyle and applies the following principles:

E - Enhance Your Personal Freedom

K - Keep More of Your Money

G - Grow Your Money

Each person's approach to planting flags is different; there is no perfect order in which the steps must be completed because the exact steps that make up your strategy are different from anyone else's.

For most of the entrepreneurs I work with, keeping more of their money is important. However, if you have sold your business or had some other windfall, growing your money may be a more important part of the formula for you.

For all of us, enhancing our personal freedom, building options, and creating redundancies are important steps. What good is a 0%

tax rate if you are stuck living in Syria? Remember, the goal is happiness and freedom.

Each part of the E-K-G system works together as a puzzle, and each part contains a number of potential strategies that you can choose from to create your desired Nomad Capitalist lifestyle:

E - Enhance Your Personal Freedom

- Living Overseas - Whether in one place, a few places, or as a perpetual traveler.
- Second Passports - Obtaining citizenship in another country for better travel, better treatment, and more options.
- Digital Privacy - Hosting your website overseas or using secure offshore email.
- Socializing Overseas - Make friends, dates, or a lifelong partner in another country.
- Personal Happiness - Find the place where you feel totally at home.

K - Keep More of Your Money

- Tax Reduction - Legally reduce or eliminate your personal taxes by relocating your business the right way.
- Offshore Banking - Protect your money in quality banks and earn higher returns.
- Offshore Companies - Legally choose the tax rate for your business.

G - Grow Your Money

- Frontier Market Entrepreneurship - Start a business in a less developed market.
- Foreign Real Estate - Buy, rent, sell, or hold property in fast-growing markets.
- Foreign Currencies - Earn high rates of return just by holding another currency.

These are just a few of the ways you can take advantage of what the rest of the world has to offer and go where you're treated best.

Reexamine that list and ask yourself if the country where you currently live offers you 'the best' in all of those categories. Any objective observer would have to say no, but most of us struggle with objectivity. Still, being objective is essential to achieving results in anything. To be a successful Nomad Capitalist, you must break free from your preconceived understandings and look at the world with fresh, unbiased eyes.

If you want to enhance your personal freedom to travel without restriction, Germany actually takes the top spot as the world's best passport. That is not to say that having a second-place Finnish passport is a total waste, of course. However, most people do not consider that Singapore's similarly excellent passport comes with almost all the same travel privileges, but without the high tax requirements.

If you are looking to enhance your personal happiness, the Danes often claim to be the happiest nation in the world. If you can get past the \$24 beers in Denmark, then working about twelve hours a week might make just about anyone happy. (Having been born in America, slurring short European work weeks never gets old.)

Yet Danes suffer the worst privacy protections among their privacy-conscious neighbors, pay triple the price for a car than other places in Europe, and they do not have any banks on that "best of" list. Some dude even wrote a book specifically telling men NOT to date Danish women. The horror.

If your focus is on keeping more of your money, unless you live in Germany, your local bank is not the safest in the world. According to *Global Finance*, that title goes to KfW Bank. Of the fifty safest banks, only twenty-one countries are represented, and even that number is a bit skewed. While the United States is represented by four banks (the highest ranking at #33), three are agricultural credit banks; not the type with drive-up windows in the suburbs.

Other countries on the list include China, Chile, Qatar, and the United Arab Emirates; countries that, not too long ago, were ruled by camels or were sleeping under a photo of Mao. The four German speaking countries have always been go-to places for handling money, but Abu Dhabi? Times change.

And if you are looking to grow your money, it may come as no surprise that the growth in countries such as China, India, and many

African nations far outpaces the economic growth in any western nation.

As you can see, there is no ‘best’ place on earth. Not even supposedly perfect places are perfect. In Frank Capra’s fantasy *Lost Horizon*, diplomat Robert Conway rescues ninety of his fellow Brits in a last-minute escape from revolutionary China, only for their plane home to crash in the Himalayas. As it turns out, the crash was no accident, but was planned by a several-hundred-year-old ruler who sought out Conway and his expertise to lead a mystical paradise called Shangri-La.

