Top 10 Misconceptions About Offshore Banking & Investing
By David Marchant, Publisher, Offshore Alert

1. Fiction: America's richest families like the Rockefellers created their wealth offshore.
Fact: Such wealth is created in the United States and then structured offshore to legally minimize tax liabilities.

2. Fiction: Offshore investments grow in value more quickly than those onshore.
Fact: No magic dust exists offshore that can be sprinkled on your money to make it grow at all, much less spectacularly. In fact, virtually all of the money that is put into offshore legal structures by wealthy U. S. residents and businesses is invested back into the US—it does not stay offshore.

3. Fiction: Offshore accounts will always remain anonymous and confidential.
Fact: There are plenty of legal assistance treaties and tax information exchange agreements that enable law enforcement, regulators and creditors in the world's major countries to obtain information about offshore accounts. So-called 'confidential' account information is turned over all the time.

4. Fiction: An offshore trust is impenetrable by creditors.
Fact: An offshore trust simply makes it more time-consuming and expensive, not impossible, for your creditors to find, freeze and confiscate your assets. If you owe money and a creditor can establish that you beneficially own a trust, you are toast.

5. Fiction: Offshore authorities never cooperate with US authorities.
Fact: They do so all the time and, in the modern era, they must co-operate or be made an outcast by the international community, in which case their economies would be ruined.

6. Fiction: Offshore banks can offer higher returns because their expenses are lower.
Fact: It is, generally, far more expensive to operate a business in an offshore financial center than it is in the U. S. or another major country. Virtually everything is more expensive offshore than it is onshore.

7. Fiction: Offshore banking is for everyone, not just the rich.
Fact: It is so expensive to do business offshore that it is only cost-effective for high net worth individuals or a large corporations.

8. Fiction: Anyone can buy an offshore bank charter and legally operate it from your home in the US.
Fact: Following international pressure, offshore financial centers no longer issue bank charters to private individuals. Also, banks that are licensed offshore must be physically based offshore for their operations to be considered legal.

9. Fiction: Guaranteed high returns are available offshore.
Fact: The reason why so many offshore investment schemes offer double-digit, annual returns is because the operators of such schemes have no intention of paying you back your principal, let alone any interest. The 'guarantee' is not worth the paper it is written on

10. Fiction: Offshore banks are well regulated.
Fact: One of the principal reasons why offshore banks are established is to minimize regulation or avoid it altogether. Offshore banks are, by definition, banks that can only do business with non-residents. In offshore financial centers, locals do not really care much if foreigners are ripped off.