

Book 7:

**Incorporating and
investing**

**(\$8,000/month,
early 2022)**

Alex West

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Preface

Before we begin. A disclaimer.

1. Zero advice

Most advice is bullshit. Or someone trying to sell something.

So I'm not going to give you any advice in this book. I want that to be clear from the start.

You only learn by doing. Not by studying. Listening. Or even reading books like this one.

So when you're done, close this book and go build a business. Experiment. Try things. And learn.

2. I don't own any of these ideas

If you find that I'm talking about things that you have thought, said, or even written before, I believe you.

Don't be stupid like me, I sometimes get mad when that happens.

At the end of the day, you are reading this. So we are somewhat similar.

3. This is not a playbook

I made my first million in my late twenties. Worked at an MIT startup. Competed in Muay Thai, kickboxing and BJJ. Completed a marathon and a triathlon. Became part of a Cambridge research study. Invented software that helps people with epilepsy. Traveled the world. And even got to meet and have coffee with one of the inventors of the internet.

That's all true. But none of it was intentional.

I was and still am a total idiot. I just kept going and got lucky. You'll see that very clearly in these books.

Cause luck is a real factor. And if anyone tells you it's not, they are full of shit.

4. These books get better over time

I am not a professional author, that's easy to see.

But my writing has improved since I started.

So these books get better over time.

Hang in there.

5. Too personal, too much information

Finally, this book might become too personal at times.

You can skip those parts.

If you actually end up reading these books to completion, you will know me better than some of my closest friends.

Which is weird. I know. But hey, at least you can call me your friend. And I mean that.

Book a time and we can setup a virtual coffee.

So now, let's begin, my friend.

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Introduction

Warning. This book contains information on taxes and investing. And as you know, I am not an economist or accountant.

So there are mistakes in this book for sure.

Actually, I almost didn't publish it. But I shared some drafts with friends (which I never do) and they told me that it's interesting and they think that I should.

So here we are. But my biggest fear is the following.

Sometimes I hear people talk about something outside their scope of expertise, usually about something I know a lot about, and they say

something extremely stupid with supreme confidence.

My entire image of them is destroyed and they make me question if they know anything at all, even regarding the field they are supposedly experts in.

So I'm taking a risk here. There are mistakes in this book, I'm telling you already. Keep that in mind.

Part 1: Home run

I'm in Cyprus. Signing papers. It's January.

To my left, a lawyer. To my right, an accountant.

Outside the window, skyscrapers.

I'm incorporating my company.

The name of the company on the paper, a name that I have been dreaming of naming my company since I started building "The Next Facebook" 6 years ago.

At last, I'm the owner of a tech business. And soon I'll be running my business while traveling the world.

Dreams do come true after all. I think I'm gonna cry.

I've come a long way

I can't help but think of how far I've come.

Feels like yesterday when I was building cute little projects, trying to make my first dollar online.

Now I'm the owner of an actual business.

And for the first time in my life, I actually feel successful.

I'm proud of my journey.

Here is a recap and a bird's eye view:

- In 2016, I started building my first product and learned how to code APIs, mobile apps, web apps, design interfaces and much more. Success.
- In 2017, I was fixated on perfecting the MVP before getting my first user. Eventually, it made \$0. Failure.
- In 2018, I built and launched 15 products. I spent a week building a simple scrappy MVP, made my first dollar and then reached \$100/month with 3 profitable products. Success.
- In 2019, I spent a full year trying to grow my favorite of those 3 profitable products and tried everything. Eventually had to give up, accepted a full time job and start again from the beginning with a clean slate. Failure.
- In 2020, I started launching products again and found CyberLeads a few months later. Launched it with a landing page I built over the weekend and reached \$300/month. Later I reached \$2k/month and quit my job. Success.
- In 2021, I tried everything to grow CyberLeads and failed. Would have been a failure, but just before the end of the year, I launched a new offer with a single email to my email list and instantly got to \$100k/year. I guess you could classify it as a failure and push the success to the next year.
- In 2022, my plan is to run the productized service and even reach \$250k/year with CyberLeads. A quarter of a million. Just saying the words "million" and "CyberLeads" in the same sentence is crazy. Feels like a dream. If I can pull this off, success.

So I went from:

- Building a product for 2 years and making \$0.
- To building an MVP in 1 week and making my first dollar.

- To building a landing page over the weekend and reaching \$300/month.
- To launching a new offer with an email and hitting \$100k/year.
- To who knows what else.

I think I'm getting better at this.

2 year blocks

I've started to notice a little pattern.

- 2016 was wild and I experienced crazy growth.
- 2017 was slow and I was stuck.
- 2018 was wild and I experienced crazy growth.
- 2019 was slow and I was stuck.
- 2020 was wild and I experienced crazy growth.
- 2021 was slow and I was stuck.
- 2022 will be wild and I'll experience crazy growth.

One year I am stuck. The next year I experience crazy growth.

But I don't want to call some years failures and others success. At the end of the day, being stuck and lost is part of the process. At least for me.

Maybe we are meant to work in seasons. Sometimes more. Sometimes less. Like nature. After all, we are not robots.

Kinda like a sine wave, if you remember math from school.

A sine wave that keeps the same frequency, but whose top and bottom peaks keep getting bigger over time.

5% rule, rule of 20

Another little pattern I've noticed.

- Took 20 products launches to find CyberLeads.
- Took 20 experiments within CyberLeads to find the productized service.

My hit rate rate seems to be at around 5%. Or 1 in 20.

What's even more interesting is that I've also noticed other entrepreneurs have similar success rates.

Completely anecdotal and unscientific. But more than just me.

Flipping the painting

Another thing I've noticed looking back and writing this.

I completely reversed my process with CyberLeads.

Before CyberLeads, I would do the following:

- Come up with an idea, make sure it's unique
- Then build the idea, try to keep it simple
- Then find who might be interested, define my market
- And try to find a way to reach them, build my channel

With CyberLeads, I did the opposite:

- Started with my channels, I was familiar and knew I could use Twitter and Product Hunt

- From these channels, I realized that my market should be tech businesses since they are the ones that hang out there
- From that market, I started thinking of ideas I could build
- Found an idea, made sure it already existed and was successful, and then finally built it

The marketing channel is the hardest to build and I was leaving it for last. When I should've tackled it first.

And finding the idea is the easiest thing to do as you can even copy an existing one. I was tackling that first when I should've left it for last.

Both are important. But building a channel is 100X harder than building a product.

I think I was looking at the right painting, but the wrong way round. I had to flip it.

But then again, this could just be survivorship bias as it's simply what worked for me after trying so many times.

By no means is this some solid framework.

But I call it "reverse search function".

Fractal approach

I've talked about the Shotgun approach and the Sniper approach:

- Shotgun approach is when you launch many products until you find success.
- Sniper approach is when you stay focused on one idea until you find success.

Personally, I've found success with both, but in completely different ways:

- Shotgun approach helped me find CyberLeads that had traction and potential.
- Sniper approach helped me grow CyberLeads, quit my job and change my life.

And when I was stuck with CyberLeads, I tried both approaches with my experiments, trying to find the next lever of growth:

- Sniper mode with my SEO experiment that went nowhere after a year of trying.
- Shotgun mode with the rest, which helped me find the productized service and skyrocket my income.

So the full framework looks like this:

- Shotgun many products until you find a successful product.
- Sniper on that product until you hit a plateau.
- Shotgun many experiments to find the next lever of growth.
- Sniper on that lever until you hit a plateau.
- Shotgun more experiments to find the next lever again.
- And so on and so forth.

For levers, look in the following places:

- Get more customers (marketing experiments)
- Make them stay longer (product experiments)
- Make them pay more (pricing/offer experiments)

Personally, pricing has been best lever of growth for me. Marketing the second. And product the last. So I would prioritize looking for them in that order.

Oh yeah, and assume your hit rate will be around 5%.

Again, there are no recipes. Don't get all excited, this might not work for you. But it's what worked for me.

You have to find your own way.

Odds for bootstrapping

Same with my 5% hit rate.

It might very well be survivorship bias.

Just because it took me 20 tries to find success, it doesn't suddenly make it a fundamental law of the universe.

I've seen people launch 2 products and find success.

And I've seen people launch 40 products and get nothing.

So the 5% rule is a rough benchmark. From my personal experience and observing others.

But what you cannot argue with, is that the lowest common denominator of success, at least from what I can see, is persistence. It will take a few tries. You will have to learn through trying. And you will have to get lucky.

It might take you 5 attempts. Or 15. Or 25. But it almost certainly won't be 1 or 2.

When I took this seriously in 2018, out of hundreds of people that were building projects alongside me, most gave up after 1 or 2 failed attempts. Very few of us are still here today.

