

You are so upset with the latest tax increases that you are seriously thinking about quitting the country. Does this make any sense at all?

Flight capital

By Brigid McMenamín

ENGLEWOOD, COLO. attorney Ronald Rudman recently got a call from one of his more prominent clients, a well-known entrepreneur. The businessman wasn't asking for help on a new public offering or a leveraged real estate deal. "He wants to move his entire estate outside the U.S.," says Rudman.

A lot of people are thinking about this most drastic of tax avoidance techniques: becoming an expatriate. And a lot of them lose interest when they find out that to accomplish much of a tax saving they have to renounce U.S. citizenship.

That's pretty extreme stuff, but it has been done before. Famed fund operator John Templeton, a Tennessee native, moved to Nassau in 1969 and gave up his U.S. citizenship. He is a British subject; living in the Bahamas, he pays no income or estate tax.

"Expatriation is the ultimate estate plan," says Donald Baker, senior partner of the giant Chicago-based law firm Baker & MacKenzie. Baker represents a seventyish couple who are beginning to move their assets out of the country to avoid federal estate tax of 55%. "They don't want to leave half their assets to the government," explains Baker. But he says they're also afraid income taxes will shoot up as much as 10% if Clinton gets his health care scheme past Congress. "The people who are in power want to confiscate other people's property," says Baker.

Why do you have to change citizenship? Because the U.S., unlike almost every other country, levies income and estate taxes on its citizens living abroad. Unless you plan to cheat on your taxes, just moving abroad won't accomplish anything.

Former citizens, moreover, can be nailed for income tax on U.S. income,

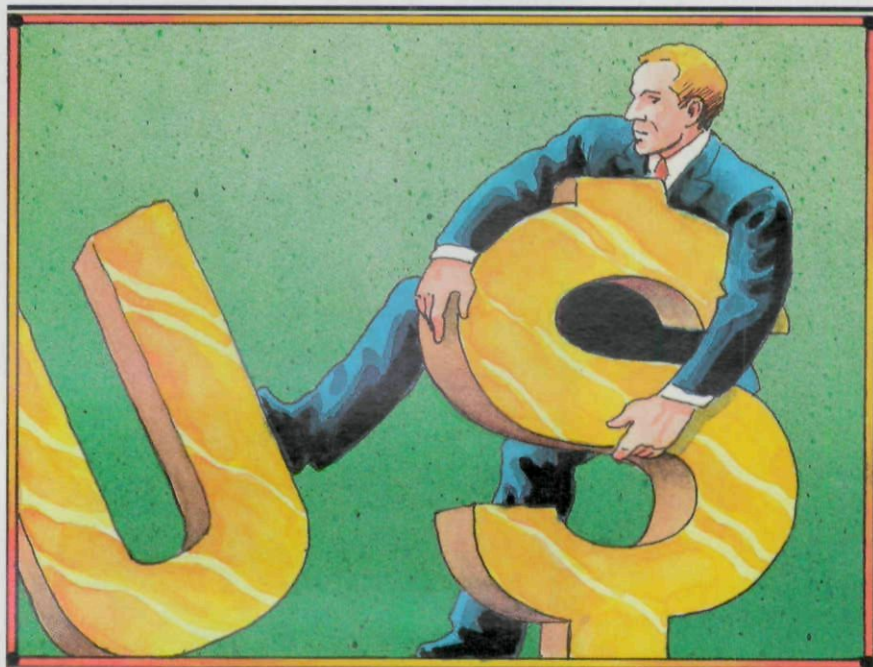
including capital gains from real estate situated here and from stocks in U.S. corporations. This exit tax may apply for ten years after you leave, unless the Internal Revenue Service decides that tax avoidance was not one of the "principal purposes" of your departure. Good luck trying to prove that.

Some people who are not yet ready to renounce citizenship have taken the less radical measure of moving assets abroad. This group includes a former congressman, entrepreneurs who started whole new industries, physicians and wealthy investors. Again, unless you want to lie on your 1040, merely moving your money into a Swiss bank won't save you U.S. income taxes while you remain a U.S. citizen. Rather, some of these partial exiles are fearful of future restrictions on capital movements.

