

Cayman in the middle

Cayman trusts can be a hugely helpful wealth-planning vehicle for multinational families with US connections.

Myriam Soto and **Joan K Crain** explain why



It is not uncommon for professionals and entrepreneurs to move to the US to make their fortunes. These successful, first-generation Americans often leave behind wealthy relatives in their native countries. This can lead to a number of wealth-planning challenges, but there are ways to protect family wealth from US gift and estate taxes.

To implement an effective wealth-transfer strategy for a multinational family, it is critical to understand how the US Internal Revenue Service (IRS) treats various types of wealth transfer by non-resident aliens.

The classification by the IRS of assets as 'US situs' or 'non-US situs' is key to whether the assets will incur gift or estate tax. A US-situs asset is one located within the jurisdiction of the US, either physically (for

tangible assets, such as real estate or jewellery) or legally (for brokerage accounts, or shares of stock in US companies). An applicable gift- or estate-tax treaty may modify the types of assets classified as US-situs (see table overleaf).

For example, the estate-tax exemption for transfers of US-situs assets is only USD60,000 for non-resident aliens, and there is no exemption from gift tax. There is also a common misconception that gift tax will be imposed on wealth transferred to someone in the US by a relative living abroad. In fact, such a transfer may often be made tax-free (although there may be some reporting requirements, depending on the size of the transaction).

The various IRS rules around such transfers can be difficult to navigate, particularly now that the US government is being more diligent

about tracking the flow of foreign wealth. Too often, families act on incorrect information. The consequences can be significant.

Use of irrevocable US trusts

Setting up a US-based trust is perhaps the most effective means of making gifts to family members who reside in the US. For example, if a non-US person were to simply transfer their non-US-situs assets to a child living in the US, the child would be taxed on all future income from those assets. And, at the child's death, those assets would be part of their taxable estate. But, if an irrevocable trust were set up in a state like Delaware or Florida (which do not impose income tax on trusts and no longer have the traditional rule against perpetuities), assets transferred into the trust could grow without ever being subject to US gift, estate or generation-skipping transfer taxes.

When seeking to establish a US-based trust, multinational families may benefit from the advice of a US advisor, who is likely to be familiar with the various protections and tax benefits in different US jurisdictions. A US-based trust can provide better access to assets, more direct contact with the trustee and, in many cases, a greater feeling of security.

To avoid the estate tax on US-situs assets, a trust must be irrevocable. This means the ability to change aspects of the trust in future is very limited. Otherwise, the transfer will be considered incomplete until the grantor dies, when the IRS will assess the estate tax as though there had been no trust at all. Non-US-situs assets can be transferred to the trust with no gift-tax implications.

Case study one

Mr Patel, an Indian citizen, has a son, John, who works in New York and has a green card. Mr Patel wishes to leave USD10 million to John's young children, who were born and live in New York. If Mr Patel were to wait until death to pass this money to his heirs, some or all of it may be subject to US estate and

PROPERTY TRANSFERRED BY NON-RESIDENT ALIENS

(Note that situs rules might be varied by treaty)

US SITUS VERSUS NON-US SITUS

TYPE OF ASSET	GIFT TAX	ESTATE TAX
Real property in US	Yes	Yes
Tangible personal property in US	Yes	Yes
Stock in US corporation	No	Yes
Stock in foreign corporation	No	No
American depositary receipts	No	No
Shares of US mutual fund	No	Yes
US business interests (including partnerships)	No	Yes
Deposits in US banks	No	No
Special deposits (brokerage accounts)	Yes	Yes
Deposits in foreign banks	No	No
Cash or property in a safety deposit box in US	Yes	Yes
Debt obligations of US persons	Yes	Yes
Debt obligations of US government	No	No
Life-insurance proceeds	No	No

generation-skipping transfer tax, depending on the type of assets and their situs.