Odds for VC

Things are different when you raise money from investors in order to build the next big thing.

When you raise VC, you dedicate your efforts to a high risk, high reward opportunity, not a little \$1M/year opportunity.

You are going for "The Next Facebook".

So that already skews the odds against you.

And in my opinion, the numbers don't add up or make sense.

These types of ideas, instead of the odds being 1 in 20, are something like 1 in 100. Even with all the money you have to hire talented people and throw into ads.

Sure, you can pivot around. But you are still dedicating years of your life to a very specific opportunity.

So not only are the odds 1 in 100 instead of 1 in 20. But you also get 1 try every few years, as opposed to 1 every few months with bootstrapping.

Also, there is no middle ground. It's all or nothing.

Still, you may think that this is still a good deal:

- Ok, so it's 10X harder to find success
- But you get 1,000X the reward

Mathematically, that's still a bet you should take every time.

Until you realize that life is literally too short to try 100 times with a VC startup. At best you can try 5 times.

And finally, even if lightning strikes and you do find success, payouts might not be as impressive as they sound.

You read online that a startup sold for \$100M.

Sounds amazing, right?

But there are 4 founders who each started with 25% and were diluted to about 5% each after multiple rounds of funding and many years of blood, sweat and tears.

Due to liquidation preferences and a stock based deal, the founders either walk away a few hundred thousand dollars to a couple million spread over years.

Basically a great salary.

This is not every case, but it happens. And I'm not hating.

I actually love that this type of entrepreneurship exists.

We need people taking big risks, trying to change the world.

But it's a bit unfair to compare it to bootstrapping.

It's almost like comparing 2 different sports. It's like comparing boxing to MMA. They are just different.

At the end of the day, it depends on what you want.

- If you want to be a billionaire and change the world, VC.
- If you want to be a humble little millionaire and live an amazing life, bootstrap.

One trick pony

This is something I've been thinking a lot about lately.

Whether my success was through pure luck, persistence or a mix of both, I don't care.

I'm ok with being a one trick pony.

I have to give credit to Jason Fried of Basecamp here. I don't remember where, but on some podcast he was explaining this.

He was saying that he is ok with being a one trick pony and running the same business for decades. And that he doesn't feel the need to prove to others or even to himself that he could do it again. Maybe he could, maybe he couldn't.

I love that. His words inspired me and instantly made me change my perspective on the matter. He's so right.

It doesn't matter. You're here now. Just hit your home run.

Don't be greedy.

Touch of Midas

I didn't always think this way though.

Two years ago, when I finally launched CyberLeads and found success, I had a grand vision.

I was going to be building, launching and running multiple products similar to CyberLeads at the same time.

After all, they are so similar to CyberLeads, for sure it will work out the same way for all of them!

And now I am successful, I probably know what I'm doing.

Well, after getting smacked in the face by reality with a few failed launched products, I decided to dedicate my full attention to CyberLeads.

Baseball analogy

This is what it felt like.

I'm playing baseball.

I've taken 19 swings and all of them were a miss. Then my 20th swing was a massive success, CyberLeads.

The ball is so high in the air you can barely see it. It's the perfect opportunity for a home run.

But instead of running, I suddenly got cocky and thought that I could hit the ball perfectly again.

And decided to just sit there and wait so I can try to do it again. Maybe even better this time.

How stupid is that.

Thankfully I snapped out of it fast.

And now I'm running.

Defining a home run

Ok, what does a home run actually look like?

To me, it's running a business that:

- Allows you to be self employed
- Gives you an amazing lifestyle
- Is durable and will last for years
- And even enables you to retire

Let me explain.

Self employed

I would rather make \$100k/year working for myself than \$200k/year working for someone else.

And since you are so far into these books, I will assume that we are similar and that you feel the same way.

I wanna be able to wake up without an alarm clock. Work whenever I wanna work. Wherever I wanna work. On whatever I wanna work. With whoever I wanna work with.

I want to take a flight on a Wednesday morning without asking for permission from anyone. Exercise during the day if I feel like it. Maybe go on a little vacation during the week.

Take it easy when I'm obsessed with a new hobby. And go all in on my business and take a massive risk when I feel like it.

I want the "whatever the fuck I want" life.

Lifestyle

I used to think that money doesn't buy happiness.

After all, the best things in life are not luxury items.

Falling in love is free. Lying down under a tree on the beach is free. Exercising is free. Friends. Family. Excitement about the future. Meaningful work.

These cost little. Some are free. Some even make you money.

This past year I made \$75k. Supposedly, that is the cut off point where more money stops bringing more happiness.

So far, the more money I make, the happier I am.

Renting a nice house by the sea without stressing about rent. Buying stuff from the supermarket without looking at the prices. Grabbing a taxi sometimes without feeling bad and guilty about it.

Money has skyrocketed my quality of life and happiness.

Let's see if this trend continues. I'll keep you posted.

Running

Running a tech business for decades seems crazy.

After all, each year in tech is like a dog year. It's like 10 years in a different industry.

The modern web is 30 years old. Running a business for 3 years is running a business for 10% of its entire lifespan.

We're so early that it's hard to predict what is to come.

But sometimes, if the core of your idea is timeless, I believe you can have a lasting business, even on the internet.

For CyberLeads, here is why I think it could still exist and be useful in 10 years from now:

- Email will probably still be around, it's one of the oldest technologies on the internet
- VC will probably still be around, it's one of the oldest financial institutions for the internet
- Startups will probably still hire agencies, people will want to pay other people to do stuff for them
- Agencies will probably still exist, people find ways to be useful to other people in exchange for money
- Agencies will probably want more clients, people want to make more money

Now these are simply 5 assumptions which all need to be true for CyberLeads to exist in it's current form.

In reality, there are also a million other things that I cannot even think of and even things that don't exist yet.

But I'm willing to take this bet. I think my assumptions are reasonable, especially the three last ones, that are rooted in biology instead of technology or society.

Retiring

Yes, I'm already thinking about my retirement.

Not because I am afraid and want to start playing life on defense all of a sudden.

I'm still in my twenties.

But because I don't feel like I'm special. I have an opportunity here, and I wanna grab it by the horns.

The universe doesn't owe me money.

It doesn't owe me anything.

Only I can save myself

When I was young, I used to feel like the world was setup to take care of me.

But the older I get, the more I realize that it's not the case.

Actually, I feel like it's the opposite:

- I am the one that has to protect myself. I've called the police in need and they didn't even send an officer over.
- I am the one that has to make sure I'm healthy. I've consulted surgeons and they want to cut me up and operate on me to make money.
- I am the one that has to retire myself. The government will try it's best to have me working till my last breath. And if they need money, my pension is the first thing they will cut.

I'm not saying that everyone is evil.

I'm just saying that everyone cares about themselves first.

Just like I do. It's that simple.

Part 2: Investing

Since we're on the topic of retirement, let's talk investing.

Obviously I'm not a financial advisor.

So don't listen to me, and do your own research. I'm just telling you how I'm investing my money.

Which of course could be wrong.

And I might change my mind on this in the future, just like I've changed my mind on other things before.

When to invest

First of all, let's start with the obvious. That wasn't so obvious to me.

Investing is a way to retain and grow your existing money, not a way to make money. So always start with a business.

Once you have a business, aka a money printer, then it's time to start investing.

Why? Because realistic investing takes time and capital.

- 10Xing \$1M into \$10M over 25 years makes sense and is worth it as it can change your life.
- 10Xing \$10K into \$100K over 25 years does not make sense and is not worth the risk in most cases.

Investment options

Personally, I feel like I have a long time horizon and enough capital to start invest.

If my productized service experiment works out.

Anyway, here are my options.

Cash

One way to invest your money is to keep it in the bank.

Yes. Cash in the bank is technically an investment.

This is something I had completely wrong in my head.

I used to think that when I have money in the bank, it just sits there in a safe with my name on it.

But if that were true, why would the bank pay me interest for the privilege of holding my cash? What would they gain?

Honestly, before starting a business I never used to think deeply about these things.

I never questioned or was curious as to how the world works.

Well, it turns out that reality is different.

Without even knowing it, when you hold cash in the bank, you are actually lending your money to the bank. In the meantime, they are putting your money to work.

They are investing your money to make more money than the interest they pay you.

They store your money for you, they even pay you a little extra every year in interest, and allow you to access or withdraw your money at any time, in exchange for the ability to invest your money to make even more for themselves.

Ok, so that's how banks work. That makes sense now.

