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About the research

The wealthy migrant is a study of high net worth individuals (HNWIs) who have relocated to another country, acquired a new citizenship, or plan to do either of these. The focus of the research is the motivations of these groups of HNWIs for relocating to another country or for acquiring a new nationality, and the specific factors that influence their choice of destination country. For the purposes of this research, HNWIs are defined as individuals with investable assets of US\$1m or more (excluding real estate).

In April-May 2015, the Economist Intelligence Unit conducted an online survey of 213 HNWIs who have migrated from their countries of origin or have acquired new citizenship, or plan to do so. The survey addresses HNWIs in the ten countries that are most significant in terms of international migration flows: Canada, China, Germany, India, Mexico, Russia, Saudi Arabia, Spain, the UK and the US. The country-selection methodology is explained in Appendix II of this report. This white paper is based mainly on the results of that survey.

Of the 213 respondents, 164 (77%) live at least half the time in a country other than their country of origin, or plan to do so; 62 respondents (29%) have acquired citizenship of a country other than their country of origin without relocating, or plan to do so. (Thirteen respondents fall into both categories considered—that is, migrants who are naturalised or expect to be.) Eighty-four percent of survey respondents have investable assets of US\$1m-5m; a further 14% have investable assets of US\$6m-10m. Ninety-six percent of HNWIs who participated in the survey describe the source of most of their wealth as self-made, while 4% describe it as inherited wealth.

In addition to the online survey, the Economist Intelligence Unit conducted 13 in-depth interviews with HNWIs who have migrated from their countries of origin or have acquired new citizenship, or plan to do so, as well as experts in the field of migration among the wealthy. Some interviewees requested anonymity

as a condition for the interview. The insights from the in-depth interviews appear throughout the report. The Economist Intelligence Unit would like to thank all survey respondents, as well as the following individuals who participated in the interview programme (listed alphabetically by geography):

- HNWI, Albanian origin
- Spouse of HNWI, Albanian origin
- The Honourable Chris Alexander, Minister of Citizenship and Immigration, Canada
- Jacqueline Bart, principal, Bart Law, Canada
- Pramod Ratwani, founder and CEO, Consilium Software, Canada
- Dr Jelena Dzankic, Marie Curie Fellow, European University Institute, Italy
- HNWI, Jordanian origin
- HNWI, Palestinian origin
- HNWI, Iranian origin
- Valmiki Kempadoo, founder, Kittitian Hill, St Kitts and Nevis
- Guy Simonius, Head of Wealth & Tax Planning Advisory International, Bank Julius Baer, Switzerland
- Professor Sir David Metcalf CBE, chair, Migration Advisory Committee, UK
- Bernard Wolfsdorf, managing partner, Wolfsdorf Rosenthal, US

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Executive summary

Millionaires and billionaires around the world are migrating, or acquiring citizenship of other countries, in increasing numbers. This trend comes against a background of strong growth in global private wealth, especially in developing regions such as Asia-Pacific excluding Japan (29% year-on-year growth in 2014) and Russia (25%), and amid strong growth in migration generally. The global migrant stock rose to 231.5m individuals in mid-2013 from 154.2m in 1990.

This research, based on a survey of high net worth individuals (HNWIs) and on in-depth interviews with HNWIs and experts in the field of wealthy migrants, identifies trends in migration among the wealthy; the motivations behind their decision to relocate or acquire citizenship of another country; how HNWIs choose destination countries; and the outcome of their decisions. The main findings of the research are as follows:

- Strong outflows of HNWI migrants are being reported in China (76,200 in the period 2003-13), India (43,400), France (31,700), Italy (18,600) and Russia (14,000). Migrants are heading to the UK, Singapore, the US and Australia. Some nations are putting in place residency and citizenship programmes to attract them. In the US, immigration applications by entrepreneurs rose to 10,923 in 2014, from 1,258 in 2008.

- Among the trends underlying these figures is a shift in the way that people view themselves—as “global citizens”—a change that is accelerating as the wealthy send their children to be educated overseas. Another factor is the increasing complexity of financial regulation, which is leading HNWIs to make strategic financial decisions based on geographic considerations.

- Against that backdrop, 80% of wealthy migrants surveyed cite better business opportunities in the destination country as an important factor in their choice of specific country. Seventy-seven percent value freedom to travel in the destination country. A favourable tax and regulatory environment is the third most important factor in choosing a specific destination country, mentioned by 75%.

- Yet the general motivations of HNWIs to relocate in the first place are somewhat different from these calculations. Improvements in quality of life are high on the list of motivations, cited by 75% of wealthy migrants surveyed. In addition, 64% expect to find a safer physical environment in the destination country, while 42% are in search of better opportunities for their children, such as better options in education and work.


- Among the survey participants who have acquired citizenship of another country, or plan to do so, 94% cite additional business

opportunities as an important motivation. The next most significant motivation is additional relocation options for family members (45%) and career/professional advantage (44%).

- However, here too, the general motivations for obtaining an additional nationality differ from the factors weighed when choosing a specific country. HNWI's who acquire citizenship of another country, or plan to do so, are more likely to choose a specific country based on its citizenship programme than on its business merits. Seventy-nine percent describe favourable capital requirements for obtaining citizenship as an important factor in their choice of country for an additional nationality. A smaller proportion, 74%, say that access to a wider range of clients or customers is an important factor in their choice of country.

- Of those who have migrated to their country of choice, the clear majority, 83%, say there were no unexpected downsides to the relocation decision. Most wealthy migrants say that their expectations have been fulfilled. For example, 96% of those who have already migrated say their expectation of a better quality of life has been met in the destination country.

- Still, many migrants struggle. Making the transition to the new country may be difficult, including for cultural and social reasons. Families often feel the strain if migration leads to their separation. In all, 56% of respondents who have already migrated say they definitely plan to return eventually to their country of origin.



1

The growing ranks of wealthy migrants

Private wealth is on the rise: Global private financial wealth¹ recorded year-on-year growth of nearly 12% in 2014 to reach a total of \$164 trillion worldwide, according to Boston Consulting Group's *Global Wealth 2015: Winning the Growth Game*.² Private wealth experienced especially strong growth in developing regions in 2014, for example in the Middle East and Africa (9%), Russia (25%) and Asia-Pacific excluding Japan (29%). By contrast, wealth in North America grew 6% and in Western Europe 7%.

Cross-border migration is on the increase too. International migrant stock rose to 231.5m individuals in mid-2013, up from 174.5m in 2000 and 154.2m in 1990, according to United Nations data.³ The top destination countries for migrants are the US (42.8m have migrated to the US), Russia (12.3m) and Germany (10.8m); the top three sender countries are Mexico (11.9m have emigrated from Mexico), India (11.4m) and Russia (11.0m), according to UN data processed by peoplemov.in.⁴

As wealth rises and migration increases, the number of wealthy migrants is growing. Not least, a recent study by the non-profit Research Institute of Industrial Economics, based on an analysis of two decades of *Forbes* magazine's annual listings of the world's super-rich, found that 13% of the approximately 1,625 billionaires across the globe live in a country other than that of their birth. While they represent a minority of the world's high net worth individuals, this group of migrants can have a disproportionate impact on their countries of destination.

Where are the wealthy migrants heading? Data from London-based property consultancy Knight Frank⁶ shows that countries with the biggest inflows of HNWI in the period 2003-2013 are the UK (with inflow of 114,100 HNWI migrants), Singapore (45,000), the US (42,400), Australia (22,200) and Hong Kong (19,700) (see Chart 1). In some countries, immigrants now form a significant proportion of the total pool of HNWI: In the United Arab Emirates, for instance, they comprise 21% of the HNWI total; in Singapore, 20%; and in the UK, 14%.

Many of these monied migrants originate from China. In fact, China is the nation with the biggest outflows of HNWI in the decade to 2013: It lost 76,200 HNWI to emigration in the period 2003-2013, according to Knight Frank. The data shows that other nations that are also seeing strong outflows of HNWI: India (43,400), France (31,700), Italy (18,600) and Russia (14,000).

In the case of some nations, emigration among the wealthy amounts to a significant proportion of HNWI from those countries. According to Knight Frank, 27% of HNWI in Indonesia and in India left in the decade ending in 2013; and 17% of those in Russia left in that timeframe. Separately, the Hurun Research Institute's Chinese Luxury Consumer Survey 2014⁷ finds that fully 64% of China's wealthy are emigrating or planning to do so.

Experts interviewed for this research highlight a number of trends that help to explain these statistics. "There's a real globalisation in terms

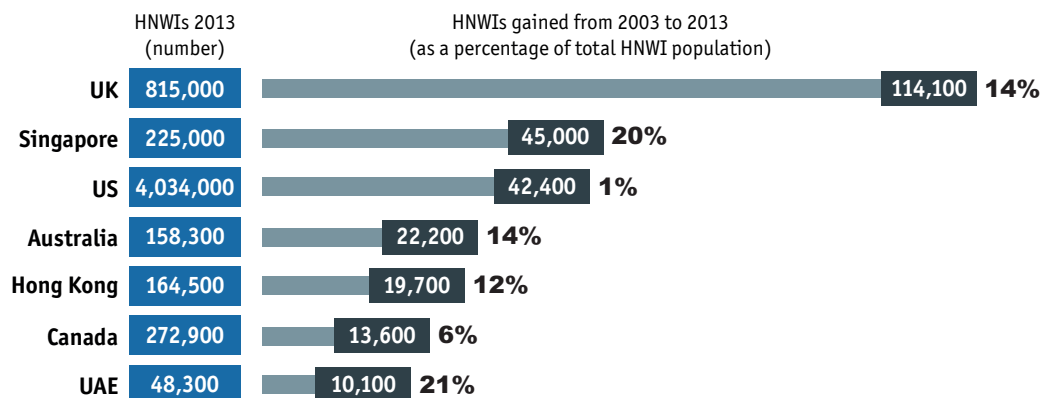
¹ Private financial wealth includes cash and deposits, money market funds, listed securities held directly or indirectly through managed investments, and other onshore and offshore assets. It excludes investors' own businesses, residences, and luxury goods. Global wealth reflects total financial assets across all households.

