

HKTA Webinar on Family Office in Hong Kong

Supporting organisation: Invest Hong Kong

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DO MORE. ACHIEVE MORE.

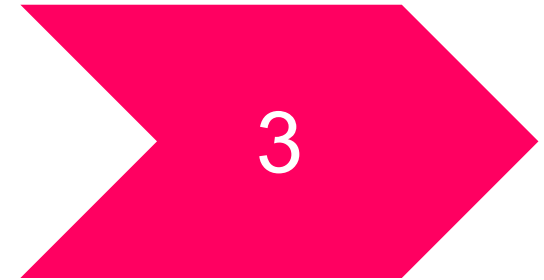




Understand the interaction between Trust Planning and Family Offices



Obtain an overview of what is a trust and parties to a trust



Understand the use of trusts in succession planning and wealth planning for UHNW families

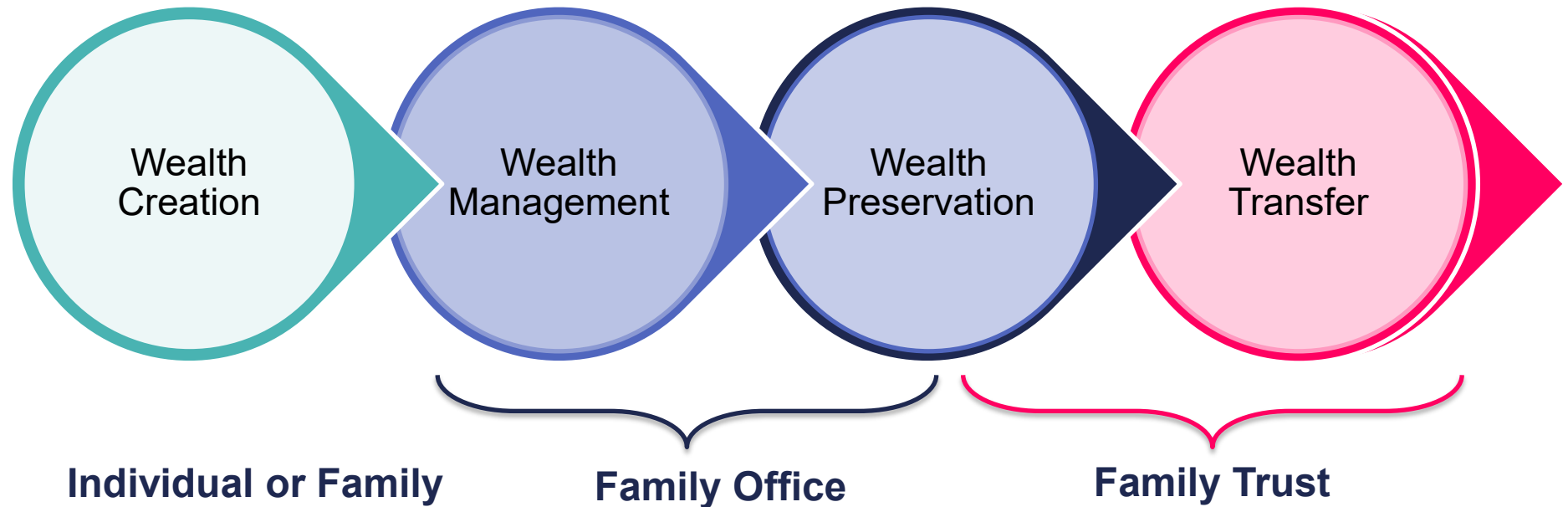
A man with blonde, curly hair and glasses is shown in profile, focused on painting a large abstract mural. He is using a brush to apply orange paint over a blue base. The background is a blurred indoor setting. The image is framed with dark blue diagonal stripes on the left and a bright pink triangle in the bottom right corner.