If Mr Patel were to make an outright gift to his son during his lifetime, he may avoid gift tax on some or all of the assets, but John's children would receive significantly less, as the full amount would be subject to US estate tax on John's death. Further, Mr Patel may not be willing or able to gift the full amount in one lump sum, as India's exchange controls may limit the amount of money he can transfer out of the country in a given year.

In this situation, Mr Patel could create an irrevocable life insurance trust (ILIT) in Delaware or Florida. The trust's only asset would be a US-compliant life-insurance policy on John's life, acquired by the trustee. Each year, Mr Patel would transfer non-US-situs assets into the trust to cover the insurance premiums. As the insurance policy would

be the only asset in the trust, there would be no income taxes during Mr Patel's life and no transfer taxes on his death. If Mr Patel were to transfer more than USD100,000 into the trust in a given year, the ILIT would need to file Form 3520 with the IRS.

When John dies, the death benefit would be payable to the trust, which could then make

distributions to John's children or retain the funds for future generations.

Lifetime or posthumous funding?

Depending on the type of assets transferred, it may be more advantageous for Mr Patel to fund this trust or make gifts to John and his children during his own lifetime, rather than waiting to leave them the assets after his death.

As a non-US person, Mr Patel would only be assessed for gift tax on lifetime transfers if he were to give his son tangible property (such as US real estate or cash in a US bank account). But he could fund the trust or make outright gifts with US-situs intangible assets (such as stock in US companies) without any gift tax.

Were Mr Patel to die owning more than USD60,000 of US-situs intangible personal property, John's inheritance would be reduced by US estate tax, as the rules are different for transfers on death and during life.

There is another way for Mr Patel to transfer US real estate without incurring gift tax. If he wanted to transfer a US vacation home to John, he could establish a non-US corporation to buy the home, thus converting the real estate into an intangible asset. Instead of giving John the home, Mr Patel could give him shares in the corporation. Such an arrangement would also help Mr Patel if he

'Regardless of the type of trust that a non-US resident selects, it will be important to pay special attention to the choice of trustee, to maximise value'

preferred to wait until death to transfer those assets. However, there are some income-tax drawbacks to this strategy and Mr Patel would be wise to first consult with an expert.

Use of Cayman grantor trusts

Non-US grantor trusts such as those set up in the Cayman Islands allow family members living outside the US to retain control of and use the funds in the trust during their lives, and then transfer their wealth to US family members on their death.

If structured properly, these trusts are tax-efficient for the US family members who receive distributions. Remember, though, that transfers to a Cayman grantor trust do not shelter US-situs assets from the US estate tax.

For a Cayman trust to be considered a grantor trust for the purposes of US income tax, the grantor must have the power to revoke the trust or restrict distributions to either the grantor or their spouse. All of the income and deductions attributable to a grantor trust are treated as those of the grantor, regardless of whether they receive any income from the trust. This allows for tax-free growth in the trust and tax-free distributions to beneficiaries.

Case study two

Mr Patel has changed his mind. He now wishes to retain control over the USD10 million during his lifetime, with the aim of passing it to John on death. In this situation, a Cayman grantor trust could serve his needs.

Depending on the type of assets he wishes to hold in the trust, Mr Patel may need to set up an offshore private investment company (PIC) in the Cayman Islands to hold the assets of the trust fund – e.g. US equities and real estate are subject to US estate tax when held by a non-US person, while US Treasury bonds, other US bonds and non-US equities are not.

The trust would own the shares of the Cayman PIC. Any distributions to John (or to a US trust for his benefit) during Mr Patel's life would not be subject to US gift tax, and, on his death, would avoid any US gift or estate taxes.

Mr Patel's family should immediately consult with a tax advisor on his death. The advisor may recommend that the PIC be liquidated within 30 days of Mr Patel's death to avoid application of the onerous US rules on



A Cayman trust can ensure safe passage of family wealth

controlled foreign corporations and passive foreign investment companies to John. If that is not possible because 30 days have elapsed, steps can still be taken to ensure the PIC is treated as a disregarded entity.