² *Global Wealth 2015: Winning the Growth Game*. Available at: https://www.bcgperspectives.com/content/articles/financial-institutions-growth-global-wealth-2015-winning-the-growth-game/?chapter=2#chapter2_section2

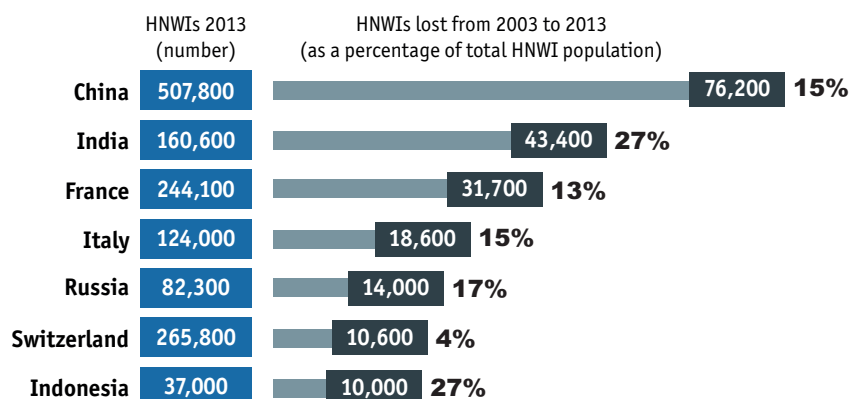
³ United Nations, Department of Economic and Social Affairs data, accessible at: <http://www.un.org/en/development/desa/population/migration/data/estimates2/estimatestotal.shtml>

On the move

Countries with the biggest inflows of HNWIs (past 10 years)



Countries with the biggest outflows of HNWIs (past 10 years)



Source: Fragomen, Del Rey, Bernsen & Loewy LLP, using data from New World Wealth survey, published in Wealth Report 2015, Knight Frank.

⁴ An experimental project in data visualisation by Carlo Zapponi, a UK-based data visualisation specialist, available at: <http://peoplemov.in/>

⁵ The International Mobility of the Super-Rich, Tino Sanandaji, Research Institute of Industrial Economics, February 2012, available at: <http://www.ifn.se/wfiles/wp/wp904.pdf>

⁶ The PIRI 100, *Wealth Report 2015*, Knight Frank, available at: <http://www.knightfrank.com/resources/wealthreport2015/wealthpdf/05-wealth-report-piri-chapter.pdf>

⁷ <http://www.hurun.net/en/ArticleShow.aspx?nid=262>

of how people see themselves," says Jacqueline Bart, principal at immigration specialist Bart Law in Toronto, Canada. The concept of the global citizen is increasingly gaining traction, especially as the wealthy send their children to be educated overseas. "They can see themselves as being of a certain ethnic background, speaking a certain mother tongue, but they transcend that and they can belong to a completely different culture and be educated and thrive in a completely different culture," says Ms Bart.

With all the opportunities that migration has to offer, many HNWIs are taking geographic factors into consideration as they plan their financial affairs. This is underscored by increasing complexity of the financial regulatory framework that has been visible over the last decade,

according to Guy Simonius, wealth and tax planning expert at Bank Julius Baer in Zurich, Switzerland. He points out that HNWIs are starting to take a strategic approach to decisions about residency and citizenship for their entire family or for individual family members. "They are asking themselves where the best place to live is, and why," says Mr Simonius.

It is little wonder, then, that countries are making efforts to attract HNWIs with residency and citizenship programmes. Saint Christopher (St Kitts) and Nevis was the first, establishing its Citizenship-by-Investment programme in 1984; Canada created its Immigrant Investor Programme in 1986; and the US launched its Immigrant Investor Programme, known also as EB-5, in 1990. More recently, Latvia began

offering so-called Immigrant Investor Visas in 2010; Hungary launched a Residency Bond Programme in 2012; and Spain's resident visa programme started in 2013.

How do these countries benefit? The St Kitts and Nevis Citizenship-by-Investment programme, says Valmiki Kempadoo, founder of Kittitian Hill, a resort development in St Kitts & Nevis, "has helped St Kitts tremendously through what is a very difficult time in the Caribbean post 2008." Revenues from the initiative reportedly rose to about 25% of GDP in 2013, from about 7% in 2010,⁸ contributing to economic growth that is the highest in the region.⁹ In the US, meanwhile, the EB-5 programme is reported to have generated US\$8.6 billion of capital investments between 1990 and 2013, creating of tens of thousands of jobs.¹⁰ And amid an ageing population in Canada, says Ms Bart, "we want young people to immigrate; we want the demographics to improve."

Typically, programmes such as these provide residency or citizenship to foreign nationals in return for investment in the destination country. Under some programmes, foreign nationals are required to invest in government bonds, or establish businesses, or invest in real estate, or make a donation to an approved fund. In the US, for example, the EB-5 programme calls for an investment of at least US\$500,000 in a business

venture that creates (or prevents the loss of) ten full-time jobs. Canada's national residency programme requires that migrants invest CDN\$2m in a venture capital fund (see box: Canada overhauls its immigrant programme).

Mr Kempadoo says that over 200 investors have acquired properties in the Kittitian Hill development as part of the island's Citizenship-by-Investment programme; properties at Kittitian Hill sell for between US\$425,000 and US\$4m. He comments that he is "seeing significant movement out of China, Russia, the Middle East and other developing regions." Buyers typically have a net worth of US\$10 million or more, according to Mr Kempadoo.

Demand for residency and citizenship appears to be growing. In Canada and the US, among the most popular destination countries, statistics show strong growth in applications for investor immigration programmes. In the US, the number of applications by foreign entrepreneurs has risen steadily to 10,923 in 2014 from 1,258 in 2008, according to US Citizenship and Immigration Services. Of these, the US approved 4,925 applications in 2014, up from 642 in 2008. Canada granted permanent residency to 8,405 foreign investors in 2013, according to data from Citizenship and Immigration Canada—up from 3,695 in 2003.

⁸ <https://www.facebook.com/SKNTimes/posts/969018949791157>

⁹ <http://www.imf.org/external/np/sec/pr/2015/pr15289.htm>

¹⁰ <http://whoswholegal.com/news/features/article/32286/>

Box: Canada overhauls its immigrant programme

Canada was among the first nations to launch a programme to attract wealthy migrants, back in 1986. Applicants were required to show that they had business experience; to have a net worth of at least CDN\$1.6m, gained legally; and to lend Canada CDN\$800,000 interest-free for five years.

Last year Canada announced it was terminating the programme. The reason? The country was not getting enough out of it. The interest-free loan funded government expenditure but did little to boost the economy; and whilst the families of HNWIIs enjoyed the benefits of permanent residency, many HNWIIs themselves remained in their country of origin—and their business acumen with them.

“We want the investor to choose us for the right reasons, to be prepared to settle here and contribute to the Canadian economy and society,” says Chris Alexander, the country’s Minister of Citizenship and Immigration. “But we had a programme that was out of date.”

In May 2015, Canada unveiled its new Immigrant Investor Venture Capital Pilot Programme—with tougher requirements for applicants than under the previous programme. The pilot initiative will remain open until the end of this year and will grant immediate permanent residency to up to 60 migrants.

The requirements of the new programme are as follows:

- Applicants must have a personal net worth of at least CDN\$10 million acquired through private sector business or investment activities. (Inherited wealth doesn’t count.)

- Prospective residents must commit to making an at-risk investment of CDN\$2 million in the Immigrant Investor Venture Capital Fund with a time horizon of around 15 years.

- Applicants must demonstrate basic proficiency in speaking, reading, listening and writing in either English or French, the two official languages of Canada.

- Would-be migrants must have a degree, diploma, or a certificate of at least one year of post-secondary education.

“We’re among the first countries to go through the process of reflecting on whether the programme met its objectives and then, having drawn those lessons, moved to reform it,” says Mr Alexander.

Permanent residency in Canada offers migrants access to healthcare and other benefits, as well as protection under Canadian law. Holders of permanent residency may not hold high political office or vote. Permanent residency may be withdrawn if the holder does not meet residence requirements or is convicted of a serious crime.

“The world will go to the country that gets immigration right,” Mr Alexander declares. “We are pretty confident that this is the most attractive immigrant investor programme in the world.”

Between January and June 8 this year, however, just six HNWIIs reportedly applied for residency under the pilot programme. Those seeking to relocate to Canada may favour the provincial programme run by Québec, which has looser application requirements.