For example:

- Current accounts, bank pays you 0.07% extra in interest
- Saving accounts, bank pays you 0.5% to 2% extra in interest

And in the meantime, they invest your money:

- Loans, they give it away to others
- Investments, they invest it into assets
- Reserves, they keep a fraction liquid to cover withdrawals

So the number you see on your screen is not your cash. It's the amount of the money the bank owes you and you could withdraw at any moment. It should be available for you.

But sometimes it's not.

Actually, that's one of the main ways banks collapse. It's called a "bank run", and it's when too many people want to withdraw their money at the same time and the bank doesn't have that amount of money available in their cash reserves or in investments they can liquidate into cash soon enough.

It's generally extremely safe. Banks don't go bust easily. They are bailed out by governments and central banks when in trouble.

Plus, deposits are insured up to \$250,000 per depositor in the US and EUR 100,000 in the EU.

So if you have less than that amount with any given bank, then even if the bank goes bust, you should get your money.

So to recap:

- Barely considered an investment, as interest rates are almost zero, but gives piece of mind and access to cash for emergencies and everyday spending.

Government Bonds

Just like you can lend money to a bank, you can also lend money to a government.

Crazy right? Turns out everyone wants your money in this world. Always for the same reason, they believe that they can make more with it than the interest they pay you back.

These are called government bonds. In the US they are also called treasuries.

Even less risky than lending to a bank, as it's almost impossible for a government to go bust.

After all, they can literally print money if needed.

The downside is that you don't have access to your funds at all times like you do when you hold cash in the bank.

Your money is locked up for a specific period of time for a guaranteed return.

For example:

- Short term, weeks to 1 year: 5% guaranteed return
- Medium term, let's say 12 years: 4.4% guaranteed return
- Long term, let's say 26 years: 3.8% guaranteed return

To complete our story of our bank collapse, this is what happened recently:

A bank had overinvested in multi-year government bonds, because they had really good performance and they are very low risk. However, word got out and some people started panicking and withdrawing their money, because they knew that if everyone asked for their money, the bank could not cover withdrawals as their money was locked up in bonds.

As a self-fulfilling prophecy, panic spreaded and everyone started withdrawing their money. It ended in a bank run. And the bank collapsed.

If no one had panicked, their bonds would get unlocked over time and no one would have noticed a thing. But the bank should have never been in this situation anyway. So it's the bank's fault.

So to recap:

- Bonds are very safe and performance is guaranteed
- Performance way higher than money in the bank
- But your money is locked up for a set period of time

Real estate

I don't know a lot about real estate, but I know that I'm not interested in it at the moment.

I know it feels weird to read that.

After all, it used to be the best investment option for previous generations like our grandparents and parents.

That was the playbook of their generation, climb the housing ladder.

My grandad in London did just that. Took a loan, bought a tiny house, paid the loan back over the years. Then sold the house, took a bigger loan, bought a bigger house, paid the loan back over the years blah blah blah. Rinse and repeat.

And it worked. He ended up living a decent life. But it's not the best choice for us anymore, in my opinion.

Houses are way more expensive relative to our income and there are far more and even better options to choose from.

Also, here are some other reasons I don't like it:

- Your money is locked up in the house. It could take months or even years to sell your house at the right price.
- You probably need to take a loan to buy it, and I don't like the idea of going into debt.
- Or you buy it straight in cash, but the opportunity cost of just putting that money into something else like the stock market and just rent is massive.

So to recap:

- Yes, houses go up in value. but it's nothing crazy. Depends heavily on the area, but real estate generally beats inflation over the long term only by a little. More on inflation later.
- The main positive of real estate for me is that you experience your money. You actually get to make money, while living and creating lifetime memories in your home every day. Whereas your other investments are just a number on a screen.

Crypto

Ok, I'm not even gonna pretend like I know what I'm talking about here.

I don't really. Even though I'm technical, understand the general principles and have built some projects in the space.

All I know is that this is the real "fuck you" money.

No one can take it away from you. No government or anyone else. That's pretty cool.

So maybe there is some value there. But on the other hand, it might also be worth zero.

I have no idea.

But the upside potential is so great that it's worth taking a look.

Gold

Homo Sapien's favorite metal.

I remember being at a museum with a girl, in Crete, slightly high, looking at jewelry from 3,000 to 5,000 years ago.

- The one made by stone was destroyed into little pieces. It was basically junk.
- The bronze one, it's shape was perfect till today, but it was black due to oxidation.
- The golden one, honestly it was like it was made today, it was absolutely perfect.

There was something magical about it. Sitting there, quietly, sparkling, as if time doesn't exist at all.

I couldn't help but wonder what our time will be called in the future. Maybe "Silicon Age", which sounds kinda cool. Or "Plastic Age", which sounds absolutely disgusting.

Disgusting because it's ugly, unnatural and looks nothing like nature. Not surprising that nobody likes plastic furniture, but everyone loves wooden floors, stone walls, a fireplace and a sea or mountain view.

Anyway, back to gold. I get the fascination with it. It's chemically immortal and can be molded into any shape we want.

But as an investment? I have no idea.

All I know is that generally it tends to move opposite to stocks and currencies.

This is what's called a hedge.

Stocks

These are public companies that you can buy a piece of.

For example, you can buy a little piece of Apple, Tesla, Microsoft or any other public company you want.

And if they do well over time, you can sell that piece of the company for a higher price to someone else.

As with crypto, theoretically you could make crazy money trading stocks. You could even start with low capital and retire in a few years.

Start with \$1K. Hit three 10X trades in a row and boom you're at \$1M. One more and you're at \$10M.

But of course, that is fantasy. And just like in the casino, the longer you play, the more the odds turn against you.

ETFs

So buying stocks is like trying to pick the winners.

Buying ETFs is the opposite approach, you buy many many many companies and wait for the winners to unfold.

For example:

- The S&P 500 is a basket with the 500 biggest public US companies.

- The Nikkei 225 is a basket with the 225 biggest public Japanese companies.
- The STOXX Europe 600 is a basket with the 600 biggest public European companies.
- The FTSE 100 is a basket with the 100 biggest public UK companies.
- The NASDAQ-100 is a basket of the 100 biggest public US tech companies.
- The S&P Global Energy Index is a basket of the 116 biggest public oil, gas and renewables companies in the world.
- And so on and so forth.

You can buy these baskets, and it's effectively like buying all the companies included in it.

S&P 500

The most famous basket is called S&P 500.

It contains the 500 largest public US companies and it effectively represents the US market.

Here is how it compares to other markets:

- S&P 500 (US): 10% growth per year
- FTSE 100 (UK): 3% growth per year
- Nikkei 225 (Japan): 2% growth per year since 1990
- STOXX Europe 600 (Europe): 4% growth per year since 1990
- MSCI China (China): 3% growth per year

Important to note. These performance numbers occur are over a long time horizon. The shorter the time horizon, the less you can predict their performance.

For example, for the S&P 500:

- On a yearly basis, there is a 70% chance of making a profit and a 30% chance of losing money. It's basically a coin flip and a risky investment.
- Over 10 years, there's the possibility of it being flat if the market is recovering from a crash or inflation.
- Over 15 years, there is a 99.8% chance of making a profit. It's basically guaranteed.
- Over 25+ years, it becomes highly probable that you'll be around the historical average of 10% per year.

This is probably the best combination of safety and performance, if you have a long enough time horizon.

US Supremacy

As you can see above, the US is the big daddy of the world's economy.

This has been the case for the last 50-100 years. As you saw above, the US market is in a league of it's own.

Don't let these small numbers fool you. The difference between 5% to 10% per year is massive over a long enough time horizon. This is due to compounding.

Now, some people like being diversified away from the US for safety, but others argue that if US market plummets, that means the whole world is burning down anyway.

Others also argue that buying the US market is not actually buying the US. All of the companies in the S&P 500 are multinationals with global exposure so it's like buying the global market.

Finally, some markets might be growing at a similar speed to the US, but are speculative in nature compared to the US, which has an insane track record, relatively low corruption compared to other countries around the world, and the whole world is invested in it.

Empires rising and falling

Of course, this doesn't mean that the US will always be the financial superpower it is today.

Ray Dalio's book "The changing world order" talks all about the rise and fall of empires.

In our lifetime, the superpower is the US. Just 150 years ago it was the British Empire. Before that the Dutch Empire. In antiquity it was the Mesopotamians, the Persians, the Egyptians, the Greeks and the Romans. And always, always, always throughout history, the Chinese are somewhere in the mix.

According to Dalio, many factors are indicating that the US is on the decline and falling, passing the baton to someone else.

But in history, the baton is never passed on gracefully. It is aggressively snatched through conflict and war.

Anyway, it is very possible that our grandkids will be flying to Shanghai or Bangalore to chase their dreams, not New York or San Francisco.

But until then, US.

Then why even invest

Ok, if investing is so complicated and risky and nothing is guaranteed, then why even invest?