A Florida entrepreneur who already

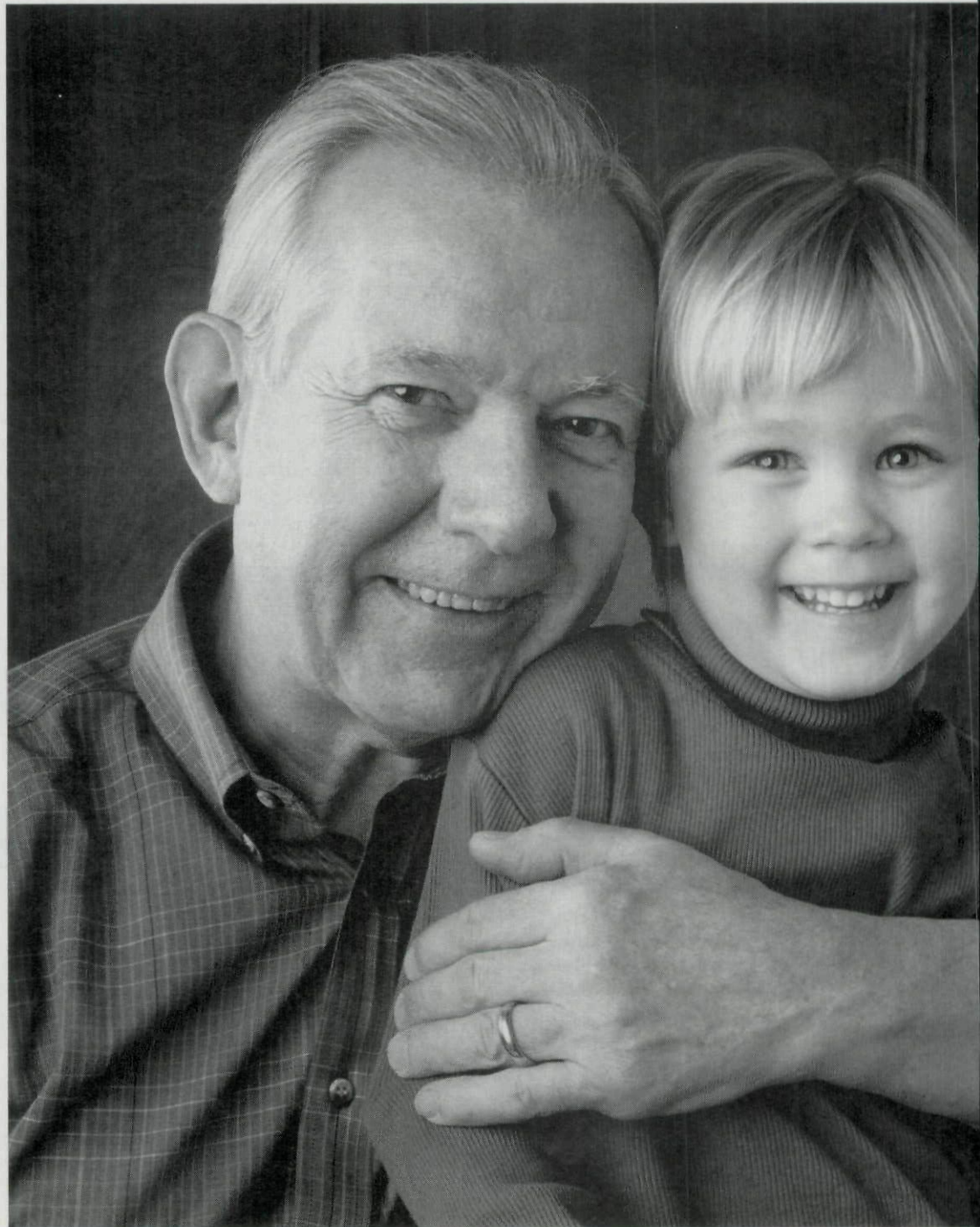
has about 25% of his wealth overseas, primarily in foreign currencies, is worried the government may someday draw the line on asset transfers. So before that happens he's moving another big chunk—perhaps as much as 80% of liquid assets—overseas. "Taking it out [of the country] might be a very difficult thing someday," the entrepreneur says.

People are worried about more than taxes. One of Rudman's clients is a man who was a pioneer in the managed health care industry. Faced with President Clinton's threat to take over the entire industry and impose new regulations and even criminal sanctions, he began to sell off his business last year and asked Rudman to help move his assets abroad. "They feel they have been targeted," explains Rudman, "and they wonder what's next. It's fear: fear of government, fear of a period of prolonged



To treat symptomatic benign enlarged prostate:
**Only one medicine
can shrink the prostate.**

PROSCAR.[®]
(FINASTERIDE)



Until recently, there wasn't a medicine that could help the condition known as symptomatic benign prostate enlargement or BPH. But now there is PROSCAR, the first oral prescription medicine that can shrink an enlarged prostate.