¹¹ <http://www.theglobeandmail.com/news/national/canada-gets-just-six-applicants-for-millionaire-immigration-program/article25645653/>

2 The motivations of wealthy migrants

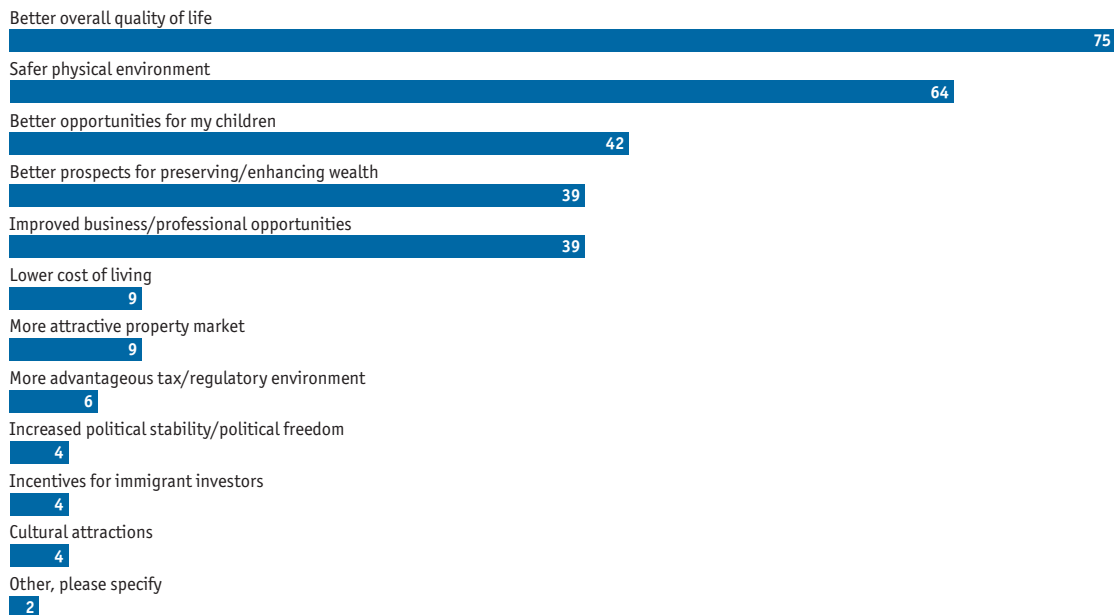
What are the motivations for the wealthy to relocate to another country? We asked HNWI's who have relocated to another country, or plan to do so, what they expected from such a move. Survey results indicate that these groups of wealthy migrants are motivated above all by improvements in their quality of life; fully 75% of survey participants described this as one of their main expectations. Nearly all (95%) of those who have moved, or plan to move, to Mexico are driven to migration in search of a better quality of life. Quality of life was also a notable expectation among respondents in China (83%) and the US (83%).

“Consistently, we see the wealthier folks often choosing to live in the west,” observes Bernard Wolfsdorf, managing partner of Santa Monica,

California-based law firm Wolfsdorf Rosenthal, which specialises in migration. (The firm’s investor clients are mostly from China, according to Mr Wolfsdorf.) “Now they’ve made their money, there’s a focus on quality of life and spending the money.”

The second most widespread motivation for HNWI's to migrate is to benefit from a safer physical environment in the destination country, according to survey results. Just under two-thirds of respondents, 64%, describe this as a driver in their decision to leave their country of origin. Those who have moved or plan to move to Saudi Arabia are most likely to name this factor (93% did), followed by those in China (83%) and Germany (83%). A safer physical environment was an aspiration among a high proportion of

What were/are your main expectations of the destination country? Expectations of destination country: (% respondents)



respondents—75%—whose country of origin is Mexico.

Furthermore, wealthy individuals also migrate in search of better opportunities for their children—a motivation highlighted by 42% of survey respondents. “We see a large number of applicants moving as a family with the primary motive of securing better education opportunities for their children,” says Mr Wolfsdorf. Knight Frank’s *Wealth Report 2015*¹² finds that more than two-thirds of the wealthy in China, Hong Kong and Malaysia expect to send their children to university overseas. “They primarily choose English language study destinations,” notes Mr Wolfsdorf.

A HNWI from Albania, who estimates his wealth at over US\$10m, illustrates the point. “Here in our country, it’s very hard for you to find a job even if you have a good education—the salary is not enough to give you a normal life if you work honestly,” he comments. “After my daughters

Did a specific event trigger your decision to relocate when you did?
(% respondents)

Yes

24

No

76

finish university in America, if they come back here there will be limited opportunity for them to find a job or to start a new business.”

Thirty-nine percent of HNWIs cite better prospects for preserving/enhancing wealth as a motivation for migrating. For the high proportion of HNWIs whose wealth is self-made rather than inherited—96% of our survey sample—there may be an added incentive to protect this new wealth in a jurisdiction that is free of economic, social and political instability and, as Mr Simonius of Julius Baer points out, “to ensure that the wealth stays for two to three generations.”

Nevertheless, Mr Simonius advises clients against migration solely for tax or other financial

advantages. “The regulatory environment has changed tremendously in the last 5-10 years and is still changing fast—it is so volatile,” he points out “People should really understand the complexity, otherwise the logic of the move may be blown apart due to the fast changing regulatory environment.”

Thirty-nine percent of wealthy migrants are driven by improved business/professional opportunities—the fifth most significant motivation that HNWIs report for relocating to another country. Consider, for example, the HNWI from Albania. “The justice system in my country is full of corruption, but in the US the law will support you in your business,” he says “Business opportunities are much better in the US than they are here.”

Pramod Ratwani, founder and CEO of Consilium Software, a Singapore-headquartered software firm, is one entrepreneur who relocated to exploit business opportunities. A Singaporean citizen

born in India, Mr Ratwani moved to Canada in 2012; he now has permanent residency there. “[We focus on a very narrow niche], but that’s about a US\$2 billion market in North America,” Mr Ratwani explains. “So it was very natural for me to start exploring business opportunities in North America.” Large markets such as the US, Canada, and the European Union have a greater draw for some wealthy migrants than smaller places.

Among those who have already migrated, 76% say that no specific event triggered the move. And of the remaining 24% who say that a specific event triggered the decision to relocate, many say that this event was employment-related, in particular job relocations or new job opportunities. There

¹² *Wealth Report 2015*, Knight Frank, available at: <http://www.knightfrank.com/wealthreport>

are exceptions, however: One Indian national reports that he and his foreign wife decided to leave India following the 2012 Delhi gang rape incident—

an example of the type of migrants seeking better quality of life and a safer physical environment.

Reasons to acquire citizenship of another nation

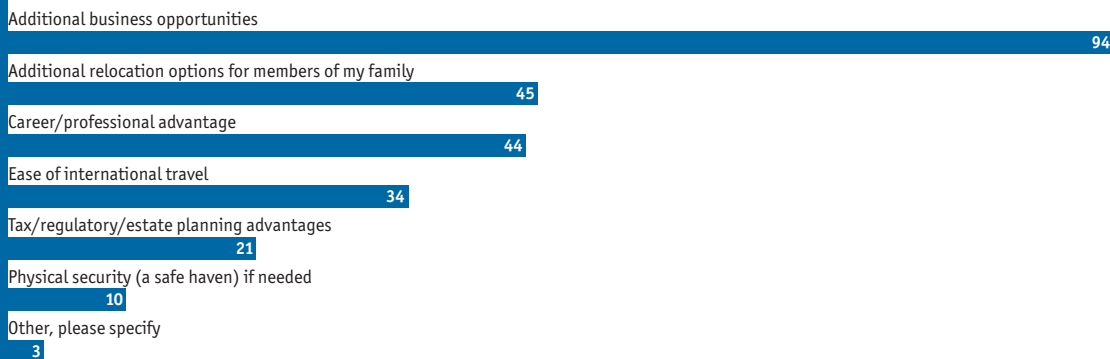
Business and career considerations are at the top of the list of reasons why HNWIs seek an additional nationality, but are by no means the only reasons. Considerations of mobility and flexibility also figure prominently in this decision.

In our survey, fully 94% of respondents who have been granted citizenship of a country other than their country of origin, or who plan to apply for citizenship within the next three years, describe additional business opportunities as one of their original reasons for doing so. Similarly, 44% of respondents who have obtained or plan to obtain an additional nationality say their motivation is career/professional advantage.

On the other hand, just 21% say that tax/regulatory/estate planning advantages are an important motivation to seek new citizenship.

Ease of international travel is an important motivation to apply for a new nationality. About 45% say their reason for seeking an additional nationality is to further relocation options for family members. And 34% cite ease of travel as the reason for acquiring new citizenship. Finally, 10% of HNWIs describe physical security—a safe haven if needed, for example in case of war—as a reason for seeking an additional nationality.

Please select the options below that describe your original reasons for seeking an additional nationality. Select all that apply (% respondents)



3 The choice of destination country

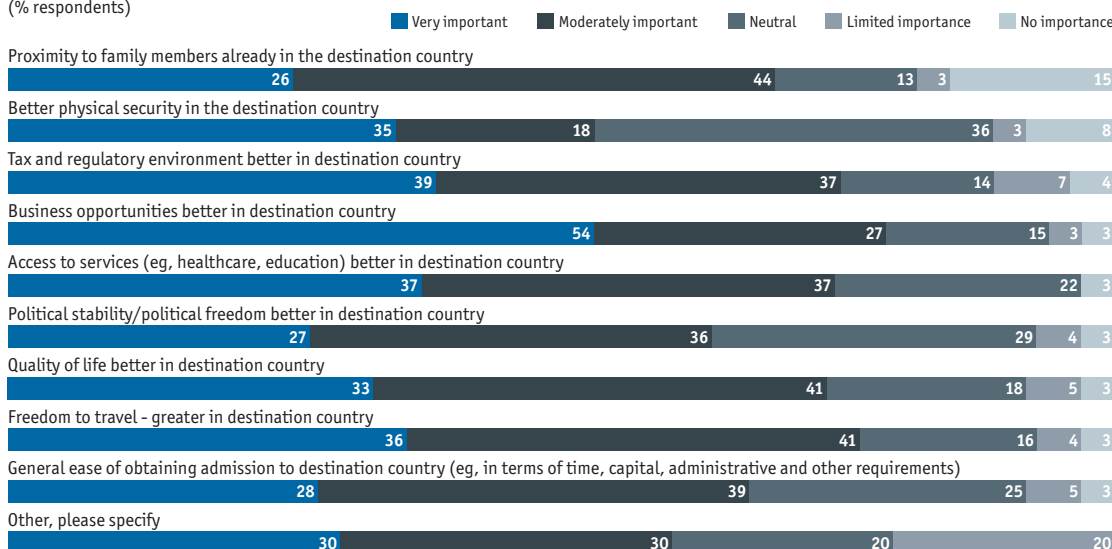
For wealthy individuals who have relocated to another country, the list of factors behind their choice of a specific destination country is broadly similar to the list of their motivations for migrating in the first place—whether these relate to business and professional opportunities, or to quality of life. Yet when it comes to choosing a specific country, business and tax considerations tend to rank higher than other factors in the order of priority.

