

ISSUE 20 - OCT 2025



High Net Worth
Litigation, Advisory & Divorce

MAGAZINE

**People · Purpose ·
Prosperity.**
**Next Gen
Wealth Edition**



Thought Leadership for and by the High Net Worth Community

INTRODUCTION

"Someone's sitting in the shade today because someone planted a tree a long time ago."

- Warren Buffett

Private wealth is evolving beyond numbers and tax strategies. Families and advisers are now focused on legacy, values, and impact, navigating intergenerational transitions, regulatory shifts, and next-generation priorities like philanthropy, ESG, and digital innovation. With \$84 trillion set to transfer in the coming decades, success lies in combining foresight, emotional intelligence, and strategic planning to ensure that wealth leaves more than just assets - it leaves a lasting purpose.

From innovative trust structures to next-gen philanthropy, the following pages explore how families are reshaping wealth for purpose, impact, and continuity.

The ThoughtLeaders4 Net Worth Team



Paul Barford
Founder /
Managing Director
020 3398 8510
[email](#) Paul



Chris Leese
Founder / Chief
Commercial Officer
020 3398 8554
[email](#) Chris



Danushka De Alwis
Founder / Chief
Operating Officer
020 3580 5891
[email](#) Danushka



James Baldwin-Webb
Director, Private Client
Partnerships
07739 311749
[email](#) James



Maddi Briggs
Strategic Partnership
Senior Manager
020 3398 8545
[email](#) Maddi



Rachael Mowle
Strategic Partnership
Manager - Private Client
020 3398 8560
[email](#) Rachael



Dan Sullivan
Business Development &
Partnership Manager
020 3059 9524
[email](#) Dan



Jamie Biggam
Strategic Partnership
Executive
020 3398 8592
[email](#) Jamie



CONTENTS

What's Psychology Got to Do With It?	4
The Reflective Private Client Professional of the Future	4
Why Jurisdiction and Governance Matter More Than Ever: The Great Wealth Transfer in an Age of Instability	7
Future-Proofing Your Collections Ahead of the Inter-Generational Wealth Transfer	10
60 Seconds With: Mark Keenan - Mishcon de Reya	12
Shareholder Foundations: A Strategic Tool For Nextgen Entrepreneurs Structuring Purposeful Giving	14
Business Property Relief At A Crossroads: Preparing Families For The Great Wealth Transfer	17
From Deference To Dialogue: Why Transparency Is Now A Trustee's Strongest Defence	19
The Role Of Offshore Wealth Managers In The Great Wealth Transfer	22
From "Private Wealth" To "Private Capital" Or "Family Office": Fancy New Descriptions Of Trustees Or The Outcome Of The Evolution Of An Industry?	24
This Isn't Just Any Trustee...	26
Considerations for Wealth Transfer: Next Generation Beneficiaries	28
60 Seconds With: Victoria Howarth - Payne Hicks Beach	31
Gen X: Partners, Not Passers By	33
How to Efficiently Structure the Purchase of a Spanish Villa for Tax Purposes	35
Taking the Emotion Out of Next Gen Planning	38
Navigating the Great Wealth Transfer: Challenges and Opportunities for the Next Generation	41
60 Seconds With: Sarah Denoual - Praxis	43
Generational Wealth Transfers and the Future of Family Businesses: Lessons from Italy	45
Future Proofing Next Generation Wealth	47
Philanthropy That Changes Lives: Why Strategy Matters as Much as Compassion	50
Next Gen Wealth: When Family Values Collide with Legal Reality	52
Structuring for Succession: Why a PHC Might Belong in Your Wealth Plan	55
Involving the Next Generation in Trust Governance: Enhancing Continuity and Reducing Litigation Risk	57
How Next-Gen Wealth Is Reshaping International Structures	60
Helping UHNW Families Navigate the Transfer of Wealth to the Next Generation: A Guide on Avoiding Pitfalls	63
Having Your Cake and Eating It	65
The Four-Year FIG Regime	68
60 Seconds With: Tom McPhail - Boodle Hatfield	70
Global Perspectives on Next-Gen Wealth Planning	71
How Much to Say and When: A Growing Contradiction for Trustees and Advisors in United States NextGen Trust Planning	73
Why Is Effective Communication with NextGen Within Families Critical to a Successful Wealth Transfer	75
EU-Sanctions: Piercing the 'Trust Veil'?	77