Use of Cayman non-grantor trusts

In contrast to a grantor trust, a non-grantor trust is treated as a separate taxpayer for tax purposes. The income of the trust is taxed either to the trust, the beneficiaries, or partly to both. The allocation of taxable income is achieved by permitting the trust a deduction for distributions of current income to beneficiaries of the trust. Trusts established in the Cayman Islands will have no tax liability.

However, distributions to US beneficiaries will be subject to tax and reporting. Any distribution will carry out trust income (interest, dividends and capital gains) and will be taxable to the beneficiary receiving it. Beneficiaries will be obliged to report distributions received on their individual income-tax returns, in accordance with US tax laws. The trustee chosen should understand these reporting requirements and provide the relevant reportable information.

Distributions of income accumulated in prior years from non-grantor non-US trusts

are subject to the so-called 'throwback rules', the aim of which is to negate any tax-deferral benefit to a US person from the accumulation of income in such a trust. Advisors and trustees can avoid these onerous rules by carefully structuring and administering the trust.

Choice of trustee

Regardless of the type of trust that a non-US resident selects, it will be important to pay special attention to the choice of trustee, to maximise value. While family involvement may be appropriate, there are many advantages to having a corporate trustee or co-trustee of long-term trusts. Besides avoiding problems of mortality, a corporate trustee can provide the objectivity, experience and empathy that are the keys to a successful partnership with a family over generations.

Where a non-US trust is determined to be the best vehicle, it will add great value down the road if the corporate trustee is a 'global' trustee, has experience with US and non-US trusts, and has capabilities in both foreign and domestic jurisdictions. This can greatly assist in a seamless transition should there be a need to domesticate trusts in the US for US beneficiaries. Such trustees will also have a firm understanding of the rules applicable to US beneficiaries of non-US trusts. ●



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Cayman at a glance



INNOVATIVE BY NATURE

With a common-law legal system based on that of England and Wales, and the Privy Council as its final court of appeal, the Cayman Islands regularly updates its legislation to remain at the cutting edge of trust law and practice. Innovative elements of the Cayman trust regime include:

Settlor-reserved powers, under the *Trusts Law*.

Firewall provisions, under the *Trusts Law*, protecting trusts governed by Cayman law from the application of the laws of foreign jurisdictions.

An **extended perpetuity period** of 150 years.

STAR trusts (named after the *Special Trusts (Alternative Regime) Law, 1997*), which allow for the creation of mixed person and purpose trusts, with no perpetuity period.

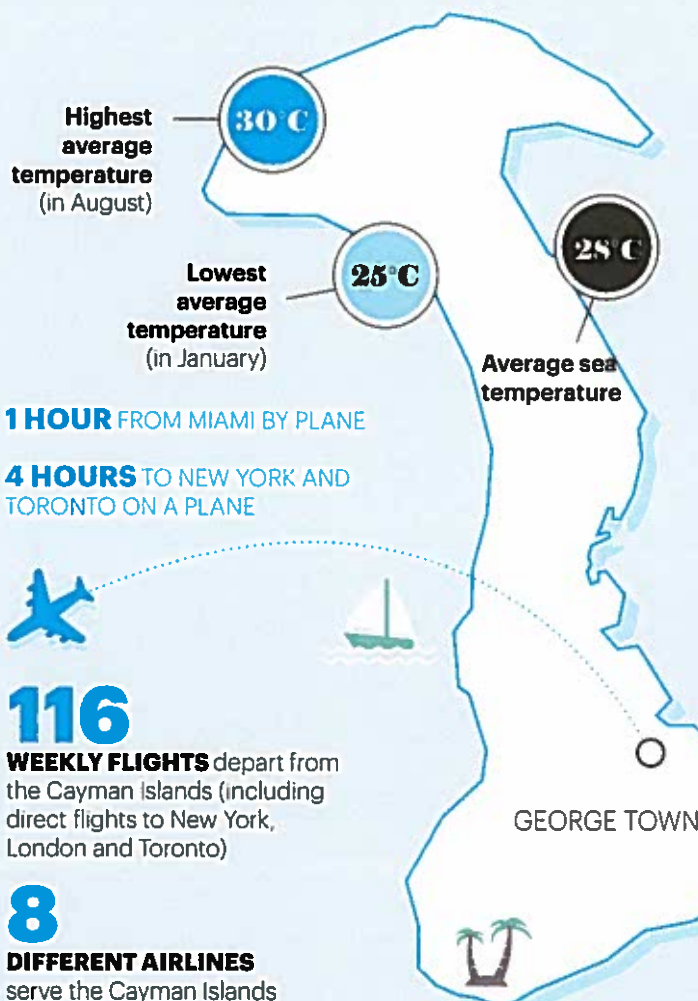
Limited liability companies, under the *Limited Liability Companies Law, 2016*, combining many of the key characteristics of standard Cayman Islands companies and limited partnerships.