After all, I can just store my money safely in the bank, have it readily available to me at all times, and go and make some more money in the meantime.

Focus on my business and just keep going.

Well, two reasons.

Inflation

The first reason is inflation, maybe you've heard of it.

I had no idea what this was, or why it existed.

Basically, it's when the prices of things go up over time.

- A house costs \$100K today.
- Next year, it costs \$103K.
- That \$3K is inflation, your \$100K doesn't stretch as far.

Why inflation happens

Ok, but why does inflation happen? And why do things get more expensive over time? Nothing makes sense.

- Well, sometimes it's simple demand and supply. More people want houses, eg. population increases, more people moving to the same cities faster than they can build, so prices of houses to rent or buy increase as they become more scarce.

This is called demand-pull inflation.

- Other times it's when it costs more to make things. If rent as we explained above, gas or electricity goes up, businesses have to raise prices to remain profitable.

This is called cost-push inflation.

- Other times it's when wages go up. When employees earn more, they tend to spend more, creating demand-pull inflation. That inflation makes workers ask for even higher wages, leading to never ending loop.

This is called a wage-spiral.

- Finally, it happens through monetary policy, by something called the "Federal Reserve", when they pump the market with too much money too fast.

The bright side of inflation

But inflation is actually not evil.

A little bit of inflation is good and we want it.

Because when you know that the prices of things in general will go up over time, you feel the urgency to invest your money rather than have it sit and lose purchasing power.

You buy a house. Or put it in the stock market.

Like I am doing now. So yes, it actually works.

You end up stimulating the economy.

The dark side of inflation

The problem is when inflation is too low or too high.

- Too low, and people are not incentivized to spend or invest their money. After all, why buy this house if I can buy it in 5 years at the same price? The economy goes stagnant and businesses cannot make enough sales or raise funding, ending up in them shutting down and firing people.
- Too high, and the only solution is to invest your money as fast as possible, since it loses value fast. The rich invest their money into

assets like stocks or real estate than gain value over time, growing their money. But the poor don't have enough money to invest after their living expenses, everything around them is getting expensive way faster than their salaries increase and they get squeezed. Rich get richer. Poor get poorer.

The sweet spot

Things are better when we find the sweet spot.

- At 2% to 3% inflation, which is considered the sweet spot, the economy is still stimulated by the rich who keep investing into assets and stimulate the economy in order to grow their money, and the poor are not destroyed as much, as salaries tend to grow somewhat alongside inflation.

The puppet masters

Also called "The Federal Reserve" or "The Fed".

They control the invisible strings that control inflation.

Interest rates.

They adjust them surgically, finding the sweet spot so that people and businesses borrow money, spend it, invest it and hire people.

The economy is stimulated, unemployment is low, inflation is between 2-3% and everyone is happy.

If interest rates are too low, too many people will borrow money, there will be too much new money in the system at once and that will lead to demand-pull inflation.

If interest rates are too high, no one will borrow money and the economy will go stagnant, ending up in businesses firing people and shutting down because they can't make sales or raise capital.

Why inflation is important

Anyway, too much information.

The point is to simply remember this:

- Inflation exists and eats up your money at 2-3% per year.
- If you do nothing, your money loses value over time.

Compound growth

The second reason I decided to invest is compound growth.

Just look at these crazy numbers.

We have:

- 3% inflation per year
- 10% growth per year, with something like the S&P 500

These sound like small numbers. And frankly, they are.

But if you have enough capital and time, you would be crazy not to invest. The final numbers are insane.

Compound math

Ok, let's do some rough math:

- Over 25 years, your money invested with 10% growth will 10X
- Over 25 years, your money uninvested with 3% inflation will halve in purchasing power

So that means:

- Invested with 10% growth, over 25 years, your \$1M becomes \$10M but is worth \$5M in today's money
- Uninvested with 3% inflation, over 25 years, your \$1M remains \$1M but is worth \$500K in today's money

You have 10X the money, using a relatively simple and safe investment strategy.

Again, nothing is guaranteed. But should happen in theory.

Levels of investing

Ok, so what does realistic investing look like?

And what should we aim for?

These are the different levels.

Level 1/4, lose to inflation, below 3%

This is the worst place to be.

Your money is losing value over time due to inflation.

And on top of that, the rich are growing their money.

It's a game that is rigged against you.

To hit this level, it's easy. Just keep cash in the bank and don't do anything else.

Level 2/4, beat inflation, above 3%

This is a really good place to be.

Not only is your money not losing value over time due to inflation.
But you are also growing your money over time.

But the reality is that you are growing your money slowly. Probably prioritising safety over performance.

To hit this level, just use safe and boring investments like government bonds, real estate or gold.

Level 3/4, match the market, around 10%

This is an amazing place to be.

You are growing your money faster than most people in the world.

It's a weird benchmark, because it's:

- Very easy to hit
- Almost impossible to beat

It's the easiest benchmark to hit if you are young, have a long time horizon and balls of steel to leave your money in the markets over decades, regardless if they crash or soar. Just buy the S&P 500 and wait. You should get 10% growth over decades.

At the same time, it's the hardest benchmark to beat over a long time horizon, as you will see later.

Actually, almost impossible.

Level 4/4, beat the market, above 10%

The ultimate place to be.

You are growing your money faster than almost everyone in the world.

This is how you rise to the top, make billions and lobby with presidents over dinner.

But it's also how you slide down to the bottom.

Believe it or not, more than 90% of professional investors fail to beat the S&P 500's 10% growth over decades.

Yes, seriously.

And we're talking professionals with 10 monitors, the most expensive software and AI programs in the world. PHDs, economists and math olympiads working all together 24/7.

Using advanced financial instruments like shorting, leverage, options, futures and more that I have absolutely no idea how they work in practice.

Only a handful of people have beaten the market over decades, and they are all considered legends.

Warren Buffet is an example who is at 20% on average over decades. He is considered the greatest investor of all time.

And as we explained above, 20% is not 2X better than 10%, but 100X better over a long time horizon.

- Investing \$1M at 10% growth for 25 years becomes \$10M.
- At 20% growth, it becomes \$100M.

And that's why everyone tries, even though they know they will fail.

For baboons like me and you, trying to do this is basically like going to the casino hoping to 100X our money on the slot machine.

No thank you. I love my money.

Finally, even Warren Buffett recommends that if you're not a professional, you should just buy the S&P 500 and hold.

He even instructed his wife, when he dies, to do the same thing with her fortune.

That says a lot.

What real portfolios look like

In reality, you don't have to pick a lane and stay there.

You can mix and match:

- You might have some cash, which is level 1.
- You might have real estate, gold and bonds, level 2.
- You might have S&P 500, which is level 3.
- You might have some crypto, which is level 4.

But your total portfolio performance will end up in a certain category.

- The younger you are, the more risky you can play and try to hit level 3 or level 4.
- And the closer to retirement you get, the less risky and safer you play and try to end up in level 2.

Actually, that's what usually happens in a real portfolio when you give it to professionals to manage it for you.

They will allocate capital in different categories and risk profiles in order to achieve your overall goals. And adjust the portfolio over time.

But believe it or not, if you're young and have a long time horizon, you're better off investing your money by yourself.

Solo vs Hiring

A lot of money management is actually babysitting.

You're paying for someone else to do the work for you, but no one can actually guarantee results, even them.

Sometimes it can make a lot of sense:

- For example, you may have a business that requires you to be on your toes, pounce on an opportunity and invest at any time. You want a liquid and stable portfolio that you can liquidate on demand.

Having all of your money in the S&P 500 won't work in this case. Imagine needing your money when the stock market crashes.

You might need a mix of bonds, gold, stocks and other investments, but don't wanna manage all this while running your business at the same time.

It might be worth giving them their 2% management fee and their performance fee on top of that.

But not sure even in this case. A level 2 performance combined with 2% management fee and performance fee means you will barely be beating inflation.

Another use case is that you might wanna give them only a small portion of your money and tell them to go crazy and try to beat the market.

Whatever. You already know that 90% of the time they fail.

Just remember this:

If you're young, you can just hold the S&P 500 for decades and you will outperform more than 90% of these hedge funds with their complicated fancy strategies and PhDs.

Sounds crazy, but it's true.

The biggest trap

Having said that, the biggest trap is thinking that you are smart.

Let me tell you. You are not smart. And you can't predict what will happen. I can't either.

Even professionals can't. And you're not even a professional.

This is the best way to destroy everything you've built.

How fortunes are destroyed

I remember reading this amazing essay by Paul Graham called "How to lose money and time".

Most people think that fortunes are lost by people spending all of their money. Strip clubs, cars, gifts, vacations.