Accordingly, fully 81% of respondents who have relocated to another country, or plan to do so, describe better business opportunities in the destination country as a factor that is “moderately important” or “very important” in choosing the destination country. All 12 respondents who are based in China say that better business opportunities were an important factor in choosing the country; 16 of the 17 respondents in Canada say that better business opportunities were an important factor.

Favourable business conditions may go hand in hand with a favourable tax and regulatory environment for companies. Seventy-six percent of respondents who have relocated to another country, or plan to do so, indicate that a better tax and regulatory environment in the destination country is an important consideration as they chose where to settle. All 12 respondents who have relocated to China and all 14 in Saudi Arabia say that a better tax and regulatory environment was important in their choice. In Cyprus, explains an interviewee of Iranian origin whose net worth is around US\$150m, “corporate tax is a flat fee and it’s very easy and clear cut. Cyprus has to abide with EU regulations, which makes it transparent and easy to understand.”

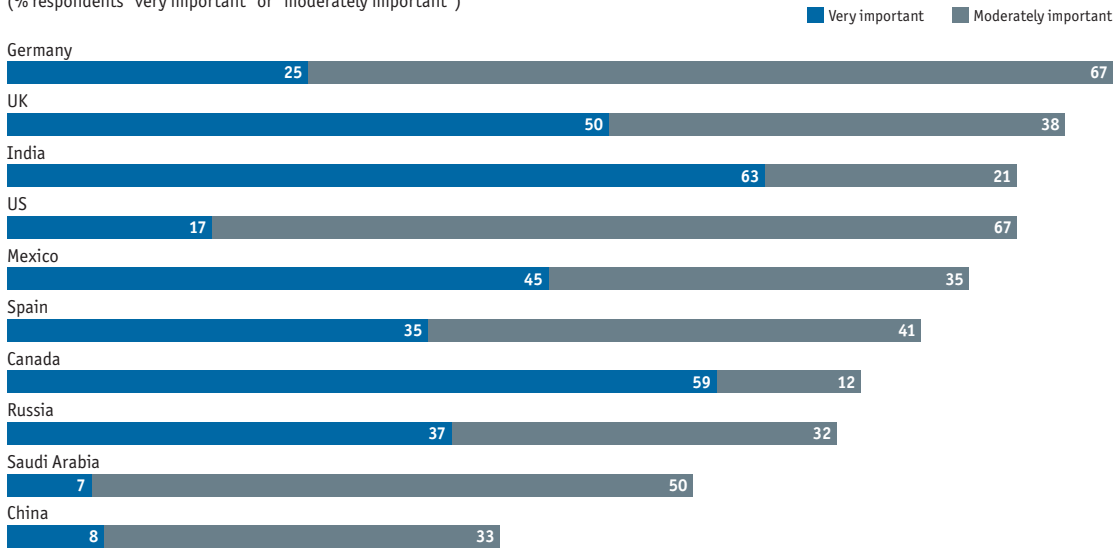
In addition, wealthy migrants appreciate the freedom to travel in their destination country, with fully 77% of those who have relocated or plan to do so describing this as either

Please indicate how important each of the following factors was in choosing your destination country. Reasons for relocating: (% respondents)



Importance of services in the choice of destination country, by destination country:

Please indicate how important each of the following was in choosing your destination country: Access to services
 (% respondents “very important” or “moderately important”)



“very important” or “moderately important”. This factor appears to be important among a somewhat higher proportion of respondents currently located in the UK (88%), India (84%) and the US (83%) than across the total survey sample.

Furthermore, 75% of respondents who have relocated or plan to do so highlight the

importance of access to better services, such as healthcare and education, in the destination country. These factors are cited as “moderately important” or “very important” among high proportions of those respondents located in Germany (92%) and the UK (88%). Viewed from the perspective of sender countries, migrants whose country of origin is India are particularly

Box: Due diligence

A high proportion of applications for residency or citizenship programmes come from individuals in developing countries. “We find that most high net worth individuals trying to get a passport are coming from countries where the rule of law isn’t very strong,” observes Jacqueline Bart, principal at immigration specialist Bart Law in Toronto, Canada.

This could raise questions over the source of wealth of individual applicants for residence or citizenship programmes. “I don’t think you could put hand on heart and say that every single one of the people coming through this [UK immigration] route is not engaged in money laundering,” says Sir David Metcalf, chair of the UK’s Migration Advisory Committee.

In efforts to ensure that newcomers’ wealth is from legal sources, countries conduct due diligence checks on applicants. Canada requires applicants to submit a due diligence report from one of six designated providers: BDO USA, Deloitte Forensic, EY, KPMG, PricewaterhouseCoopers or Raymond Chabot Grant Thornton Consulting.

Of the 36,607 immigrant petitions that foreign entrepreneurs have submitted to US authorities since 2008, 4,340, or around 11.9%, have been rejected. (Reasons are not divulged.) And Valmiki Kempadoo, founder of Kittitian Hill, a property development in St Kitts and Nevis, says that around one in 20 applicants for citizenship there is rejected. “The level of due diligence is very high,” he says.

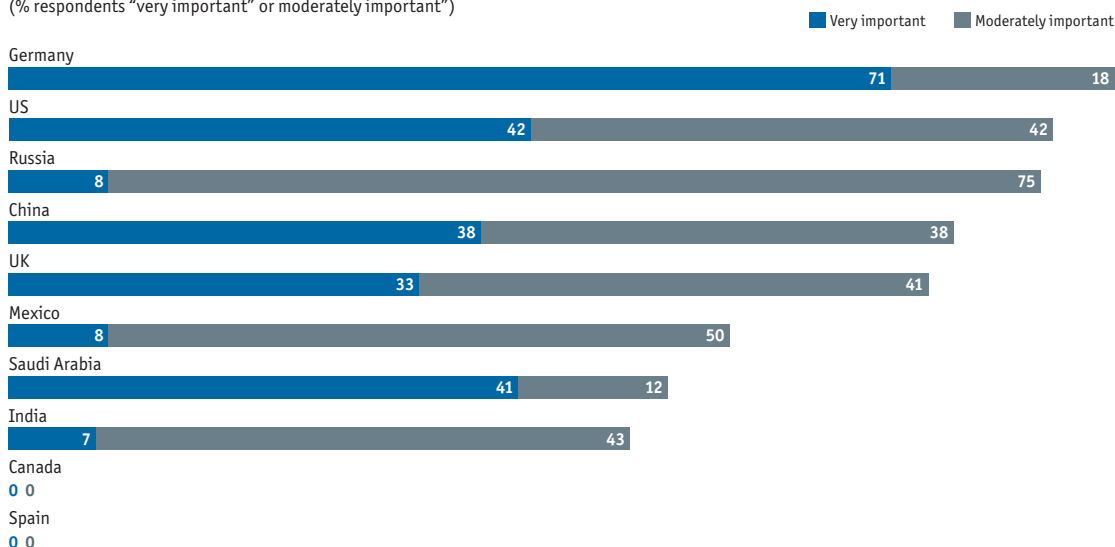
likely (85%) to cite access to services as “very important” or “moderately important” in choosing a destination country.

Another factor that wealthy migrants consider to be important in choosing a destination country is the quality of life that they expect to find there. This factor was highlighted by 73% of respondents who have moved or plan to move

within the next three years. Canada has the highest proportion of immigrants, 88%, saying that quality of life was an important factor in choosing the country. This factor was least important among those resident in China (58%) and Saudi Arabia (50%). Better quality of life is particularly likely to be cited as an important factor among respondents whose country of origin is India (89%).