However, it is important to know the following: PROSCAR doesn't work for everyone. Even though your prostate may shrink, you may not see an improvement in urinary flow or symptoms. And you may need to take PROSCAR for 6 months or more to see whether it helps you.

How PROSCAR can shrink an enlarged prostate.

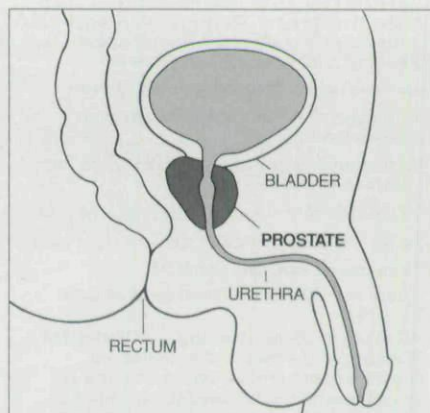
As a man ages, a key hormone can help cause the prostate to grow. PROSCAR actually blocks the production of this hormone, so it helps shrink the prostate to a smaller size in many men. As a result, some men treated with PROSCAR experience an increased urinary flow and an improvement in urinary symptoms.

Why you should see your doctor soon.

Your doctor has several options for the treatment of symptomatic BPH: watchful waiting (monitoring the condition with regular checkups), medication, or surgery. It's important to see your doctor because the problem doesn't usually get better by itself. In many cases, the prostate continues to enlarge and the symptoms may get worse. So if your urinary symptoms are bothering you, have your family doctor or a urologist assess your condition and ask if PROSCAR is an appropriate treatment for you.

It is also important to have regular checkups. While benign prostate enlargement is not cancer and does not lead to cancer, the two conditions can exist at the same time.

Remember, only a doctor can evaluate your symptoms and their possible causes. So, if



The prostate surrounds part of the urethra, the tube that carries urine from the bladder. As the prostate enlarges, it can squeeze the urethra and cause urinary problems.

your urinary symptoms are bothering you, don't wait any longer. You may find that your enlarged prostate can be made into a smaller problem.

For more information about prostate enlargement and PROSCAR, call 1-800-635-4452 today.

TABLETS
PROSCAR[®] 5mg
(FINASTERIDE)



Please see patient information on the following page.

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PATIENT INFORMATION ABOUT PROSCAR® (Prahs-car)

Generic name: finasteride (fin-AS-tur-eyed)

PROSCAR is for the treatment of symptomatic benign prostatic hyperplasia and for use by men only.

Your doctor may prescribe PROSCAR if you have a medical condition called benign prostatic hyperplasia or BPH. This occurs only in men.

Please read this information, as well as the leaflet which accompanies your medication, before you start taking PROSCAR. Also, read the leaflet each time you renew your prescription, just in case anything has changed. Remember, this leaflet does not take the place of careful discussions with your doctor. You and your doctor should discuss PROSCAR when you start taking your medication and at regular checkups.

What is BPH?

BPH is an enlargement of the prostate gland. After age 50, most men develop enlarged prostates. The prostate is located below the bladder. As the prostate enlarges, it may slowly restrict the flow of urine. This can lead to symptoms such as:

- a weak or interrupted urinary stream
- a feeling that you cannot empty your bladder completely
- a feeling of delay or hesitation when you start to urinate
- a need to urinate often, especially at night
- a feeling that you must urinate right away.

Treatment options for BPH

There are three main treatment options for BPH:

• **Program of monitoring or "Watchful Waiting".** If a man has an enlarged prostate gland and no symptoms or if his symptoms do not bother him, he and his doctor may decide on a program of monitoring which would include regular checkups, instead of medication or surgery.

• **Medication.** Your doctor may prescribe PROSCAR for BPH. See "What PROSCAR does" below.

• **Surgery.** Some patients may need surgery. Your doctor can describe several different surgical procedures for BPH. Which procedure is best depends on your symptoms and medical condition.

What PROSCAR does

PROSCAR lowers levels of a key hormone called DHT (dihydrotestosterone), which is a major cause of prostate growth. Lowering DHT leads to shrinkage of the enlarged prostate gland in most men. This can lead to gradual improvement in urine flow and symptoms over the next several months. However, since each case of BPH is different, you should know that:

- Even though the prostate shrinks, you may NOT see an improvement in urine flow or symptoms.
- You may need to take PROSCAR for six (6) months or more to see whether it helps you.
- Even though you take PROSCAR and it may help you, it is not known whether PROSCAR reduces the need for surgery.

What you need to know while taking PROSCAR

• **You must see your doctor regularly.** While taking PROSCAR, you must have regular checkups. Follow your doctor's advice about when to have these checkups.