Exempted trusts, under the *Trusts Law*, guaranteeing that a trust that pays the applicable fees will pay no Cayman tax for a fixed period (usually 50 years).

Private trust companies, under the *Private Trust Companies Regulations, 2008*.



PRIME POSITION



THE ASIAN CONNECTION

480 miles

SOUTH OF MIAMI, FLORIDA



75%

of the companies listed on the Hong Kong Stock Exchange in the past decade were incorporated in the Cayman Islands

\$3.2 billion

Foreign direct investment to China facilitated by the Cayman Islands*





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THE CAYMAN ISLANDS BENEFITS FROM THE EXPERTISE OF:



COMMITTED TO TRANSPARENCY

Cayman is party to **36** tax information exchange agreements...

... an **early adopter** of the OECD's Common Reporting Standard...

... and a member of the **Caribbean Financial Action Task Force**, which is leading implementation of anti-money laundering and counter-terrorist financing measures.

The **Confidential Information Disclosure Law, 2016** establishes several clear gateways through which confidential information may be disclosed.



CALL CAYMAN HOME

The Cayman Islands offers a tiered approach to residency based on:

FINANCIAL INDEPENDENCE

→ **NO RESTRICTIONS** apply to foreign ownership of Cayman properties, which are competitively priced compared to those of other offshore locations

REAL-ESTATE ACQUISITION

IMMIGRATION REQUIREMENTS

that allow individuals to work and live in Cayman with the periodic renewal of a work permit



SEA POWER

The Cayman Islands is a **Category 1 British Registry** and the leading member of the Red Ensign Group (which collectively flags around **80 per cent** of the world's super-yachts, the majority of which are Cayman-flagged).

LOCAL WEALTH

\$10 billion

The wealth held by the **40 ultra-high-net-worth individuals** living in the **Cayman Islands**, much of which is managed by **Cayman family offices**

TAX-NEUTRAL

0%

The Cayman Islands imposes no direct personal, corporate or property taxes

* According to the Sharman report, citing 2008 data from the US-China Business Council

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Justice on display

The Cayman court demands compelling reasons to put parties' desire for privacy before the principle of open justice, explain **Morven McMillan** and **Maxine Bodden**

Not that long ago, personal records were written by pen or typewriter. Copying them required more handwriting, carbon paper or a time-consuming and occasionally messy process involving a machine called a spirit duplicator.

For third parties, obtaining copies of personal documentation would not have been straightforward. And, over time, the documentation would often be destroyed, misplaced or thrown away.