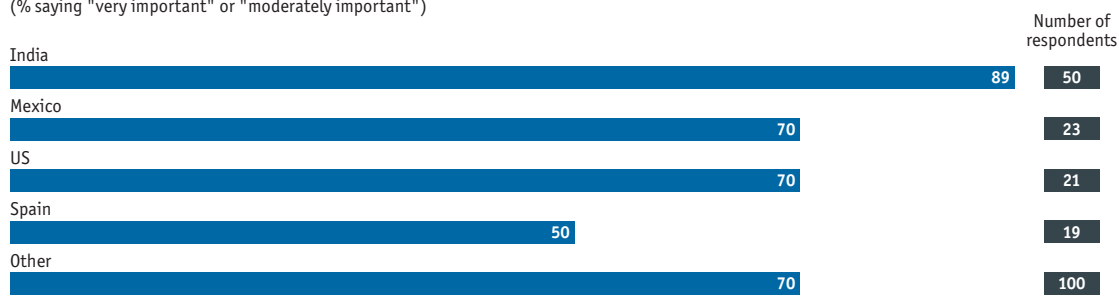
Importance of quality of life in the choice of destination country, by country of current location:

Please indicate how important each of the following was in choosing your destination country: Quality of life (% respondents “very important” or moderately important”)

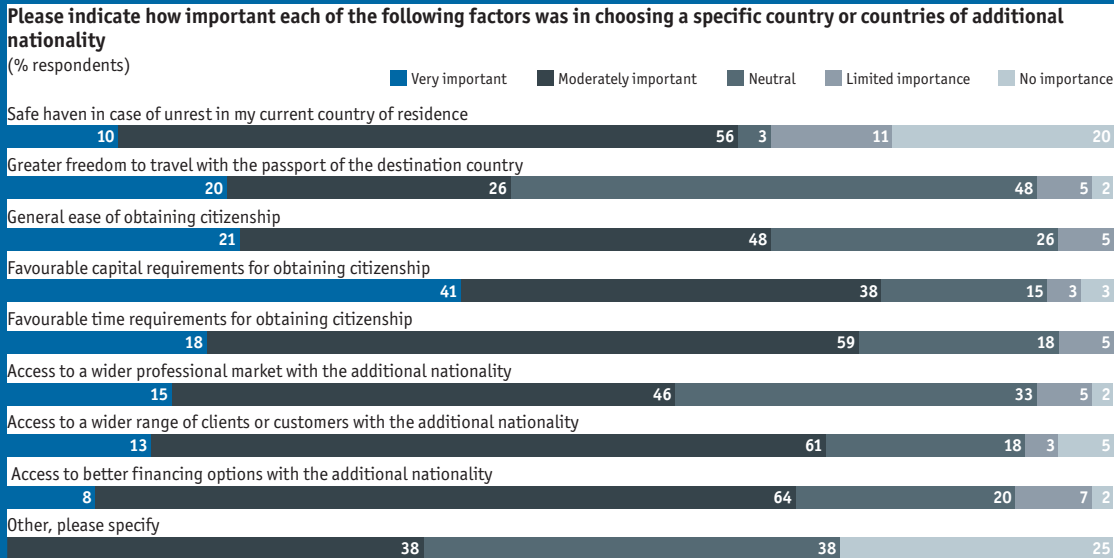


Importance of quality of life in the choice of destination country, by country of origin:

(% saying “very important” or “moderately important”)



How HNWI's choose a country of citizenship



Among the factors involved in choosing a specific country for an additional citizenship, HNWI's consider the requirements of the citizenship programmes a decisive factor—more so, even, than business benefits that the applicant expects from being granted citizenship.

For example, fully 79% of survey respondents who have applied for an additional nationality, or intend to do so, describe favourable capital requirements for obtaining citizenship as an important factor in their choice of destination country. This may include the scale of the investment required as well as the type, for example in real estate, government bonds, a private equity fund or a business.

Similarly, 77% say that favourable time requirements for obtaining citizenship are an important consideration in their choice of destination country. A HNWI of Palestinian origin whose net worth exceeds US\$500m recalls the process for applying for Cypriot citizenship, which he completed earlier this year, as quick. "Three months after we applied, we got the citizenship," he says.

The general ease of obtaining citizenship is a consideration among 69% of the survey sample. A HNWI of Iranian origin with a net worth of around US\$150m placed great importance on the fact that the application process is clearly defined. "Once you meet the investment criteria, after they do

their due diligence and all their checks, then that's it," he says. Clearly defined process left no room for decisions to be taken by individual immigration staffers, judges or any other officials, he adds.

Business-related factors play a somewhat less important role for this group than do capital and time requirements related to the application for citizenship. For example, 74% say that that access to a wider range of clients or customers is an important factor in their choice of a country of additional nationality. Access to a wider professional market is an important factor for 61% of respondents seeking an additional nationality. And 72% say they value access to better financing options afforded by the additional nationality.

Besides these factors, the choice of country is also influenced by its possible role as a safe haven in case of war in their usual domicile. Almost two-thirds (66%) of respondents consider this when choosing a country of additional nationality. "The safety and security of the country or the place that you'll be investing in is also a concern," says the HNWI of Iranian origin, who has taken Cypriot citizenship. "To me the proximity of this new country is important. The family business is very close—only about 2½ hours away—and it's close to my company too."

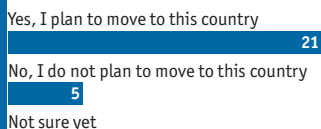
These sentiments are echoed by a HNWI of Jordanian origin. "I was thinking of The Bahamas

at first," he says, recalling how he went about choosing a country. Finally, though, he saw that Cyprus fulfilled all his needs, including proximity to the Middle East, where he and his family reside. The accessibility of Cyprus by sea as well as by air in case of emergency was a further important factor in the island's favour. "In case something happens, we can always take a boat and go to Cyprus," he points out.

Unlike migrants who physically relocate to their country of destination, few HNWI's who acquire additional citizenship expect to relocate to the country granting that citizenship. Just 21% of survey respondents who have acquired or applied for new citizenship, or plan to do so, foresee relocating to the country whose nationality they acquire, fully 74% say they are not sure yet; 5% say they will not relocate.

Do you plan to relocate eventually to your country of additional nationality?

(% respondents)



4 Lessons learnt among wealthy migrants

Plans for migration or for obtaining an additional nationality often turn out as expected—but sometimes they don't. Of those respondents who have migrated to their country of choice, the clear majority, 83%, say there were no unexpected downsides to the relocation decision, nor was there anything they would have done differently. In most cases, the country chosen by a wealthy migrant meets expectations.

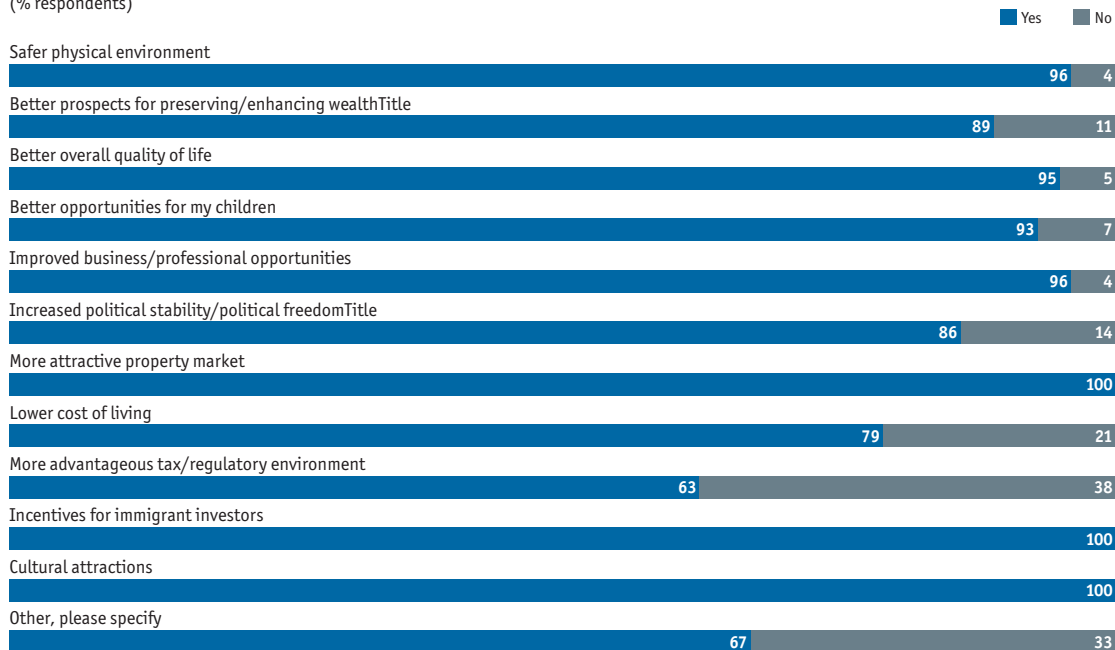
Of those respondents who say that the search for better quality of life was a factor that motivated them to migrate, 95% report that their expectations have been met. Disappointed migrants are in Russia and Spain (two of 13 respondents in each place) and in Mexico (one of 12 respondents). Naturally, these disappointments may result from unrealistically

high expectations prior to moving or from migrants' perceptions that the quality of life in the destination country is no better than in their country of origin, or they may reflect specific and unpredictable individual circumstances.

Similarly, 96% of those who expected a safer physical environment in their destination country say that these expectations were met. The few who were disappointed in this respect by their destination country include respondents in Saudi Arabia (one respondent of 13), India (one of eight), Mexico (one of ten) and Spain (one of ten).

Among those respondents who were motivated to migrate by better opportunities for their children, 93% have not been disappointed;

For the most part, have your expectations of your destination country been fulfilled?
(% respondents)



Have there been any unexpected downsides to the relocation decision, or things you would have done differently
(% respondents)

Yes

14

No

76

I have not relocated yet, so cannot say

10

just 7% say that their country of destination has fallen short of their expectations. These disappointments are among migrants who have moved to Mexico (one of only one migrant who expected better opportunities for his children in Mexico), Spain (two of five) and India (one of nine).

Better prospects for enhancing/preserving wealth have been met to a great extent, with 89% of those who were motivated by this factor reporting that their expectations have been fulfilled in their destination country. Disappointments here include migrants to the UK (one of two individuals), respondents in Russia (two of eight), Spain (two of 14) and Mexico (one of eight).

Fully 96% of those who expected improved business/professional opportunities in their destination country state that these expectations have been met. Only respondents in Russia (one respondent of six) and in the UK (one respondent of nine) suggest that their expectations were left unmet.