Like in the movies. But the reality is different. They just show it that way cause it's more interesting and cool.

Paul Graham explains that in reality, most fortunes are not destroyed through spending but through investing.

He writes the following:

"It's hard to spend a fortune without noticing. Someone with ordinary tastes would find it hard to blow through more than a few tens of thousands of dollars without thinking 'wow, I'm spending a lot of money.'

Whereas if you start trading derivatives, you can lose a million dollars (as much as you want, really) in the blink of an eye."

On a beautiful parallel, he compares it to time too:

"A few days ago I realized something surprising: the situation with time is much the same as with money.

The most dangerous way to lose time is not to spend it having fun, but to spend it doing fake work."

Damn. What a passage.

- Fortunes are wasted by bad investments of money.
- And life is wasted by bad investments of time.
- Not by enjoying your money. And not by having fun.

Reminds me of Seneca's book "On The Shortness Of Life".

He wonders if life is long or short and eventually reaches the following conclusion.

"Life is actually long, but it is very easily wasted."

My portfolio

Ok, here is the final gameplan.

It might be a little anticlimactic cause it's simple. But simple means it's easy to manage.

- 1 year of cash:

I'll split my money in multiple bank accounts, never going over the deposit insurance which is EUR 100,000 in Europe.

For me, I've been spending \$25k/year but my new dream lifestyle would cost something like \$50,000/year. Some people keep 6 months of cash, but I like 12. I feel safe.

And use that cash to live my ideal lifestyle. Don't be afraid to enjoy your money, it's not what's gonna destroy you.

- 90% of the remaining money in the S&P 500:

I'll just keep buying the S&P 500, whenever I can, without trying to time the market.

As Warren Buffet says: "Time in the market is more important than timing the market".

Listen to this crazy stat.

If you had missed only the 10 best days in the S&P 500 over the last 20 years, your total return would've been cut in half.

And those 10 best days usually happened within two weeks of the worst days.

So trying to time the market, going in and out predicting crises, is a very dangerous game. It's the best way to fuck up this simple strategy.

- 5% to 10% of the remaining money in crypto

I'm not sure I'll actually do this, as I don't have the conviction I have with the S&P 500.

But the plan is to just keep buying, whenever I can, again without trying to time the market.

Just in case it takes off for real.

If it compounds at something like 20% over decades, I will make the same amount of money from crypto as I will with my S&P 500. Even though I'm putting 10X less money in this. Because as we said, 20% is 100X better than 10%, not 2X.

And if it dies and nothing happens, my S&P 500 will still be good, and it won't make difference in my life.

That's a crazy asymmetric bet. I'll take it.

This is my level 4 investment. A little swing for the fences, trying to beat the market but with super low expectations. I'm willing to throw that money down the drain.

Adjusting over the years

Later in life, I might buy a house and settle down.

It won't be as an investment, but to have a place I call home.

And as I get older I will start adjusting my portfolio to play it safer, by converting my stocks into bonds the closer I get to retirement.

This is a very common strategy actually, not my idea. For example, when you're 20, you might be 100% in stocks/etfs. At 50, you might be 50/50 stocks and bonds. At 65 you might be 80% bonds and 20% stocks.

The reason is simple, just imagine being 100% into stocks, at 65, in 2008. The stock market crashes and suddenly you realize that you have half the money you thought you had and can't retire. But if you had moved part of it to safer investments like bonds and gold, you'd be able to ride the storm.

Anyway, that's the rough plan.

Simulation

Here is a simulation of what the numbers might look like.

Andrew Wilkinson gave this simple and beautiful example on the "My First Million" podcast.

This was the spark that made me look into investing in the first place.

He explain that:

- If you're 30 years old

- With an initial investment of \$1M
- Add an extra \$300K every year
- And assume 10% growth in the stock market
- You will end up with \$100M at 65

That's crazy.

And you know what's even crazier?

If you lived to 90, you would have \$1B.

And if you adjust the numbers a little, you could become a billionaire lot sooner, like in your 70s.

Yes, you can become a billionaire simply through bootstrapping and investing like this.

Compounding is crazy.

The 80/20 of investing

Personally, I think this is the 80/20 of investing:

- Level 2 is too safe if you have a long time horizon.
- Level 4 is too risky and you're being greedy.
- Level 3 is the perfect sweet spot when you're young. And Level 2 is the perfect sweet spot when you're older.

So this is my plan:

Save up as much money as I can, for example \$1M in the S&P 500 when I'm 30 years old. Even if I don't add anything new, I can let it compound into \$10M when I'm 55.

And be able to retire like a king. On a yacht in Greece, exploring the islands some months of the year.

Either with my 5 kids. Or with 5 women. We'll see.

So basically treat that money as my retirement money and never touch it.

And make enough money to survive in the meantime.

That's my home run.

Part 3: Incorporating

Ok, the final piece of the puzzle for my home run is incorporating my business.

I want a business structure that allows me to save on taxes while allowing me to travel the world.

Here is what I learned and what I decided.

Again, there might be mistakes here, but the point is to get the general idea.

Plus, I don't wanna bore you to death with technical details, this book is already heavy.

Types of taxes

Let's start with the obvious. That wasn't obvious to me.

There are many different types of taxes!

I used to think that income tax was the only tax we pay.

Employee

If you are employed, you probably don't need to care about much. All you have to know is what ends up in your pocket.

Contract says X, you receive Y after taxes. That's it. Your employer typically handles all taxes for you automatically.

For example, this is all I knew at my last job:

- My gross salary was something like EUR 32,000
- I received EUR 24,000 after taxes
- So I took home EUR 2,000 per month

That's all I knew. And that's all I needed to know.

Business owner

If you are self employed or run a business it's different.

Then you have many different types of taxes:

- EU VAT
- Corporate Tax
- Social Contributions
- Dividend Tax
- Income Tax
- Capital Gains Tax

There are more, but let's keep things simple. These are the main ones for a small business owner.

Let's have a look at each one.

EU VAT

Your business sells something. If you are selling to an EU person, not a company, you have to add VAT. Typically it ranges from 19% to 25%.

Doesn't matter if your business is based in the EU or not.

Example, you sell a product for \$100 and VAT is 20%.

You could add VAT on top of the price:

- Final price is \$120 (\$100 + \$20) upon checkout
- You give the \$20 to the tax authorities
- And keep the full \$100 amount
- You get the full amount you wanted
- But it could hurt conversions as price went up for the customer

Or you could include VAT within the price:

- Final price is \$100 (\$83.33 + \$16.67) upon checkout
- You give \$16.67 to the tax authorities
- You keep \$83.33
- You make less money
- But it could improve conversions cause price stayed the same for the customer

Sounds complicated, but payment providers help you do this automatically. And merchants of record even handle VAT for you, you don't have to think about anything.

Corporate tax

Congratulations, even after VAT, your business made a profit.

Now it's time for more taxes baby.

You have to pay a percentage of those profits to the country your business is legally based in.

Typically, it ranges from 10% to 30%.

So if your business makes \$100K in profit, you will have to pay \$10K to \$30K in corporate tax. Simple.

But you have some odd tax havens like Hong Kong, The Bahamas, Caymans, Isle of Man, etc where it's zero or close to zero.

Funny how it's almost always islands.

Social Contributions

Nice. You are making a healthy profit even after VAT and Corporate Tax.

Now you can withdraw a salary so you can buy groceries, pay rent and survive.

Remember, you are an employee of your company. The money is still in your business bank account. It's not yours.

You are separate legal entities. Even if you're the only employee and the only shareholder.

And.. you guessed it, you're getting taxed again.

A salary is taxed on both sides. The employer and the employee. In our case we are both.

In the Western world, total social contributions will amount to 30% if you take both sides into account. So if you want to withdraw \$1k/mo you'll have to pay an extra \$300/mo in taxes in total.

A \$1k/month salary essentially costs you \$1,300/month.

Dividend tax

Ok, so we are getting destroyed by taxes so far. Time for us to win a little too.

This is where things get interesting. And this is where my mind was blown.

Let's say we make \$100K in revenue.

We paid our VAT and corporate tax, amounting to \$25K.

And took out a salary that amounted to \$25K, including social contribution taxes, for the year.

That means that we have an extra \$50K sitting in our business bank account at the end of the year.

How can we take this out?

Remember, this is not your money, it's the business money.

You are separate legal entities.

One way would be through salaries. But with 30% in social contributions and income tax on top of that, it would be a blood bath. In that way, all in all, we would end up paying almost 50% of our profit in taxes.

Which is what typically happens in the Western world.

But there is another way too. Through dividends.

Dividends is when a company distributes some or all of it's profits to it's shareholders. And.. wink wink, you are the only shareholder of your company.