How times have changed. Technological developments, national security concerns, political pressures, changing business practices and generational factors have combined to create a wealth of accessible personal information, and, at the same time, to gradually erode traditional notions of privacy and confidentiality. Legislation is being passed in a bid to keep up with technological advances and our response to them – e.g. to force social-media sites to allow children to erase online records so that their indiscretions do not come back to haunt them as adults.¹

There is now widespread acceptance that respect for personal privacy must be balanced with notions of public justice; the necessities of the war against international terrorism and crime; a developing belief in the 'right' to access information on the web; press freedom; freedom of information; and the drive to increase nations' domestic revenue base by tracking down tax evaders. Transparency has become key to compliance with international legal and regulatory standards.

This is a developing area of the law that has profound implications for private clients and those who advise them. Our personal information has never been so accessible by so many. Clients, not surprisingly, can have numerous concerns, one of which is: if the family's trustee has to go to court, how public will those proceedings be?

Open justice

While duties of fidelity and confidentiality have long been central to the relationship between trustees and beneficiaries, the starting point in any civil, criminal or public-

law proceedings in the Cayman Islands is open justice. The principle is enshrined in the *Bill of Rights, Freedoms and Responsibilities*, s7(1) providing that everyone has the right to a fair and public hearing in the determination of their legal rights and obligations. As is widely acknowledged, open justice helps to maintain public confidence in the administration of justice – not only is justice done, but it is seen to be done.

Case law in the Cayman Islands reflects this fundamental principle. As the Honourable Chief Justice Anthony Smellie QC found in *AHAB v Sand Investments Co Ltd and Others*,² citing Lord Haldane in *Scott v Scott*,³ 'In public trial is to be found... the best security for the pure, impartial, and efficient administration of justice, the best means for winning for it public confidence and respect.'

In the Cayman Islands, this approach requires a copy of every writ, originating summons or petition issued at court to be published in a register that is open to public inspection on payment of a fee. Copies of every final judgment handed down are also available to the public on payment of a fee.

Even non-parties can obtain an order from the court permitting them to access documents on the court file if they are able to demonstrate sufficient interest in the proceedings. Quoting then-Vice Chancellor Sir Donald Nicholls in *Dobson v Hastings*,⁴ the Chief Justice, again in *AHAB*, held: '... for reasons of the proper administration of justice, only certain aspects of a case file are routinely made publicly available... all aspects may be made available to any person who applies, including non-parties, if the interests of justice or some other public

'The starting point in any proceedings in the Cayman Islands is open justice'





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interest (such as investigative journalism) properly so require.’

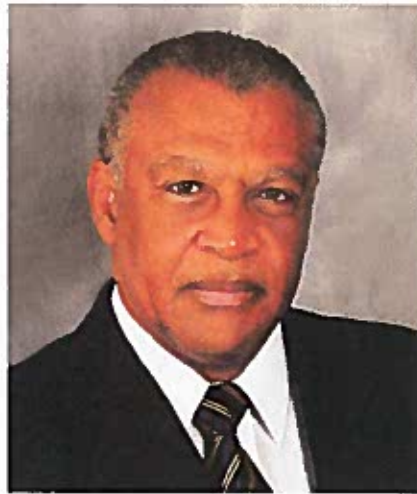
A breach-of-trust trial, for example, would ordinarily be open to the public. However, trustees are also entitled to apply to court under s48 of the Cayman Islands *Trusts Law (2011 Revision)* for advice and directions on any question relating to the administration of trusts. As the Chief Justice put it in *A v RTCL*³, ‘It is a jurisdiction to which resort has been taken in a number of different circumstances and, while its boundaries have never been defined by the court, it has, from the decided cases, clearly come to be regarded as a remedial jurisdiction, for orders to be made as the justice of the case deserves.’

Such applications, while not necessarily contentious, can nevertheless involve discussion of highly sensitive matters: i) the strengths and weaknesses of a trustee’s claim or defence, in *Beddoe* applications;⁶ ii) issues of commercial sensitivity that, if they become public, might prejudice the value of the trust assets and, thus, the interests of the beneficiaries; iii) questions of personal security and fear of kidnap; iv) wealth of which minor beneficiaries may not yet be aware; v) issues of mental and physical incapacity, requiring reference to confidential medical reports; and vi) highly personal grievances or sensitivities that the family would prefer to be heard behind closed doors.