1. INTERACTION BETWEEN TRUSTS AND FAMILY OFFICES

**Family Offices
and Family Trusts
are Symbiotic
– not Alternatives!**

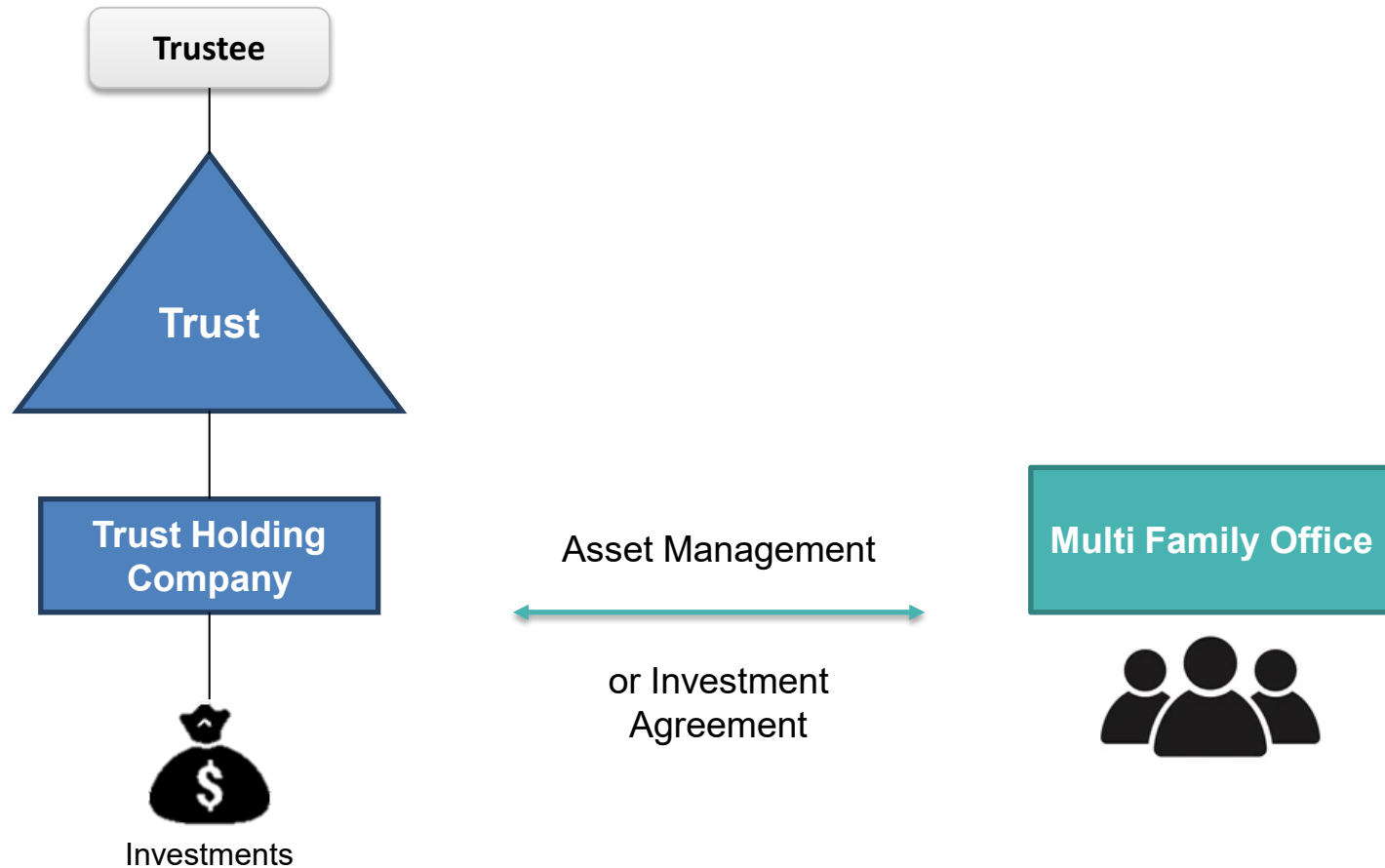


STAGES OF GROWING WEALTH

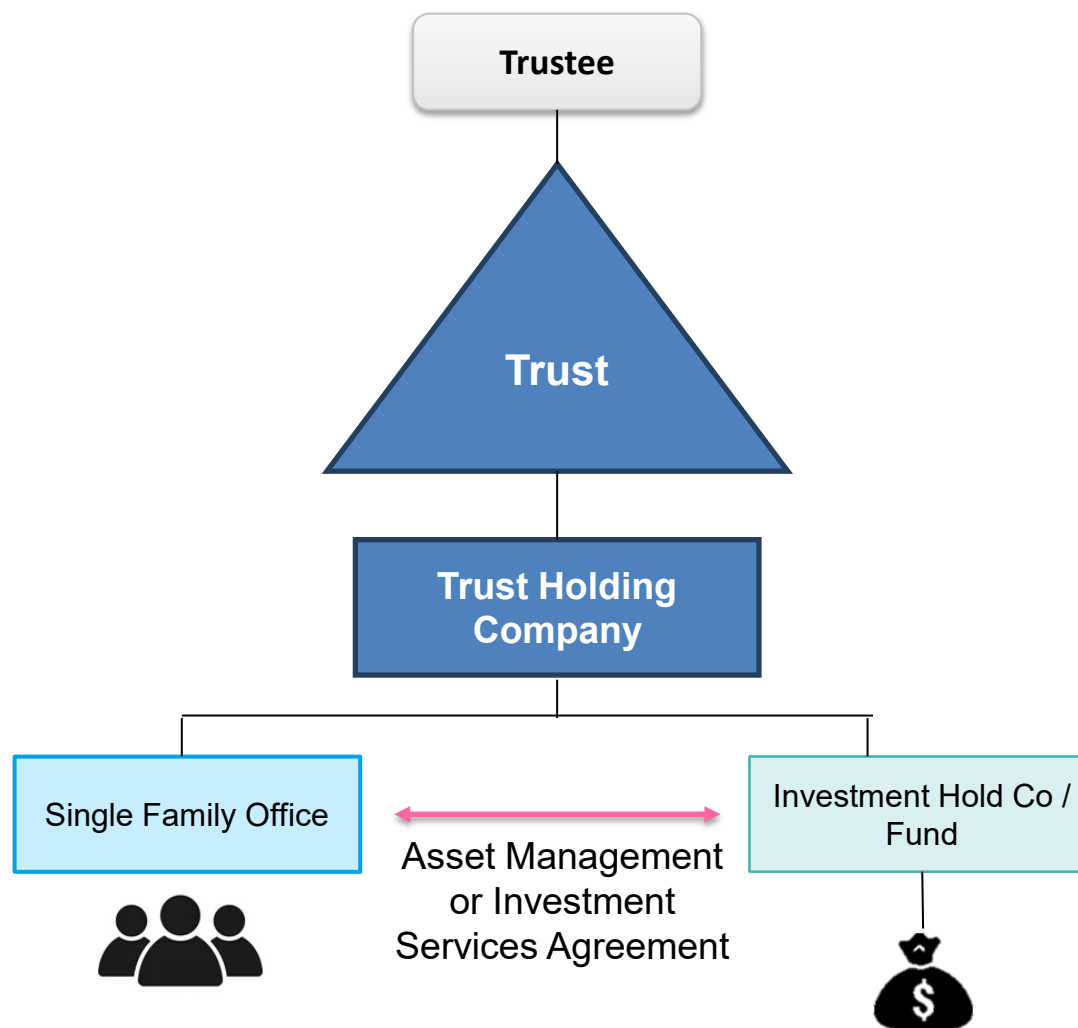


Sharing of Family Mission, Values and Goals

INTERACTION OF TRUSTS & FAMILY OFFICES



INTERACTION OF TRUSTS & FAMILY OFFICES



Investments

- Private Equity
- Direct Investment
- Hedge Funds
- Alternatives
- Financial Products
- Insurance
- Cash

INTERACTION OF TRUSTS & FAMILY OFFICES



FO as investment manager for the family wealth

- Typically, trustee appoints FO as asset manager for the trust fund. i.e. FO as the Asset Manager and Family Trust as the Asset Owner.

Structurally, FO often owned by the Family Trust

- Who owns the shares in the Family Office company?
- Who funds the FO?

FO as coordinator to select and manage professional and financial services providers

- Help family source legal/ tax advisers and trustees to structure, set up and keep trust structure under review
- Manage 3rd party investment managers, custodians and banking relationships and identify investment opportunities for the Trust Fund

FO providing secretarial support for the family wealth structure

- Maintenance of accounts, books and records **for corporate group under the trust**

FO as the eyes and ears of the family, Trustee as the legal owner of the family's wealth

- Works with the Trustee and the family members to implement the Family Constitution; ensuring family governance and corporate governance process and procedures are in place are functioning e.g. selection of directorship for private trust companies or for trust underlying companies.

A silhouette of a person with a backpack stands in a dark room, looking out a large window at a sprawling city skyline under a clear sky. The scene is framed by large glass panes. Decorative white and pink geometric shapes are overlaid on the image.

