

OPTIMISING WEALTH IN A GLOBAL, TRANSPARENT WORLD

Panellists at Hubbis' SWISS-ASIA Wealth Exchange 2014 in Zurich in late October explored the need for a lot more time and energy in identifying relevant structures and solutions to help clients navigate today's more transparent world.

PANEL MEMBERS

NIGEL RIVERS

TMF Group

SIMON DENTON

Sovereign Group

JONATHAN KROPMAN

Berwin Leighton Paisner LLP

GERALDA KRAL

Quilvest (Switzerland)

JAMES MARTIN

Trident Trust

Whether it is the appropriateness of estate and succession planning structures, or the ability of advisers to service clients' needs in relation to wealth transfer – private banks and wealth management organisations are grappling with how to address these and other challenges.

Ultimately, the pitfalls stem from the fact there is not always enough care taken with a client, nor proper advice given to them.

The focus must therefore be on ensuring the most suitable solutions are found and then implemented for every individual or family, explains Nigel Rivers, global head of private clients at TMF Group.

Yet, adds Geralda Kral, senior wealth adviser and business development at Quilvest (Switzerland), advisers often do not understand the needs of a client as they do not have a very close relationship

with them. "One of the reasons could be due to the presence of multiple intermediaries," she suggests.



CHOOSING THE RIGHT STRUCTURE

A notable characteristic of many wealthy Asians is the international dimension of their investments.

For example, they may have property in the UK or the US, or shares in US or European companies. As a result, clients must beware of the tax implications of owning these assets, advises Jonathan Kropman, partner at Berwin Leighton Paisner LLP. He also advises clients to think of their assets in terms of succession – focusing on who will inherit the asset, who will be running the business, and so on.

In general, panellists agreed that the industry is moving towards more sophisticated, multi-element plan structures, supported by a lot of advice.

One of the key drivers for this, says James Martin, group marketing director at Trident Trust, is the globalisation of families. “There are also some big regulatory drivers such as FATCA and other legislative icebergs which are pushing the market towards more substantive structures.”

This highlights the need for structures to be robust and for an exit plan to be in place, adds Kropman. And it is particularly relevant given the increasing importance of global transparency.

SIMON DENTON

Sovereign Group



NIGEL RIVERS

TMF Group



In line with these trends, Simon Denton, managing director for Sovereign Group in the UK, says family offices and trust companies need to have the diversity and range to administer a family's requirements in the most obvious places, based on cost and service.

IMPACT OF GLOBAL TRANSPARENCY

To deal with the requirement for transparency on all structures, clients and advisers must review the existing ones. “Compartmentalising the assets is key to this,” says Kropman, explaining that it then becomes possible to figure out ways to deal with the different assets which are spread across different geographies.

Adding to this complexity is the fact that family members may be spilt across different countries, plus, each of them may have a different strategy for their assets. It is important to keep that in mind when recommending a solution, says Kral.

In addition, transparency has also brought the relevance of citizenship and residency to the forefront, and more so in Asia, adds Rivers. However, he cautions, attention must be paid to structures in any high-tax jurisdictions.

Adds Denton: “With the younger generation's fondness to travel and go cross-border, an adviser can nicely dovetail residency and citizenship planning in their wealth planning structures.”

EFFECTIVE CITIZENSHIP AND RESIDENCY PLANNING

Inevitably, clients have different criteria which need to be met when it comes to planning for an alternative citizenship or residency. Some of these include education, safety, tax and quality of life.

Denton says that the best places to consider when it comes to citizenship and residency planning are Switzerland, the UK, North America, Canada and Singapore. “Clients regard Singapore as a top-profile

 PANEL DISCUSSION

jurisdiction, safe and not burdensome when it comes to taxation.”

According to Martin, the decision to choose a jurisdiction for an alternative citizenship or residency is entirely the clients' prerogative. While he says a lot of US passport holders are ready to renounce their US passports due to FATCA, Rivers, on the other hand, says he would recommend that Chinese clients do look at the US.

Canada has also been a favoured destination for Chinese individuals, given the strong community on the ground



JAMES MARTIN

Trident Trust

JONATHAN KROPMAN

Berwin Leighton Paisner LLP



PRESERVING WEALTH BETTER

Careful planning and structuring is especially important for Asian clients.

Rivers says it has been difficult to pass wealth from the first generation to the next mostly because of poor succession planning. And even where it has passed to the next generation, it has often done so without a proper governance structure in place for the core assets.

More optimistically, Rivers explains that the market is now evolving – and with this, clients and advisers are beginning to understand there are proper ways to ensure a smooth transition of wealth. ■

in places like Vancouver. However, the immigration route to Canada has been closed for the time being, shifting the focus back to the US.

In Europe, meanwhile, Rivers says countries such as Portugal, Cyprus and Malta have created schemes to attract high net worth individuals, either through land purchases or investment.

This, he explains, is very attractive for Asians as it gives them access to the whole of Europe via this route.



GERALDA KRAL

Quilvest (Switzerland)