The movie opens with a question that still applies to all of us eighty years later: “In these days of wars and rumors of wars, haven’t you ever dreamed of a place where there was peace and security, where living was not a struggle but a lasting delight? Of course you have. So has every man since Time began.”

We all want to live our best life possible. That has not changed. What *has* changed in the last eighty years are the means by which we can achieve that goal. You may not be able to find that perfect paradise with all the best in one place, but you can build that life for yourself by going beyond your borders in search of the best that each location has to offer.

In today’s connected world, the best place is numerous places. Some of those places are behind the scenes while others are more obvious.

The first step is to simply recognize that where you live may not be the mystical paradise you seek. All you have to do is look around at the turmoil in the western world to see that it is not the bastion of freedom and security it once was. Factory closings have given way to “Make America Great Again” signs dotting the lawns of those longing for a bygone era. Stagnant wages and poor job opportunities for many have led to a growing call for socialism and wealth redistribution from ‘the rich.’

Meanwhile, seemingly endless terrorist attacks on the West have given rise to a new security state. I have old friends whose neighborhoods in Chicago, London, and New Orleans have become meccas for crime, and others who have bounced from one part-time job to the next in this Uber economy, searching for the type of stable job their parents had.

Yet, despite having little to lose, when I tell these old friends to consider moving to one of my ‘new safe havens,’ they get scared. Of

what, I am not sure. I live part-time in the Republic of Georgia, which was ranked the sixth safest country in the world. When I accidentally left \$1,000 sitting on a restaurant table in the capital city of Tbilisi, the staff diligently walked the cash to my lawyer's office, hours after our lunch. Crime in Georgia is lower than most western cities and there are no typhoons, or flesh eating viruses to speak of.

Yet, for some reason, guys living in Chicago with bullets whizzing by think to themselves, "If I can't visualize it, it must not be safe."

I also own a home in Kuala Lumpur, Malaysia, a place that certain friends refuse to visit me in out of fear that Malaysia is a 'Muslim country.' They somehow imagine that all visitors are required to dodge an ISIS firing squad to pass through baggage claim. The media bubble has convinced many that places like Tbilisi and Kuala Lumpur are off limits and dangerous for us. Heck, remember the time when the US State Department issued a travel warning against ALL travel... everywhere in the world? Do not go to Calgary, kids; you might step on a landmine and die.

If you want to go where you're treated best, you will not get much help from governments that are better served by keeping you on the reservation. Just as the Olive Garden would prefer that you masticate on their inedible breadsticks nightly rather than experiencing two Michelin star fare elsewhere, national governments love it when you hitch your entire wagon to their cart. It makes their life so much easier.

They want all of your bank accounts. Every dollar, euro, and shekel you own. They want your real estate investment to be within their borders. They want all of your personal assets – from cars, boats, and airplanes to gold and silver bars – to be stored on their turf.

To them, this makes sense. It is like the cult leader who asks adherents to sign over all of their belongings. Life is easier as the cult leader when no one has the resources to leave the compound.

And, in 99% of the cases, the country making these demands of you is not the best place for you to be. It might feel like the best if you have never experienced anything else, but numbers do not lie. Just because Kim Jong-un says North Korea is the best, does not mean that it is.

Different types of countries have a tendency to treat you better. As mentioned, if you want your money under lock and key, the stereotypical best bets are those near Germany or Singapore. If you

want a place that does not tax, look to the Caribbean (although that is changing). If you want a place that barely taxes, look to Eastern Europe or Asia.

Nordic countries have the edge on privacy and freedom of speech. If you want to pirate movies and music, Spain is your best bet; with everyone out of work, I guess they figured, “Why not?” And then there is the United States and Canada with free refills and clean tap water. Unless you live in Michigan, that is.

Takeaway: This may all sound a bit tricky, but it is not once you get the hang of it. Planting a flag can be as simple as moving your server from the United States, with all of its crazy laws for website owners, to Iceland where privacy is sacrosanct. You can do that in an hour. Other strategies might take a bit longer, but with the right plan, you can go where you’re treated best in every way possible.