Dividend tax typically ranges around 15% to 25%.

But this is where things get interesting:

- In some countries, dividend tax is almost zero. Or zero.
- And in other countries, dividends coming from foreign companies are not taxed at all.

Again, believe it or not, it's usually islands.

These are some of the loopholes of the rich.

More on that later.

Income tax

The tax we are all familiar with.

Ok, so after paying all those taxes, you end up with your salary and dividends for the year.

Your income. The money that actually ended up in your personal bank account after all this odyssey and taxes.

Congratulations, now it's time to tax you. Again.

Typically income tax is scalable and is around 30% to 40% in the highest brackets.

However, this is where things get interesting:

- Many times dividend income is exempt from income tax.
- Many times, foreign income is exempt from income tax.

These are some other loopholes of the rich.

Again, you won't believe me, but this is usually on some islands.

Who would have thought.

Capital gains tax

Last one, I promise.

After years of blood, sweat, tears, and millions paid in taxes, you decide to sell your business.

Also, over the years you have invested your extra income (that have been taxed a million times already) in stocks, bonds, gold, a house, etc.

They have gone up in value, so you decide to sell of them too.

It's time to retire baby. Or simply make bank.

I'm sure you get it by now, you'll get taxed again when selling any of those assets.

Capital gains tax on investments is usually around 20% to 40% on the profits you have made from them.

So if you bought \$1M in S&P 500 and sold when they are \$10M after 25 years, you get taxed on the \$9M profit.

And yes. You also guessed it.

On some islands capital gains tax is zero.

Reading between the lines

As you can see, taxes are quite complicated.

It is not a flat percentage that you pay and you are done.

There are a million different taxes.

And that's exactly how they get you.

How they tricked me

When I was still working my full time job in Milan, I heard from my colleagues about a crazy tax benefit.

Italy had introduced a 90% income tax exemption for foreign residents that decided to relocate to Italy.

I qualified for it, so after quitting my job I decided to stay in Italy in order to not complicate my life.

Plus, I thought I would hardly be paying any taxes.

Because I'm dumb. I thought that income tax the only tax I had to pay. Boy was I wrong.

All in all, even with the simplest self employed setup, without employees, plus a tax benefit on top of that, I was still paying 30% to 40% of my total revenue to taxes.

Crazy.

How they might trick you

You'll have many governments, accountants, lawyers and business influencers sell you the dream of 0% tax.

Don't be naive. It's not that simple.

They are either cherry picking a specific tax that is zero, like the income tax exemption I fell for in Italy.

Or they are suggesting a complicated setup that puts you at 0% tax, but in reality it complicates your life, puts you at risk and costs you more money on accountants and lawyers than the taxes you saved.

Let's talk about the only thing that matters.

The only thing that matters

All in all, it's a shitshow.

There are a million different ways to structure a business. And a million different ways to receive the money.

You could have a business. Or be self employed.

You could take out everything as a salary. Or dividends.

You could register your business and yourself in the same country. Or in different countries.

At the end of the day, here is what matters.

Effective tax rate

The only thing that matters for me is the following.

Let's say I make \$100K in profit next year.

How much will I end up with, at the end of the year, in my personal bank account?

Down the rabbit hole

Ok, so now I had a metric:

"Effective tax rate while taking out everything".

At last I was getting somewhere.

But there are so many ways to set things up.

I still had to go down the rabbit hole.

Sorry for this, time to get technical again.

Global citizen

I read a few books about taxes this year, but there was one that stood out.

It's called "Nomad Capitalist" and it's all about becoming a global citizen and going where you're treated best.

The thesis of the book is that you shouldn't just live where you were born, just because you were born there. You can choose and pick where you want to live.

And not just live. Bank. Trade. Pay taxes. Etc.

These can all be done in separate places.

Trifecta method

The author of the book and many other "experts" in the field usually suggest the "Trifecta method" in order to achieve a 0% tax rate legally.

All you have to do is this:

1. Incorporate in a country with 0% corporate tax
2. Register yourself in a country that does not tax dividends and/or income from foreign companies at all
3. Take out your money as dividends, so it's not taxed
4. And live in that country the minimum amount of time in order to qualify as a tax resident.

Then travel and live anywhere you want the rest of the year

Reality

While in theory this makes sense, these setups are typically overkill and end up doing more harm than good:

- Can cost you more than what you are saving on lawyers, accountants, fines and flights
- You need to be on your toes and traveling constantly, tracking days spent in each country
- Regulations like "CFC rules" and "Citizenship based taxation" could backfire and you could end up paying everything you "saved" retroactively

CFC Rules

Stands for "Controlled Foreign Company".

If you have a business in Hong Kong but you are the only employee and shareholder, operating and living in Italy, the Italian government

might try to claim that your company is not really a foreign company. And try to tax you.

Governments are not stupid. They know the loopholes. And they try to close them as soon as they can. And sometimes they ask for tax money retroactively. For all the years you thought you were saving money.

It's literally a cat and mouse game.

Citizenship based taxation

Back in the day, people would just travel the world and live nowhere for more than 183 days to avoid taxes.

Actually, I have nomad friends that still do this.

They are still registered in their hometown or something.

Because they need an address and utility bills in their name for their bank accounts, payment providers, etc

And just travel and live less than 6 months in each country.

And pay taxes nowhere. But this has some risks.

You could get hit hard retroactively years later, for all the years you didn't pay taxes, plus fines. I've heard of stories like that.

It's called citizenship based taxation.

Personally, I didn't want to deal with this stress and hassle just to save some money. Plus, I was registered in Italy and staying registered there scared the shit out of me.

Onshore is the new offshore

Another concept from the book is that gone are the days when you could just spin up a shell company in Panama and pay zero corporate tax.

As we said, governments are not completely stupid. And they know that it's not really a foreign company.

This is how the book puts it:

"Once upon a time you had to move your assets. Now you have to move your ass".

So you need to pick a place to register your business. And a place to register yourself.

Onshore is the new offshore.

Low tax is the new no tax

Trying to get your taxes to zero is overkill. Extremely difficult. And not worth the hassle.

It's overcomplicated, expensive and risky.

Only experts love these setups, because they are complicated and you have to buy their services.

The 80/20 of incorporating

After literally months of research I reached the very boring conclusion that the simplest setups win.

This is what it looked like for me:

- Register a company instead of being self employed so I can use loopholes like dividends
- Register myself in the same country so I don't have to deal with CFC rules
- Find a place, where at the end of the day, I have a low effective tax rate, not necessarily zero, and is in a place I will enjoy staying for the

minimum amount of days

- Optional, but the less time I have to stay there in order to qualify as a tax resident, the better

Setting my constraints

Ok, now I was really getting somewhere.

I decided that I want a simple setup.

And now it was time to write down my constraints.

This is when I started making a lot of progress.

Here they are.

Technology

A technological constraint.

The country I register my business in has to support Stripe.

I have dealt with other payment processors and Merchants of Record in the past and I didn't like it.

This eliminated a lot of countries.

Especially dodgy tax havens.

EU based

I don't want to be dealing with visas.

And I want to be somewhat close to my family.

Half of my family lives in Greece. And half in the UK.

So if I could be in the EU it would be a plus.

Business friendly

I want to live in a country that respects businesses and entrepreneurs.

And I don't want to be dealing with red tape, bureaucracy and other bullshit.

I want a country where the government is on the same team as me. Not against me.

Tax friendly

I don't want 0% tax.

But I want to pay a fair price.

Especially since I might not be actually living there much.

Safe

Self explanatory.

I wanna chill, not spend months of the year in a dangerous place in order to save money.

I've lived in dangerous places in the past. And I hate needing to have my street brain switched on at all times.

I wanna be outside at night without worrying. Sleep with the windows open. Walk slowly.

Lock up my house and go travel without thinking that it will get robbed.

Native language

One thing that I have realized is that it's scary living in a country where you don't speak the language.

Not for every day stuff. You can communicate with hand gestures, google translate, smiling and eye contact.

But for legal stuff.

I cannot even count the amount of times I felt hopeless in Italy. My accountant would throw a non-translated Italian document my way and ask me to sign it and pay thousands of euros by Monday.

Honestly, it truly made me feel like the immigrant I was.

For my legal base I want a country where I speak the native language fluently and understand the culture.

I wanna be able to look at my accountant, lawyer or landlord in the eye and say:

"No, this is what I want. I know how things are done here."

Become friends with them. And trust them.

This is optional in the case where the people of the country speak really good English, even if it's not the native language.

I don't need to spend 6 months there

This is optional if I truly love the place.

Most countries require you to stay 183 days, so 6 months and 1 day, in the country in order to qualify as a tax resident.

Others less. Some zero.