This is not, however, a question of the court allowing a family to hide its difficult history behind the protection of a private hearing or anonymity orders. As Mr Justice Morgan in *V v T and A* explained,⁷ the authorities clearly establish that ‘the fact that a hearing in open court may be painful, humiliating and a deterrent either to a party or to a witness is not normally a proper basis for departing from the open justice principle’.

As a result, the court will require cogent and persuasive evidence in support of confidentiality orders before derogating from the fundamental principle of open justice.⁸ A pragmatic approach will nonetheless be taken and, in appropriate circumstances, the court will be prepared to make orders preserving the confidentiality of the proceedings, most commonly by restricting access to the court file or ordering the preservation of the anonymity of the parties

‘In appropriate circumstances, the court will be prepared to make orders preserving the confidentiality of the proceedings’



Honourable Chief Justice Anthony Smellie QC has stressed that open justice underpins public confidence in the legal system

by referring to them by random letters of the alphabet. The Cayman Islands court has not, however, followed the practice of other offshore jurisdictions in routinely anonymising the identity of the applicant trustees, as well as the respondent parties, when granting confidentiality orders in applications for directions.

A case in point

In *Barclays Private Bank & Trust (Cayman) Ltd v C, K and the Attorney General*,⁹ the trustee applied under *Public Trustee v Cooper*¹⁰ principles for the blessing by the court of a significant distribution, some USD750 million, from the trust fund to charity. The application was supported by two of the three adult beneficiaries and not opposed by the third; he was also

the representative of the minors and unborn beneficiaries.

The Chief Justice agreed in that case to make anonymity orders. Had the identity of the family and the charity concerned been made public, it would not only have revealed the magnitude of the family’s wealth, but risked bringing unwanted attention on the family, raising justifiable concerns about personal security and kidnapping. It also gave rise to concerns that the minor beneficiaries could be adversely influenced by knowledge of the extent of their family’s wealth, in turn affecting the development of their personal values and attracting undesirable friends who might seek to take advantage of them.¹¹

The trustee was, therefore, ordered to file two different versions of the application – one using random letters of the alphabet to represent the family names, which would be kept on the publicly accessible register of writs and originating process, and another with the family identified, which was to be kept sealed on the court file. It was also ordered that the court file should not be unsealed without an order of the court, and only on prior notice of any such application to the trustee. A written judgment on the substantive application was published but again used letters of the alphabet to disguise the identity of family members.

Open discussion

As advisors with clients who may be involved in an application for trustee directions, we must be prepared to have frank discussions with our clients about their concerns, their expectations of privacy and what they are trying to protect from public scrutiny and why, even if that discussion necessarily involves sensitive topics. The court in the Cayman Islands will primarily be concerned to do justice to the parties in an open forum, and will not be persuaded otherwise unless clients are prepared to be similarly frank with the court about their concerns and the basis for them. ●



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1. For example, the so-called ‘eraser button’ law in California in 2013. 2. [2011] (I) CILR 196. 3. [1913] AC 417. 4. [1992] Ch 394. 5. [2004-2005] CILR 485. 6. *Re Beddoe* [1893] 1 Ch 547. 7. [2014] EWHC 3432 (Ch). 8. *Grand Court Rules Practice Direction No 3/97*. 9. [2014] (I) CILR 144. 10. [2001] WTLR 901. 11. More particularly described by the Chief Justice in a conference paper ‘Confidentiality of trust proceedings in court: should they be open or private proceedings?’ (April 2015).



Part of the family

Amanda Bako and Tamara Corbin explain how family offices work, and why the Cayman Islands is the perfect place to set one up

the CEO and senior management must have excellent communications with both the family council and the board of directors of the operational business.

