

Country Focus: *Planning for Mexico's New Government*



Do you have high net worth Mexico resident clients?

At the time of this post, Claudia Sheinbaum was being sworn in as the first female President in Mexico's history.

While there is no doubt the leftist former Mexico City mayor was wildly popular, winning 60% of the vote back in June, she faces many challenges as she takes office, including but not limited to:



- The implementation of new judicial reform
- Highest fiscal deficit (as % of GDP) in over 30 years
- A slowing economy and debt-ridden state-owned Petróleos Mexicanos (“PEMEX”)
- Peso devaluation against the U.S. dollar
- Strained relations with the U.S. with a national election looming

High and ultra-high net worth clients in Mexico may currently be concerned about **uncertainty** or a perceived increase in “**sovereign risk**.” In addition, just like most countries in the region, Mexico needs tax revenue, leading some tax and legal practitioners to think new taxes geared at the affluent may be proposed, to potentially include:

Inheritance tax
(Impuesto sobre sucesiones)

and/or

Wealth Tax
(Impuesto sobre patrimonio)

Now is the time for affluent Mexican families to review existing estate plans and consider other risk mitigation strategies (e.g., forming “offshore” structures, establishing citizenship or residency status in another country).

A professionally designed U.S. dollar denominated life insurance-based solution may be a viable planning option to consider. In addition, if there is already a life insurance plan in place now is also the time to review it.

To learn how Professional Advisor Group Consulting can help, contact us at peter@pagconsultingllc.com or visit us at www.pagconsultingllc.com today.