As we said, you want to be a tax resident somewhere. Otherwise your home country might come back and ask for you to pay taxes retroactively for all the years you were gone.

If you're a tax resident somewhere else, this won't happen. It's called a tax treaty.

Ideally, the less I have to stay in the country in order to qualify as a tax resident, the better, cause it gives you the freedom to travel more.

Final battle

These were some of the simulations I ran.

Again, with my personal metric. How much do I keep if I take out everything, while having a business registered there and being a tax resident there.

Rough numbers, but double checked with accountants:

- Italy: I make \$100K, I keep \$60K in my personal bank account at the end of the year
- Greece: I make \$100K, I keep \$60K in my personal bank account at the end of the year
- UK: I make \$100K, I keep \$60K in my personal bank account at the end of the year
- Portugal: I make \$100K, I keep \$60K in my personal bank account at the end of the year
- Cyprus: I make \$100K, I keep \$85K in my personal bank account at the end of the year
- Malta: I make \$100K, I keep \$85K in my personal bank account at the end of the year

Cyprus and Malta are so tax efficient because they have low corporate tax and dividend tax is almost zero and exempt from income tax.

Again, these are at the time of this writing. And they are subject to change over time.

I also ran some multi-country simulations and they were actually some of the worst setups. Very expensive and hard to manage.

The winner

Finally, Cyprus won in every single category:

- Supports Stripe.
- In the EU so no visa runs.
- One flight away from my family in the UK and Greece.
- I speak the native languages, Greek and English.
- Incredibly safe.
- Low tax.
- Only have to spend 2 months of the year there.

Final setup

So this is my final setup:

- My business and tax residence is in Cyprus.
- My customers are mostly in the US, EU and UK.
- My banks are in Italy, Greece, Lithuania and Belgium.
- My broker is in The Netherlands.
- My investments are in US market.
- And I live all over the world.

Feeling like a global citizen.

Generational playbooks

Personally, I think that this is the playbook of our generation.

But of course, we might have to change strategy throughout our lifetime. The world is constantly changing.

And it probably won't be the same for our kids.

Actually, I'm sure we'll be giving outdated advice to them.

"Just build a business, invest and travel, kid".

Meanwhile, they roll their eyes because investments like crypto are 10,000 times more expensive to buy.

"You had it so easy, dad. All you had to do is buy a full Bitcoin for 20 raspberries. Spin up a website, call it a business and succeed because you were so early in the internet era. And travel the world because you could arbitrage dollars for other currencies.

Bitcoin costs millions today and the business landscape is so competitive and regulated that it's almost impossible to succeed. It's not the wild west anymore old man."

It will be the same way we make fun and roll our eyes to baby boomers, that bought houses for almost nothing and got stable jobs that they kept for 50 years through a firm handshake and eye contact.

But actually, that was their world, it's not their fault.

At the end of the day, I think comparing yourself to your parents or kids is stupid.

History rhymes

Every generation experiences a different world. A different economy. A different society. And different technology.

Therefore they have to come up with a different playbook.

- Some generations reward the loud extroverts, like the boomers. Others the people that live online, like Gen Z.
- Some generations reward the hard workers, like the Industrial Age. Others the philosophers, like 5th century BC Athens.
- Some generations reward the brutes and the fighters, like the Medieval Ages. Others the intellectuals and the studios, like the Renaissance.
- Some generations reward the cautious and the patient, like the Victorian Era. Others the risk takers and explorers, like the Age of Discovery.

Actually, the more I think about it, the more I think that these playbooks might be cyclical:

While doing some research for this book, I found out that exactly 100 years ago, the "Lost generation" in the 1920s also had to be entrepreneurial and invest, unlike their parents who just bought properties.

So kinda like us, but instead of riding the internet wave, they were riding the industrial wave.

Michael Hopf explains this cyclical nature beautifully in his novel "Those who remain":

"Hard times create strong men. Strong men create good times. Good times create weak men. And weak men create hard times."

Going back to our conversation about empires rising and falling, I think this is how it happens. Empires go round and round this cycle, usually within a few hundred years. But it's not a cycle, it's a very dangerous spiral that can go upwards but can also go downwards.

Right now, I believe we are transitioning from easy times with weak men, to hard times with strong men. Maybe you are one strong men that are going to fix the world again.

So maybe our kids will actually have it easier than us. Maybe they will ride the wave we create. Who knows. No one knows.

History doesn't repeat itself. But it certainly rhymes.

Appendix

Wait, so all this book just to tell me that:

- You decided to go all in on CyberLeads
- You registered a simple company in a low tax country
- And that you keep some cash, invest the rest of your money into the S&P 500 and a little bit of it in crypto?

Yes.

And I'm not even sorry.

Most people overcomplicate everything.

Business, taxes and investing are no different.

Just remember this:

- It's usually easier to grow your existing business than start a new one.
- It's usually easier to grow your business than legally take your taxes to zero.
- It's usually easier to expand your time horizon than beat the market.

What's next

That's it.

I've setup my life and business in Cyprus.

And opening a new chapter in my life.

Traveling the world.

Building the new version of CyberLeads, the one that will take me from the \$1,000s per month, to the \$10,000s per month.

And going for my home run.

Let's see what happens.

Time travel

Hey. This is Alex from the future writing this.

I decided to clean up and re-post these blog posts as books.

Nothing changed. Even if I disagree nowadays with things that I said back then.

These books are for free.

But if you enjoyed them, you can do the following:

- Share it on X or LinkedIn
- DM me on X and we can set up a virtual coffee

Or don't. It's ok.

Thank you for reading.

Credits

Finally, special thanks to everyone that inspired and supported me, whether they know it or not.

- Pieter Levels, thank you for building in the open and making this movement happen for all of us. It was your revenue tweets and blog posts that made me realize that I could do the same.
- Courtland and Channing Allen, thank you for building Indie Hackers and putting a name to our little movement. I have read every single post, listened to every single podcast and have day dreamed countless times being on your show.
- Patrick and John Collison, thank you for building the tool that has allowed us all to make a living online. No joke, Stripe changed our lives. In awe of what you're building with Arc Institute. And huge fan of your podcast "Cheeky Pint".
- DHH, thank you for bringing common sense to the tech industry. Reminding us that you don't need to run a VC company and become a billionaire to be successful. And that you can have work life balance.
- Jason Fried, thank you for sharing your contrarian views regarding work. It's inspiring to see how ahead of the culture you were with remote work and SaaS. Your books are awesome too.
- Pat Walls (and Demi), thank you for replying to my emails back in 2021. Also for your awesome daily blog, which definitely inspired me to continue to write daily. Finally, thank you for showing us the power of focusing on one business, which you can adapt and evolve over time.
- Daniel Vassallo, thank you for introducing me to Taleb's books and philosophy, they changed my world view and helped me with my journey. Also for sharing your authentic thoughts and taking a stance, even if it's not popular.

- Stamos Venios, thank you for inspiring me to start this journey and for teaching me that you learn by doing, not studying. Your story inspired me a lot. I've told you this directly, but it's true. You are one of the main reasons I'm here today.
- Sam Parr, thank you for sharing my little business with your audience. Even more importantly, thank you for always being nothing but kind and generous to me. Funnily enough, your show, "My First Million", helped me make my first million.
- Derek Sivers, thank you for having the most awesome blog on the planet. Also for writing all your books and giving everything back to charity. You are awesome.
- Jon Yongfook, thank you for building and failing products at the same time as me, from 2018 to 2020. You launched BannerBear roughly at the same time I found CyberLeads, after roughly the amount number of failures. It was cool to not fail and succeed alone.
- Damon Cheng, thank you for showing us that even indie makers can acquire and grow businesses. Your run from quitting your job till today is legendary.
- Marc Köhlbrugge, thank you for building WIP.chat. Seeing other successful makers public TODOs made me realize that everyone just builds things, fixes bugs and makes mistakes. Like me. This was actually one of my most important realizations. It was frame breaking.
- Danny Postma, thank you for showing us that even indie products can exit to a larger company. And that even after an exit, if you want it bad enough, you can go back to square one and try again and again until you succeed again.
- Jason Cohen, thank you for your amazing blog and talks. Probably the best business blog in the world. And for your talk on boutique bootstrapped businesses. Seriously, that talk helped me niche down, raise my prices and change my life.