Functions of a family office

The family office will interact with the trustees and/or board of directors of the asset-holding structures. This includes relaying any needs of the family, sharing any tax or legal advice that may affect the structures, and providing financial information in respect of any operating or investment-holding structures.

A family office will need a team to handle extensive administrative, reporting and investment tasks, which require a great deal of efficiency, as well as strong internal controls. Administrative functions include:

- liaising with the trustees and/or directors, and external advisors such as lawyers, tax advisors, investment managers, accountants and auditors;
- reviewing investment performance against benchmarks or other investment functions, depending on the extent of the investment role;
- routine matters – e.g. payment of invoices;
- assistance with international reporting obligations;
- budget preparation, reporting and other accounting functions, such as maintenance of general ledgers and preparing management accounts;
- opening bank accounts and liaising with the banking team;
- compiling reports to the family council;
- general concierge services – e.g. household management and arranging vacations; and
- evaluation of external service providers to ensure that their services meet the needs of the family and any performance criteria, and that fees remain competitive.

In the current climate, compliance and regulatory requirements are becoming more

Family wealth globally continues to grow; Forbes added 198 new names to its *World's Billionaires* list in 2016 alone. As such, we can expect to see a rise in the number of family offices.

Indeed, wealthy families often create family offices to manage their wealth for current and future generations, and to facilitate succession planning. Family members tend to have different interests, aims and objectives, so a family office can be used to protect and sustain family wealth, providing governance to support the overall objectives of the family and reduce the likelihood of conflicts. The many functions of the family office are illustrated here.

There are generally two kinds of family office: a single family office (SFO) and a multi-family office (MFO). An SFO manages the affairs of one family. MFOs are often SFOs that offer their services to other families. However, there are now many fiduciary service providers that offer MFO services. These fiduciary firms have the qualified staff, expertise and advisors in place to make them a logical choice for many families. And, with a wealth of such fiduciary firms, the Cayman Islands is the ideal jurisdiction for the establishment of a family office.

Some of the benefits of proper governance in a family office include the:

- creation of a cohesive family vision for the future, which can reduce conflicts between family members;
- provision of clarity as to the composition of the board and senior management, their responsibilities and their relationship with the family and other stakeholders;
- establishment of formal policies and practices, which creates accountability; and
- promotion of effective risk management via the implementation of internal controls.

There may be two levels of governance: corporate governance in the family office and family governance.

Corporate governance

'Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.'¹

The family office's management and advisors are key to the overall success of day-to-day operational matters. In many family offices, a family member will act as CEO; in others an independent CEO will be appointed. Whatever approach is taken,

onerous and the family office must ensure it has experienced advisors with whom it can consult in all of the jurisdictions in which the family has a presence – whether that means family members themselves, international property or investments.

Family governance

To ensure harmony in the family, including the underlying business and structures, it is common to create a family assembly, family council, and a family charter or constitution.

A family assembly embodies the wider family and will generally meet at least annually. The sheer size of many families, and their members' disparate ages and experience, often means it would be counterproductive to involve them all in the executive functions of the family office. The assembly provides the opportunity for the interests of the wider family to be discussed and information to flow through to the family council members.