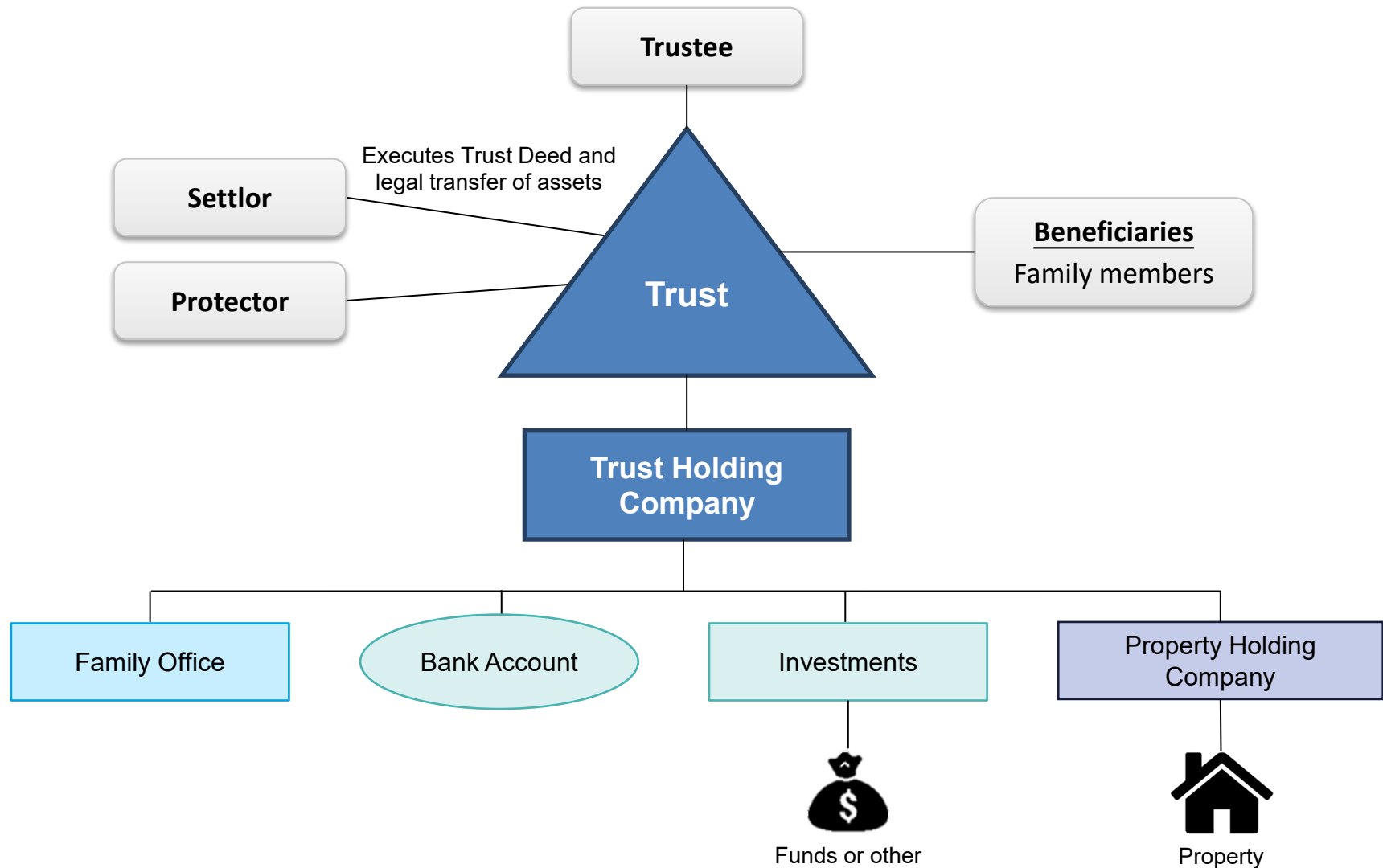
2. WHAT IS A TRUST?

WHAT IS A TRUST?



Form	Not a legal entity but a legal arrangement
Parties	Settlor (asset contributor) Trustee (legal owner, manager) Beneficiaries or objects (beneficially entitled)
Essential Characteristic	Legal title of assets passes from settlor to trustee
Needs 3 certainties	Intention: to create the trust Subject: the assets Objects: who is it for
Structure and types	CAN BE HIGHLY TAILORED AND BESPOKE – IT IS ALL ABOUT THE STRUCTURING!

TYPICAL PRIVATE TRUST STRUCTURE





3. USE OF TRUSTS BY UHNW FAMILIES

WHY DO UHNW FAMILIES USE TRUSTS?



Advantages of a Trust

Asset Protection	Protection from third party creditors, divorcing spouses, irresponsible heirs
Avoidance of Probate	Assets within the trust are not subject to probate in the event of the death of the settlor. This is important for people with global assets as probates and lengthy process
Inheritance tax planning	No death/transfer taxes upon the death of the settlor (because no transfer of title has occurred on passing of the settlor since they are already in trust)
Intergenerational Wealth Transfer	Tax effective accumulations and flexible distributions
Family Governance	Legal framework to implement family governance
Consolidation of Assets for Wealth Owner	Single structure to hold/consolidate various family assets or diversified investments
Consolidation of Family Businesses	Maintain family control of companies; avoid dilution of controlling shareholding or business interruption on death of controlling shareholder

Thank You!
Any Questions?

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