CONTRIBUTORS

Annemarie Carvalho, **The Carvalho Consultancy**
Mark Andrews, **Fairway**
Simon Chadwick & Isabelle Harris, **Mishcon de Reya**
Rebecca Fisher, **Maurice Turnor Gardner**
Fritha Ford & Catia Barros, **Collas Crill**
Miguel DaPonte & Lola Myshketa, **Clarien Bank**
Richard Joynt, **Highvern**
Angela Calnan, **Collas Crill**
Jennifer Jordan McCall, **Pillsbury Winthrop Shaw
Pittman LLC**
Tim Parkinson, **Saffery Trust**

Eduardo Martínez-Matosas, **Gómez-Acebo & Pomo**
Jeremy Robertson & Nicholas Jacob, **Forsters LLP**
Alex Smedley, **Praxis**
Marta Cenini, **Maisto e Associati**
Helen Clarke & Andrea Jones, **Irwin Mitchell**
Peter Goddard, **IMG Trust Company**
Alfred Ip, **Hugill & Ip**
David Whittaker & Eve Drysdale, **Mishcon de Reya**
Filippo Turato, **Capital Trustees AG**
Dr. Tanja Schienke-Ohletz, **Flick Gocke Schaumburg**
James Long, **Rawlinson & Hunter**

Isobel Holgate & David Barker, **Lombard Odier**
Laurence Morgan, **Boodle Hatfield**
James Russell, Wendy Sim, Juan Brown, Sean
Sheridan, Joe McBurney, Joshua Kendal and Tomas
Alonso, **ZEDRA**
Laura A. Zwicker & Stefanie J. Lipson, **Greenberg
Glusker Fields Claman & Machtinger**
Daniel Channing, **Whitmill**
Daniel Kocab, **Schoenherr**

Upcoming Events

- **The Non-Court Dispute Resolution Forum**
14 October 2025 | The Hallam Conference Centre, London, UK
- **HNW Divorce Litigation - 5th Annual Flagship Conference**
20 November 2025 | Hilton London Tower Bridge, London, UK
- **Trusts in Divorce: The 3rd Annual Practitioner's Forum**
10 February 2026 | Central London, UK
- **HNW Divorce Circle**
5 - 6 March 2026 | Royal Berkshire Hotel, Ascot, UK
- **Private Client Circle of Trust Europe**
11 - 13 March 2026 | Le Mirador Resort & Spa, Vevey, Switzerland
- **The 4th Annual HNW Divorce Next Gen Summit**
12 March 2026 | Central London, UK
- **Transatlantic Tax & Estate Planning Circle**
March 2026 | UK
- **Contentious Trusts Circle Europe**
22 - 24 April 2026 | Le Mirador Resort & Spa, Vevey, Switzerland
- **Private Client Middle East Circle**
29 April - 1 May 2026 | The Ritz-Carlton Ras Al Khaimah, Dubai, UAE
- **The Non-Dom Tax & FIG Forum - 5th Annual**
May 2026 | Central London, UK
- **Private Client Advisory and Litigation Forum: Paris**
10 - 12 June 2026 | Waldorf Astoria, Versailles, Paris, France
- **The International HNW Divorce & Children Summit**
July 2026 | Portugal



For event and partnership enquiries please
contact Seth on +44 (0) 20 3433 2282 or email
seth@thoughtleaders4.com



For event and partnership enquiries please
contact Rachael on +44 (0) 20 3398 8560 or email
rachael@thoughtleaders4.com

WHAT'S PSYCHOLOGY GOT TO DO WITH IT?