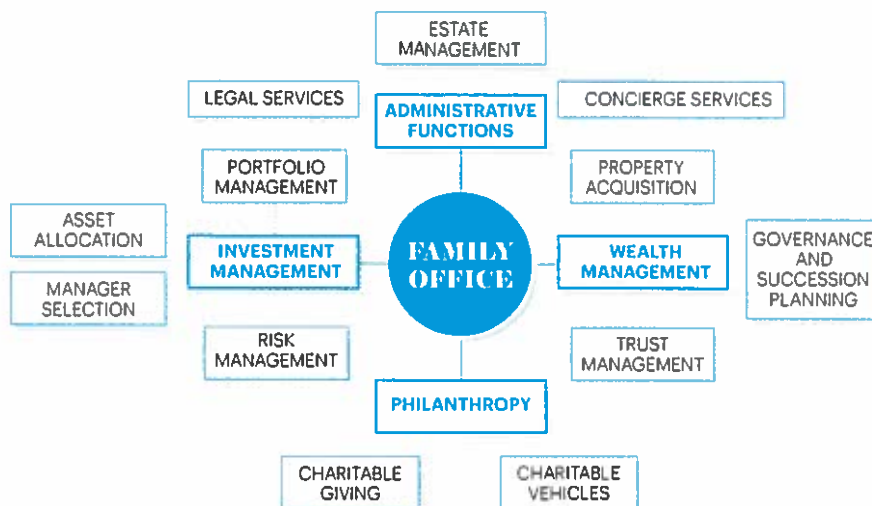
The assembly is the forum in which the family council can disseminate information, such as the financial position of the family business and investments, as well as the longer-term strategy.

The family council is an elected committee of family members that acts as the voice of the family. It is akin to a board of directors. The family council's responsibilities can be extensive, and will vary between families, but include:

- relaying the family's wishes about the strategic positioning of the business or investment interests to the board of directors and/or family office;
- advising the board of directors and the family office on succession planning;
- advising and educating the family assembly on the financial aspects of the family business;
- reviewing financial statements and investment performance;
- defining the family's philanthropic goals; and
- considering the financial needs and requirements of family members.

Often families will establish formal policies or a family charter or constitution to govern involvement and define the vision of the family. This will provide guidance to the board of directors and family office on the wishes of the family, and assist in the strategic planning of the overall family structure.

FUNCTIONS OF A FAMILY OFFICE



Why the Cayman Islands?

The Cayman legal system, based on English and Welsh common law, offers a competitive *Trusts Law* and *Companies Law*, to assist families in structuring their wealth. Such legislation is supported by a highly regarded judiciary. Cayman legislation permits either a licensed private trust company (PTC) under the *Banks and Trust Companies Law* or, alternatively, a registered PTC under the *Private Trust Company Regulations*, which is a less onerous system. A STAR trust, under the *Trusts Law*, can be established for purposes, and is often used for ownership of family businesses, as well as for charitable purposes; under both the *Trusts Law* and *Companies Law*, a tax undertaking can be obtained that guarantees no tax for decades.

The Cayman Islands also benefits from a wealth of experienced financial-service providers, including some of the world's best lawyers, accountants and trustees. These professionals can assist families in creating an efficient and effective strategy to establish structures in, or move them to, the jurisdiction.

Furthermore, the Cayman Islands is a tax-neutral jurisdiction. There has never been any direct taxation in the Cayman Islands.

And, with a warm climate all year round, excellent restaurants, direct flights to London, Toronto and a number of US cities, and continued investment in its infrastructure, the Cayman Islands offers a lifestyle that is difficult to match elsewhere.

Additionally, the Cayman Islands offers a tiered approach for residency based on

financial independence and real-estate acquisition, together with immigration requirements that allow individuals to work and live in Cayman with the periodic renewal of a work permit. With no restrictions on foreign ownership, competitive prices compared to other island locations, and new luxury developments, the Cayman real-estate market remains buoyant.

The Cayman Islands has a number of private and international schools that follow the UK and US educational models too. They boast great results, with students routinely heading to overseas colleges and universities.

Conclusion

Wealthy families are complex. The more complex the family and its assets, the greater the importance of a family office and a formal governance structure. Family circumstances are continually changing and, therefore, the family- and corporate-governance structure should be reviewed over time by stakeholders and their advisors to ensure it remains suitable for the family's vision. The expertise of wealth advisors, trustees and other experts can assist with the creation and governance of the family-office function. ●



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1. G20/OECD Principles of Corporate Governance



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