Mr Ratwani, the founder and CEO of Consilium Software, expected better business opportunities when moving from Singapore to Canada—and was not disappointed. “My expectations were that Canada would give me a very conducive business environment,” he recalls. Once in Canada, he found it straightforward to set up a local Consilium Software entity—as he had hoped—and he describes the tax regime in Canada as “very reasonable”—in line with his expectation that taxes would not weigh heavily on the firm in its early days. “I had balanced expectations of Canada, and most of them have been fully met,” concludes Mr Ratwani.

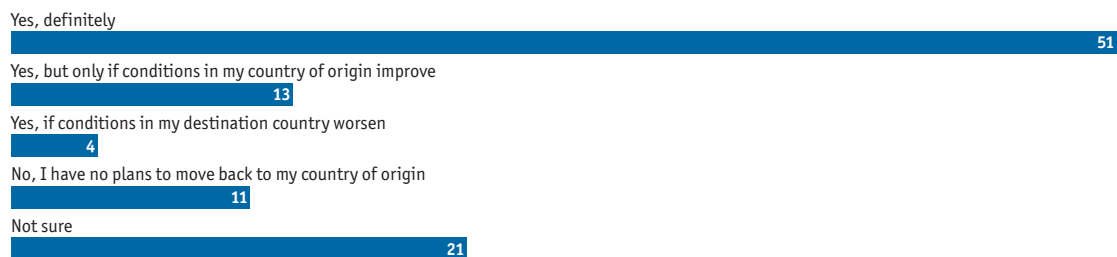
Whilst most migrants’ expectations have been met, 14% of those who have relocated say there were unexpected downsides to their relocation decision. Survey results and interviews with HNWI and experts provide further insight into what some of these downsides may be. One is racism. “If you migrate to London or New York or Los Angeles, no-one cares where you were born, but in some other places where English isn’t the primary language, it’s just not that comfortable for many immigrants,” says Mr Wolfsdorf of the law firm Wolfsdorf Rosenthal. “In advising our clients,” he adds, “we guide them to where they can blend in as much as possible, especially if they will be part of a visible minority in their new community.”

Wealthy migrants sometime struggle with the transition to their country of destination. Some fail to integrate—particularly those who cannot speak the local language; those who have limited family close at hand; and those who, perhaps retired, have trouble finding the right medical facilities or domestic help. “Sometimes they find that this doesn’t quite work,” explains Mr Wolfsdorf. “This condo in the Caribbean isn’t exactly what they were looking for because there’s no Chinese restaurant in the area and they can’t eat the food they’re accustomed to.”

Often, points out Ms Bart, the Canadian lawyer, the families of entrepreneurs migrate while the entrepreneurs remain in the country of origin for business reasons. “Nobody looks at how terrible this practice is for the family relationship,” she says. “It’s heart-wrenching to see how families suffer in this arrangement.” A case in point is the Albanian HNWI interviewed for this research, whose two teenage daughters attended high school in the US. “The children didn’t have their

Do you expect to return eventually to live in your country of origin?

(% respondents)



father most of the time,” says his wife, who accompanied the daughters to the US. “It was a gap in their lives, and I’m very sorry for that.”

With this as background, it comes as less of a surprise that—fulfilled expectations notwithstanding—51% of respondents who have migrated or intend to do so say they definitely plan to return eventually to their country of

origin. A further 13% say they may return, but only if conditions in their country of origin improve; and another 4% will leave for their country of origin again if conditions in their destination country worsen. “After 5-7 years you quite often see that people are not really at home in the new place,” comments Mr Simonius of Julius Baer.

No regrets among those granted new citizenship

When asked if there were any downsides to having an additional nationality, or things they would have done differently in applying for it, none of the 14 respondents who have been granted citizenship of another country report any downside, or say that, looking back, they would have done things differently.

Nevertheless, asked about the usefulness of

their additional citizenship, only four of the respondents who have been granted additional citizenship say that it is useful to them personally. A further six say that the additional nationality does not affect them now, but may be personally useful in future. Three respondents say that the additional nationality is unlikely to be useful to them personally, but may be useful to members of their family.

Please select the option that most closely describes the usefulness of the additional nationality.

(% respondents)

Not applicable, since I do not yet have the additional nationality for which I have applied

61

The additional nationality does not affect my life now, but may be useful to me in future

18

This additional nationality is useful to me personally

13

This additional nationality is unlikely to be useful to me personally, but may be useful to my family

8

This additional nationality is unlikely to be useful to me personally

0

Other, please specify

0

Conclusions

As both global private wealth and overall migration are on the rise, an increasing number of the world's wealthy are on the move—either relocating to countries other than their country of origin, or acquiring citizenship of other countries, with the prospect of being able to move to the country of second nationality in future.

Some of the factors accompanying this migration include a shift in the way that people view themselves—less as rooted in a particular culture and more as cosmopolitan and internationally mobile. This shift in self-perception is aided by the trend for wealthy families to send their children to be educated abroad. The shift is also accelerated by growing complexity in financial regulation, which causes more wealthy individuals to take a strategic approach to their decisions on where to live and do business.

In response to the migration trends, potential destination countries are rolling out programmes to attract wealthy migrants. These programmes typically require investments and other commitments in return for residency or citizenship. Growth in the numbers participating in some of the programmes—for example those of the US and in Canada—has been strong.

Beyond such programmes, migrants consider a wide range of factors when deciding whether to relocate internationally, and where to go if they do relocate. This study shows that business

and tax considerations play an important role in selection of a specific destination country. But other factors loom large in the decision to relocate in the first place, particularly expectations of greater freedom to travel in the destination country, improvement in the quality of life, and a safer physical environment.

These findings lead to a number of conclusions:

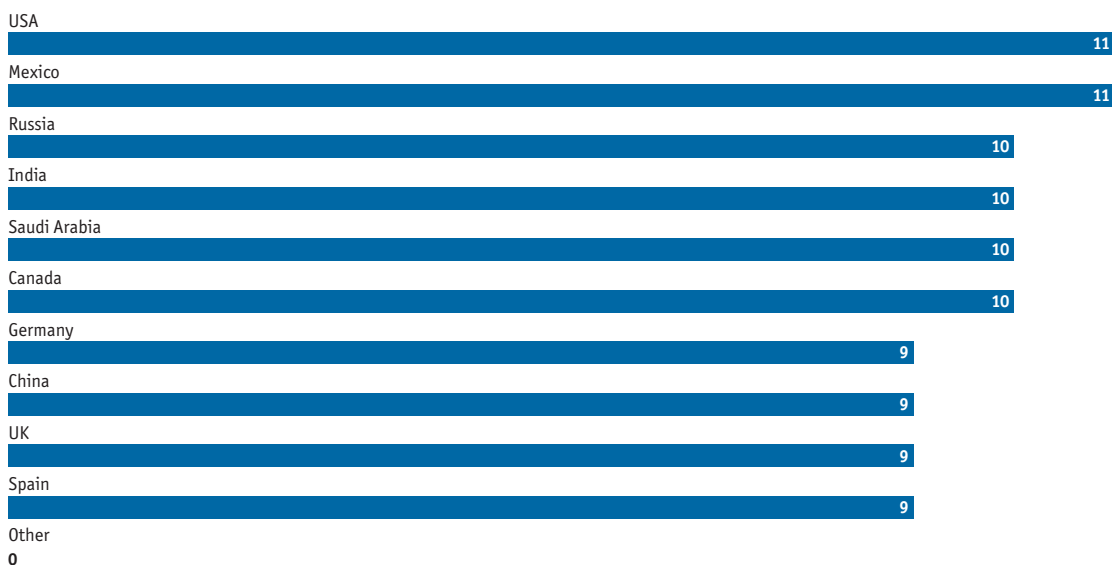
- International migration looks set to continue expanding, underpinned by continued growth in private wealth across the globe. Sender countries that see an outflow of HNWIs are likely to continue to be nations in developing regions, where much new wealth is being created but where the rule of law is weaker than in developed regions.
- In contrast to many migrants around the world, wealthy migrants do not move to escape economic hardship. Rather, they move in search of a better lifestyle for themselves and their families, including through education and employment opportunities. Many also seek opportunities in business.
- Despite the advantages they reap through migrating, most wealthy migrants expect to return to their countries of origin eventually. Like other migrants, wealthy migrants can face cultural and social challenges. They may miss their extended families, and may miss services such as medical care and domestic help. Because they are not escaping economic hardship, wealthy migrants typically have the option of returning home, and many plan to do exactly that.