• **About side effects.** Like all prescription drugs, PROSCAR may cause side effects. Side effects due to PROSCAR may include impotence (or inability to have an erection) and less desire for sex. Each of these side effects occurred in less than 4% of patients in clinical studies. In some cases side effects went away while the patient continued to take PROSCAR.

Some men taking PROSCAR® (Finasteride) may have a decrease in the amount of semen released during sex. This decrease does not appear to interfere with normal sexual function. Rarely, some men have reported breast swelling and/or tenderness or allergic reactions such as lip swelling and rash.

You should discuss side effects with your doctor before taking PROSCAR and anytime you think you are having a side effect.

• **Checking for prostate cancer.** Your doctor has prescribed PROSCAR for symptomatic BPH and not for cancer—but a man can have BPH and prostate cancer at the same time. Doctors usually recommend that men be checked for prostate cancer once a year when they turn 50 (or 40 if a family member has had prostate cancer). These checks should continue while you take PROSCAR. PROSCAR is not a treatment for prostate cancer.

• **About prostate specific antigen (PSA).** Your doctor may have done a blood test called PSA. PROSCAR can alter PSA values. For more information, talk to your doctor.

• A warning about PROSCAR and pregnancy.

PROSCAR is for use by MEN only.

PROSCAR is generally well tolerated in men. However, women who are pregnant, or women who could become pregnant, should avoid the active ingredient in PROSCAR.

If the active ingredient is absorbed by a woman who is pregnant with a male baby, it may cause the male baby to be born with abnormalities of the sex organs. Therefore, any woman who is pregnant or who could become pregnant must not come into direct contact with the active ingredient in PROSCAR.

Two of the ways in which a woman might absorb the active ingredient in PROSCAR are:

Sexual contact. Your semen may contain a small amount of the active ingredient of the drug. If your partner is pregnant, or if you and your partner decide to have a baby, you must stop taking PROSCAR and talk to your doctor. If your partner could become pregnant, proper use of a condom can reduce the risk of exposing her to your semen (discuss this further with your doctor).

Handling broken tablets. Women who are pregnant or who could become pregnant must not handle broken tablets of PROSCAR.

PROSCAR tablets are coated to prevent contact with the active ingredient during normal handling. If this coating is broken, the tablets should not be handled by women who are pregnant or who could become pregnant.

If a woman who is pregnant comes into contact with the active ingredient in PROSCAR, a doctor should be consulted. Remember, these warnings apply only if the woman exposed to PROSCAR is pregnant or could become pregnant.

How to take PROSCAR

Follow your doctor's advice about how to take PROSCAR. You must take it every day. You may take it with or between meals. To avoid forgetting to take PROSCAR, it may be helpful to take it the same time every day.

Do not share PROSCAR with anyone else; it was prescribed only for you.

Keep PROSCAR and all medicines out of the reach of children.

FOR MORE INFORMATION ABOUT 'PROSCAR' AND BPH, TALK WITH YOUR DOCTOR. IN ADDITION, TALK TO YOUR PHARMACIST OR OTHER HEALTH CARE PROVIDER.



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economic decline."

If you are ready to quit your citizenship, first find another country that will have you, warns Marshall Langer, a London-based American lawyer who specializes in international taxes and often helps people expatriate. He recommends such countries as Ireland or Israel, where you may within a few months be entitled to citizenship based on ancestry. Next best is a place like Canada, which welcomes entrepreneurs, investors and retirees after three years of residency. And because these countries don't tax nonresident citizens, once you get a new citizen-

"They feel they have been targeted," says Rudman, "and they wonder what's next. It's fear: fear of government, fear of a period of prolonged economic decline."

ship, you may then easily move to Bermuda, the Bahamas or the Cayman Islands. There you can live free of income, capital gains and death taxes.

Don't move without thinking about health care. You'll lose the Medicare benefits you have been paying for all these years (but you can usually collect your Social Security benefits). You may not find the hospitals up to U.S. standards in Vanuatu or Guernsey.

The final step is to march into the U.S. consulate, turn in your passport and formally renounce your citizenship. Of course, that means you must then forever spend most of your time overseas. "You can't come back for more than 30 days the first year," warns Langer. "But after that you can average between 100 and 120 days a year."

Although 306 people renounced their U.S. citizenship last year, up from 157 in 1992, it is not a step taken lightly. None of the lawyers quoted on this page—Baker, Langer and Rudman—has taken it.

Still serious? Read Langer's *Tax Exile Report: Citizenship, Second Passports and Escaping Confiscatory Taxes* (237 pages; Scope International Ltd., Waterlooville, U.K.; \$100).

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