- Dru Riley, thank you for running an amazing campaign for CyberLeads together, back in 2020. Those high revenue months were the final push and confidence I needed to quit my job. Thank you my brother. Forever grateful.
- Andreas Klinger, thank you for being a class act and making an effort to help me find a job when I needed one. Also, for always replying to my emails and DMs.
- Vic, thank you for helping me find the next lever of growth for CyberLeads. No joke, you helped me change my life.
- Mubs, thank you for launching 50+ projects in public throughout the years and showing us how fast one can build.
- Andrey Azimov, thank you for your epic 2018 run, becoming Maker of the Year and changing your life. Your scrappiness and determination were infectious.
- Dimitris Raptis, thank you for being one of the very few people from our little hometown that is in our little bubble and industry. Also, thank you for reminding me that working on products you enjoy is more important than the money you make.
- Katerina Limpitsouni, thank you for being the final person from our little hometown that is in our little bubble and industry. I've used your designs and illustrations countless of times. They are awesome.
- Dimitris Kourtesis, Nikos Tsoniotis and Stefanos Tsiakmakis, thank you for accepting me in your startup incubator back when I knew nothing. Thank you for teaching me that killing projects is just as productive as building them. This was one of the biggest lessons I ever learned.
- Justin Jackson, thank you for your essays and podcasts regarding the importance of markets. You might not know it, but they were super impactful to me and helped me end up in the lead generation market, which helped me find CyberLeads and change my life.

- Josh Pigford, thank you for being one of the first people to show your complete list of failed products before your big success. I remember seeing the list and preparing mentally to go through the same. I built 19 failed products, then the 20th changed my life. Thank you.

- Nathan Barry, thank you for being one of the few people continuing to share revenue numbers after reaching millions in revenue. We have small businesses like myself doing that. We also have huge public companies doing that. It's great to have companies in the middle, like yours, do that too. Also, thank you for showing me the value of niching down and focusing on one segment of the market at a time. It really helped me grow CyberLeads and change my life.

- Ali Salah, thank you for being one of the OGs from 2018 and showing me that slow, consistent growth, in a saturated market, while focusing on product, can actually happen. This hasn't been my own experience and it's another example that anything and everything can work, there are no magic recipes.

- Michael Aubrey, thank you for being another story of hard work. Seeing you try for multiple years before finally achieving success is inspiring. Reminds me of my own journey.

- Reilly Chase, thank you for showing me that you can build a boring business, on top of an existing platform, and grow alongside it. Been inspiring to watch you grow over the years, build a team, a house and a life for yourself and your family.

- Rob Walling, thank you for your books and for your amazing podcast. I've listened to so many episodes over the years and there is always something interesting to take from them, because you and your gueststalk from experience, not theory.

- Jack Butcher, Bilal Zaidi and Trung Phan, thank you for the awesome podcast, the great art and the funny memes you've all been sharing with us for the past many years.

- Nico Jeannen, thank you for showing us that building and exiting multiple little businesses is possible. Also for keeping it real and sharing the good and the bad. There aren't that many people that do that and it's inspiring to see.
- Marc Lou, thank you for setting a new standard on shipping fast. I thought I was prolific for shipping 20 products from 2018 to 2020, but you took it to a whole new level. Respect.
- Peter Askew, thank you for blurring the lines between boring and cool. Selling onions online is simultaneously one of the most boring and one of the coolest businesses in the world.
- John O' Nollan, thank you for inspiring me to build a remote business and travel the world. You were one of the first entrepreneurs I looked up to, and still a massive fan.
- Harry Dry, thank you for showing me the power of storytelling and copywriting. Seeing your Yeezy.Dating saga unfold in real time back in 2018 was awesome and your climb to the top of the copywriting world is inspiring.
- Jordan O' Connor, thank you for your amazing blog. I remember reading every single post, multiple times, as you grew your business from zero to tens of thousands of dollars per month, changing your life for yourself and your ever growing family.
- Sahil Lavingia, thank you for building Gumroad, it helped me make my first \$100K online. Also, thank you for challenging the status quo, thinking out of the box, doing things your own way and never being too busy to reply to my DMs back in the day. Truly grateful.
- AJ from Carrd, thank you for showing us that you can build and grow a simple, elegant and useful product by yourself and make great money without charging high prices. Frame breaking.
- Alex Napier Holland, thank you for being real and having authentic thoughts and opinions. You are one of the very few non BS and non cringe people on my timeline.

- Florin Pop, Mr Purple, thank you for staying humble and ambitious at the same time. It's inspiring to see you set goals and then go after them.
- David Park, thank you for sharing the good and the bad so openly and authentically. Not only in business, but in life too. Your story is inspiring.
- Andrea Bosoni, thank you for showing me the value of being consistent and for being one of my Italian brothers. It's been great your amazing content for all these years, whenever I see your posts I always get a nice feeling of familiarity.
- Flavio Copes, thank you for showing me the value of writing daily, with the simple heuristic of "do stuff, encounter problems, write about the solution". Your website and blog remind me of what the internet was originally made for, real and authentic.
- Lim How Wey, thank you for sharing all of your knowledge around SEO. It was really helpful to me. And thank you for always being kind and supportive, I truly appreciate it.
- Arvid Kahl, thank you for sharing the story of exiting your SaaS business. It's been awesome to see you re-invent yourself and write your books.
- Swyx, thank you for inviting me on your podcast back in the day and for always being kind and supportive. Also for being prolific and constantly working on new things and technologies, it's contagious.
- Dmytro Krasun, thank you for showing me that progress happens slowly, then all at once. Your journey is awesome.
- David Perell, thank you for spreading the benefits of writing and specifically of writing daily. Your essays, podcasts and newsletters are fantastic.
- Noah Kagan, thank you for building AppSumo and for always keeping it real and honest. Seeing you embark on random new side

quests like YouTube and being successful is cool to see also.

- Andrew Wilkinson, thank you for showing me that you can build insane wealth with boring businesses. Your essays and books are amazing. It's great to see your progress from being a freelancer, to running a small studio and being afraid to hire people, to managing hundreds of employees, to running a portfolio of companies, to finally going public. Insane.

- Andrew Gazdecki, thank you for building Acquire (formerly MicroAcquire) and helping indies like myself exit our companies and change our lives. Gazdecki style.

- Steph Smith, thank you for all the amazing essays. I remember reading "How to Be Great? Just Be Good, Repeatably" and realizing that I don't have to be fancy, just consistent. Also, every single one of your MFM appearances was great.

- George Mack, thank you for being one of the few, modern, original thinkers, popularizing new terms and expanding the lexicon. Your newsletter is one of the best I've read in my life, your ability to explain concepts is on another level.

- Jonathan Garces, thank you for all the amazing memories working on CyberLeads together. You are the only business partner I've ever had and helped me more than I could even imagine. It was a blast, my favorite business era.

- Lachlan Kirkwood, thank you for all the amazing chats over the years, going through similar milestones and challenges with our very different businesses. I'm really proud of you exiting your business and re-inventing yourself.

- Vytas Bu, thank you for believing in me and trusting me to work together. Even more importantly, I'm grateful to call you a true friend and thank you for treating me like a brother.

- Andreas Asprou, thank you for reminding me what true wealth is and for pushing me to take a break and write these books. I wouldn't

have done it without you.

- Max DeMarco, thank you for inspiring me to continue being the main character of my life. You always have main character energy and it's contagious. Seeing you grow and always challenge yourself was amazing. Hope to make it to your next Muay Thai fight.
- Niklas Christl, thank you for being one of the most successful yet humble and honest people I've met. That contrast is amazing and inspiring. Hope to see you soon and catch up again.
- Giuseppe Ettore, thank you for growing side by side since 2020. I still remember showing you CyberLeads when it was just an idea, during lunch break at the office. Time flies. We started our jobs on the same day in Milan, we both quit our jobs since then, have achieved a lot and always support each other. And I believe we always will.
- Justin Gluska, thank you for the amazing chats in New York. I hope to see you again somewhere around the world.
- Eracle, thank you for welcoming me to Las Palmas. We had many amazing chats and nights out. Hope to visit again.
- Nikolas Konstantinou, thank you for welcoming me to the island of Cyprus. You have always helped me when I needed help, without asking for anything in return.
- Dawid Cedrych, thank you for being a dream client and for showing me that true business is a win-win game. I'm forever grateful for your trust in me, for encouraging me to write and for always being humble and real.
- Pete Codes, thank you for featuring me in your awesome newsletter and for being supportive over the years. It was also cool meeting in person a few years back.
- Jonny Ward, Daniel Ward, Doug Ward and David Carter, thank you all so much for being generous enough to invite me one of the

impactful coffee/dinners of my life, when you had absolutely nothing to gain from me. I will never forget.

- Mohammad, thank you for giving me perspective on life and how you can continue being happy and positive no matter what happens.
- All the staff and friends at Cafe Nero for giving me free coffee and letting me write my books all day.
- Eneas Lari, for being my best friend in life.
- My family.

And to all the people that have supported me over the years or have shared my books. If I missed you, it's not on purpose.

Constantly updating this list.