Appendix I – Survey results

What is the approximate value of your financial assets (excluding real estate and including all investments, cash, trusts, savings, pensions, etc) in US dollars?
(% respondents)



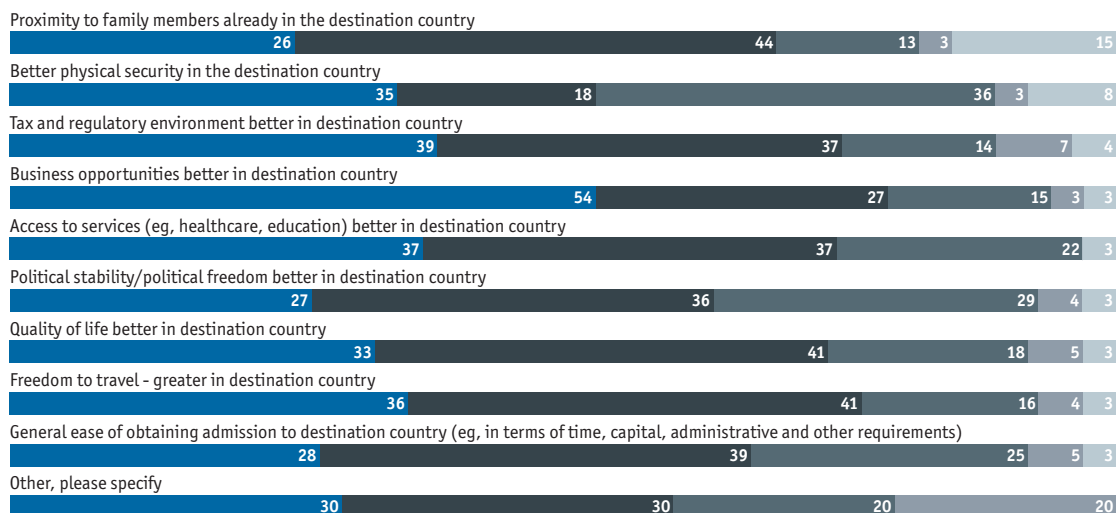
In what country do you currently reside most of the time?
(% respondents)



Please indicate how important each of the following factors was in choosing your destination country. Reasons for relocating:

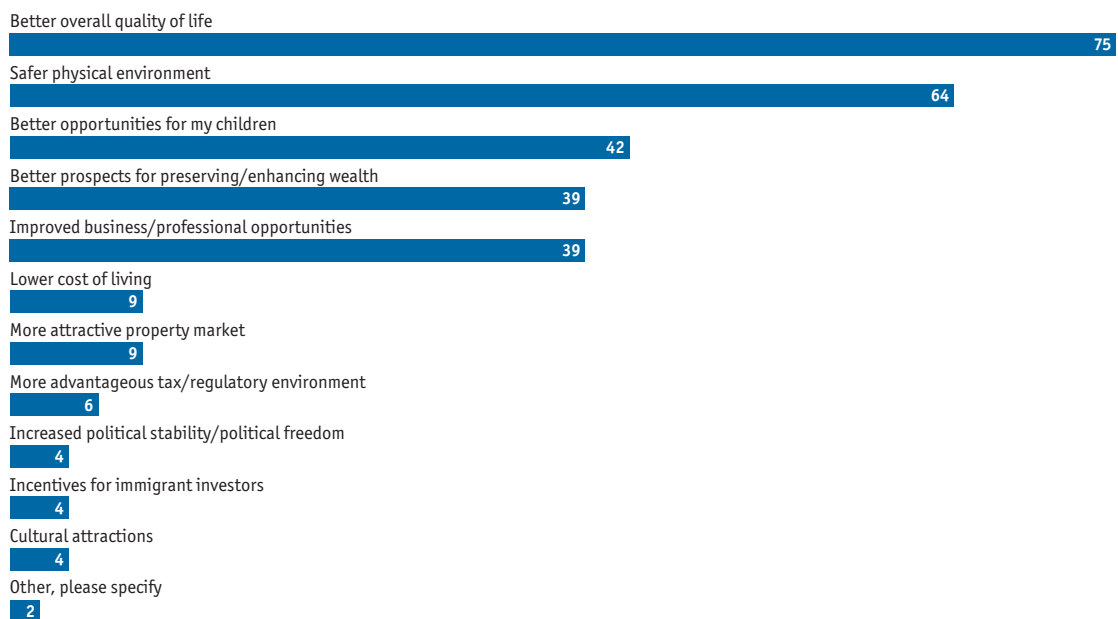
(% respondents)

Very important Moderately important Neutral Limited importance No importance

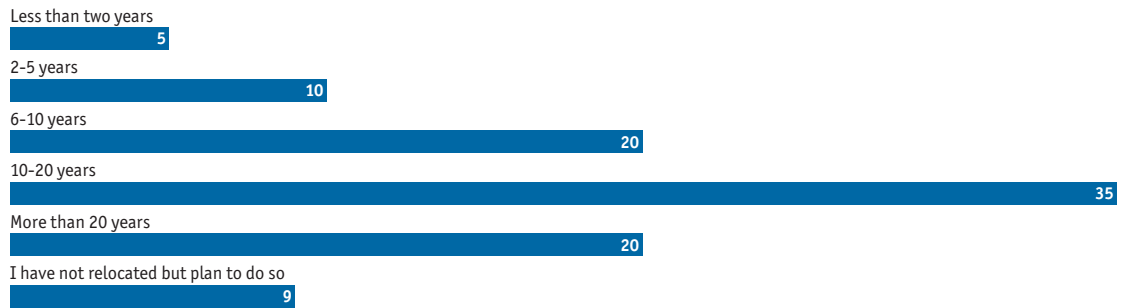


What were/are your main expectations of the destination country? Expectations of destination country:

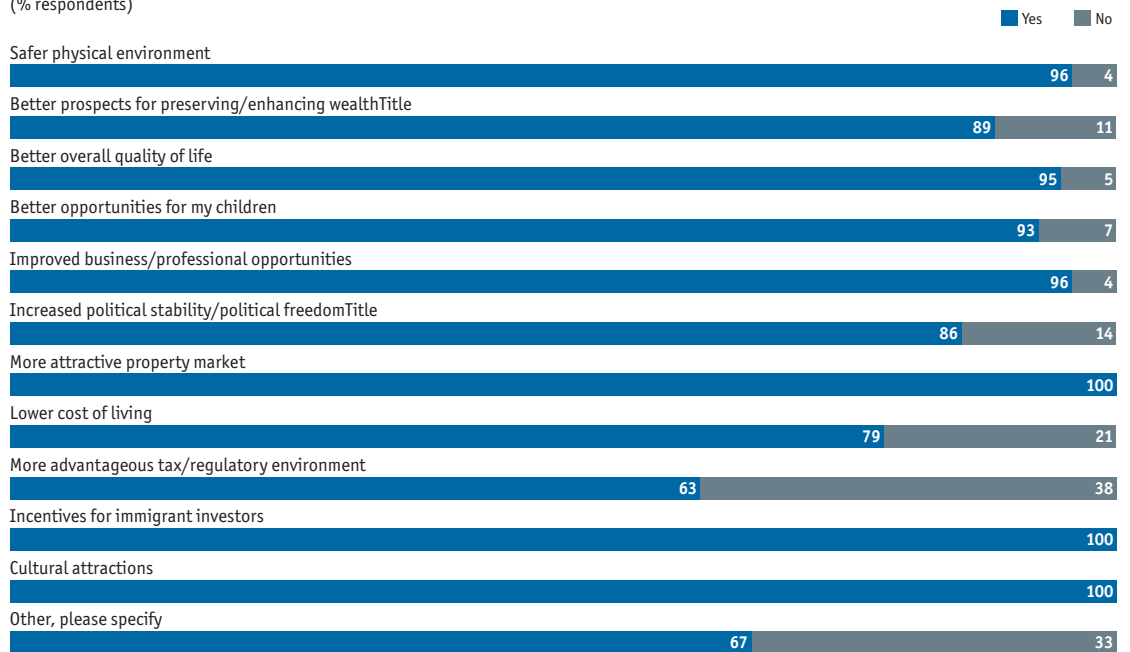
(% respondents)



For how many years have you been living, working, or spending at least 50% of your time in your destination country?
(% respondents)



For the most part, have your expectations of your destination country been fulfilled?
(% respondents)

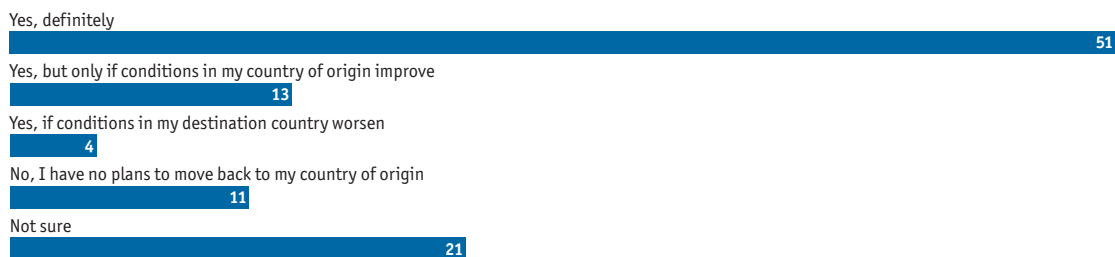


Have there been any unexpected downsides to the relocation decision, or things you would have done differently?
(% respondents)



Do you expect to return eventually to live in your country of origin?

(% respondents)



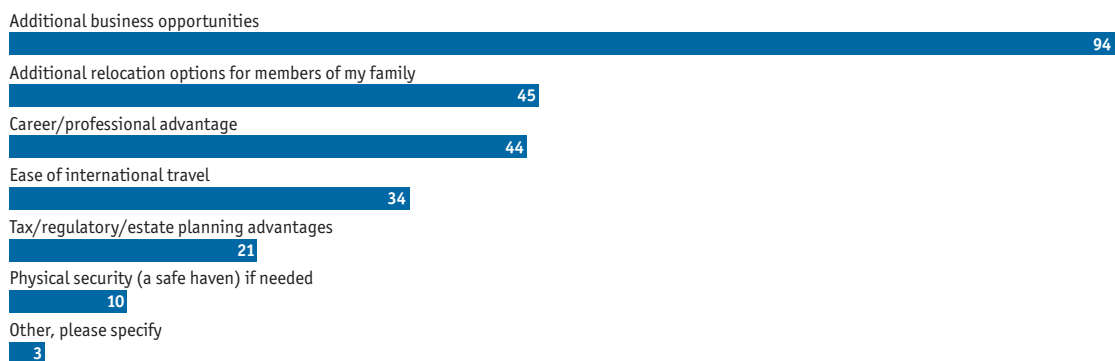
Did a specific event trigger your decision to relocate when you did?

(% respondents)



Please select the options below that describe your original reasons for seeking an additional nationality. Select all that apply

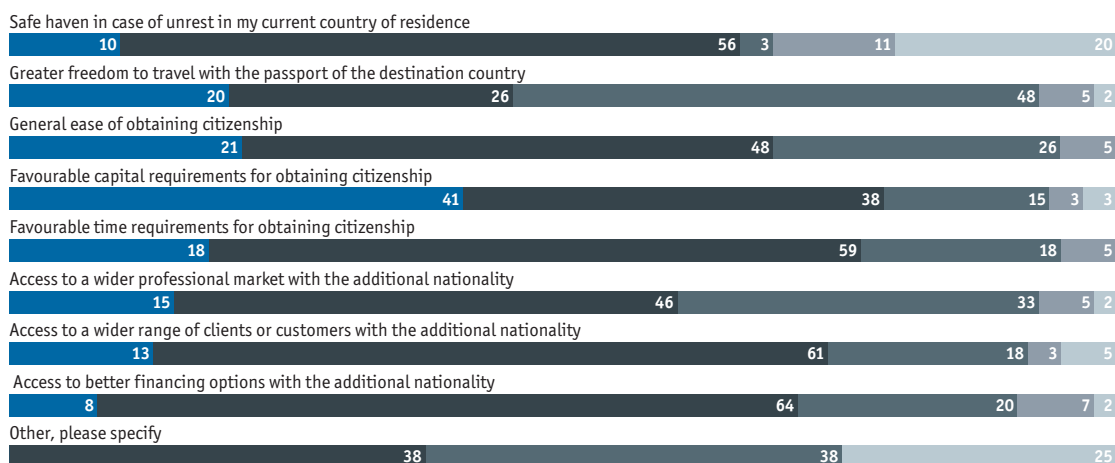
(% respondents)



Please indicate how important each of the following factors was in choosing a specific country or countries of additional nationality

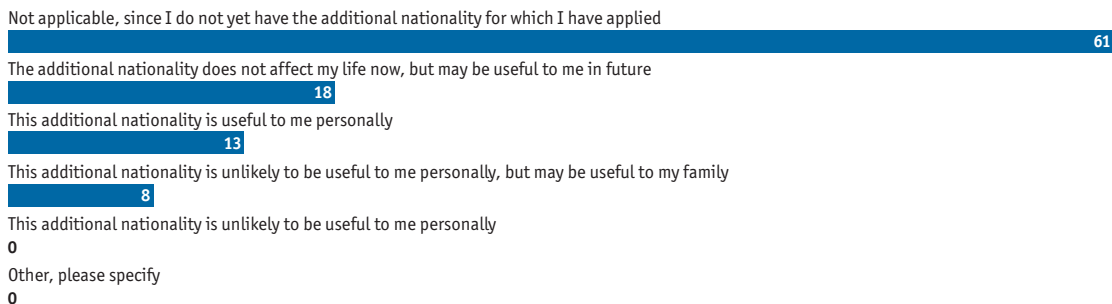
(% respondents)

Very important Moderately important Neutral Limited importance No importance



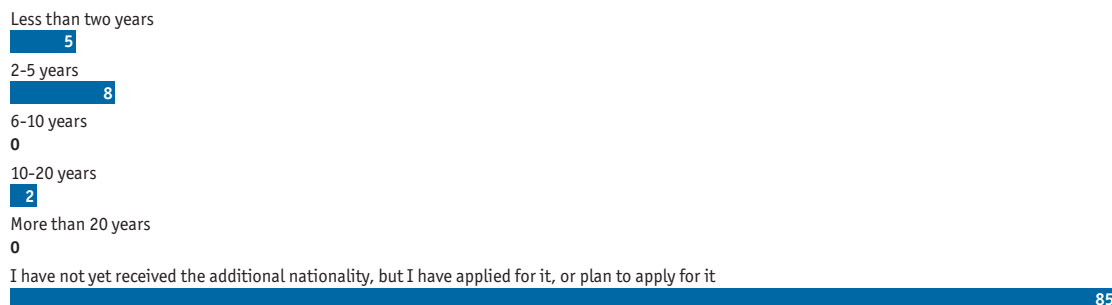
Please select the option that most closely describes the usefulness of the additional nationality.

(% respondents)



For how many years have you held this additional nationality?

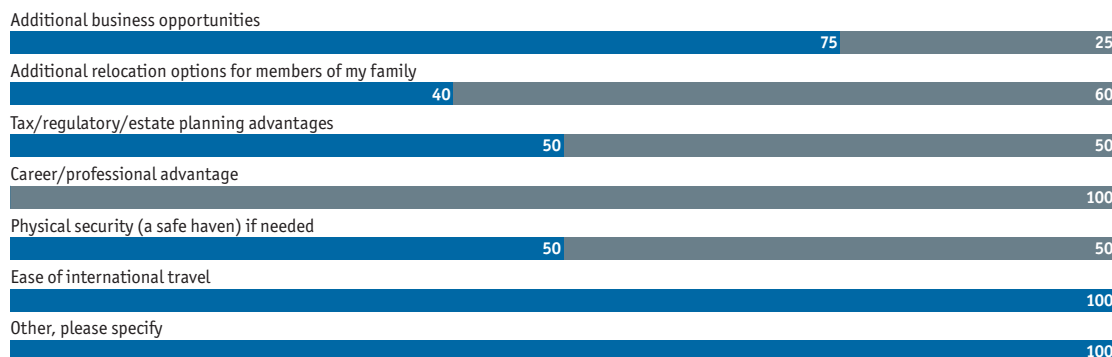
(% respondents)



For the most part, have your original aims for the additional nationality been fulfilled?

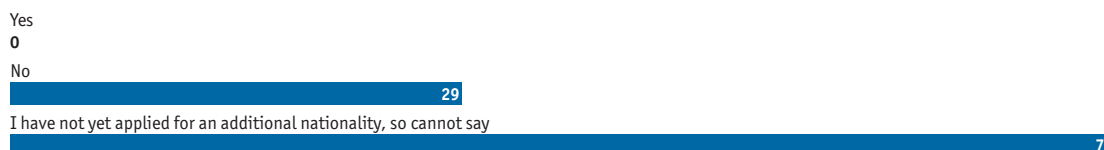
(% respondents)

■ Yes ■ No



Have there been any unexpected downsides to having an additional nationality, or things you would have done differently in applying for it?

(% respondents)



Do you plan to relocate eventually to your country of additional nationality?

(% respondents)

Yes, I plan to move to this country

21

No, I do not plan to move to this country

5

Not sure yet

74

Did a specific event trigger your decision to seek an additional nationality?

(% respondents)

Yes

8

No

92

Title Select up to three.

(% respondents)

India

23

Mexico

11

United States of America

10

Spain

9

Germany

6

United Kingdom

6

China

5

Canada

4

Netherlands

4

South Africa

4

Russia

3

Saudi Arabia

3

Singapore

2

France

1

Luxembourg

1

Australia

1

Azerbaijan

1

Other

6

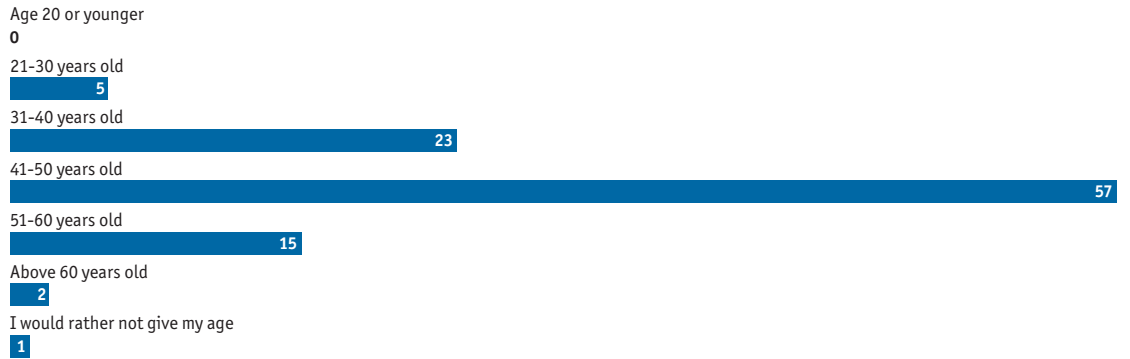
What is your gender?

(% respondents)



What is your age?

(% respondents)



How would you describe the source of most of your wealth?

(% respondents)



Appendix II

Country selection methodology for survey

To ensure a focus on countries with large inflows and outflows of migrants, we began with the World Bank's Global Bilateral Migration Database, which is available at <http://data.worldbank.org/data-catalog/global-bilateral-migration-database>. This database shows matrices of bilateral migrant stocks between 1960 and 2000, defining a migrant as a person living in a different country from his/her country of birth. The database is based on over 1,000 census and population register records.

This database was further processed by <http://peoplemov.in/>, an experimental project in data

visualisation by Carlo Zapponi, a UK-based data visualisation specialist. The web site plots the World Bank's migration data as a flow chart that connects sender countries and destination countries; it shows in a visualised format the flows of more than 215m migrants as of 2010. The chart is split in two columns, with the sender countries on the left and the destination countries on the right. We use the lists of the largest sender nations and the largest destination countries to build a list of ten countries that have the largest flows, regardless of whether these were net emigration or net immigration. The selection yielded the following list of ten countries with the largest migration flows (all above 6.7m migrants): USA, Russia, Mexico, India, Germany, China, Saudi Arabia, Canada, UK, Spain.

While every effort has been taken to verify the accuracy of this information, The Economist Intelligence Unit Ltd. cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report.

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