THE REFLECTIVE PRIVATE CLIENT PROFESSIONAL OF THE FUTURE



Authored by: Annemarie Carvalho (Founder & CEO) - The Carvalho Consultancy

AI is here and what is left for us humans who work with humans?

Our humanity, of course!

And isn't private client work all about that?

As a divorce solicitor and mediator turned therapist, in recent years I've seen the family law world increasingly embrace psychology. There's an acknowledgment that this improves wellbeing and helps practitioners be more effective in their work. One aspect of this is reflective practice/therapeutic supervision which is rapidly becoming standard; a recognition that family lawyers need regular therapeutic support to deal with the psychological strain of the job. And yet, I speak to private client and contentious trusts professionals all the time who say 'what about us'? Isn't our job psychologically demanding? Don't we deal with complex emotions all day long?'. To which the answer is, of course, "yes".

The technical aspects of the work are, of course, key. But the things that get to us? The stuff that gets under our skin, that keeps us awake at night? It tends to be the relationships.

Because whether you're drafting wills, advising on trust structures, mediating disputes, or supporting UHNW/HNW clients with their charitable giving, you're dealing with people. And if you're dealing with people, you're dealing with psychology. In situations where emotions and logic are often in collision course. And it is the human dynamics that sit behind private wealth planning, inheritance disputes, and family disagreements that are so often the sticking point, the tricky bit.

Contentious trusts lawyers, mediators and professional trustees regularly encounter situations where clients' emotions run high, where grief or resentment clouds decision-making. It is in these moments that our traditional professional training falls short in guiding us as to what to do. Because our clients aren't acting from their rational brains. Their limbic system comes out to play; and in times of high emotion, their 'old brain', their more primitive reactions override their pre-frontal cortex or 'new brain' where logic, analytical thinking lives. So at times they do things that don't make rational sense. And if the only tool we have to deal with this is our analytical, legal skills, we won't get very far. Increasingly, organisations are investing in psychological informed training for their people; to provide more progressive ways of dealing with such situations.



Trauma-informed working

The family law world has also become increasingly accustomed to talking about trauma (including the vicarious trauma of the practitioners themselves) and the need to become trauma-informed practitioners. If you work around difficult emotions every day, it is simply not possible to avoid picking up some of that up and being affected by it. Even if you think you aren't. And in my experience there's usually a cumulative effect as the years go by. And yet, I don't hear much acknowledgment of this in the private client world.

This is bizarre given that private client professionals are exposed to a unique mix of emotional and relational challenges and an array of personalities to deal with (as opposed to the family law world where often you're only dealing with two main 'characters'). Clients often arrive in crisis: siblings in conflict over estates, parents struggling

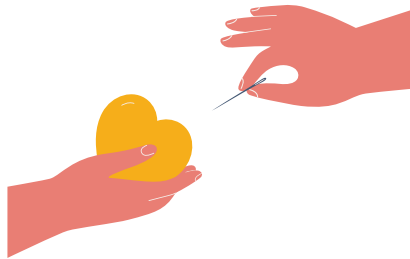
to let go of control, trustees navigating accusations of betrayal. These situations are rarely just about money; they are about identity, loyalty, legacy, values. So let's not underestimate the toll of working daily with death, grief, and family fracture: these experiences stay with us as practitioners, whether we're aware of it or not. The impact may not be obvious at the time, but it will be there.

You are not a blank canvas

Becoming a psychologically attuned professional means learning about the science of emotions on a deeper level.

It also means (and this can be the challenging bit!) acknowledging that we professionals are not completely impartial in all of this, as much as we would like to think we are). We bring our own histories, our own idiosyncrasies, our own vulnerabilities to our work. Thus, at certain times we will get 'hooked' by situations or triggered by something in a way that we might not understand.

Typically, when that happens, we rush to diagnose the client or counterpart we are dealing with as 'difficult'. We vent to colleagues, our spouses, our families. Such approaches bring temporary relief. But rarely does the feeling last. Whereas, curiously, looking at your own psychological material, your own 'part' in situations, does. Starting to understand 'why is it that that situation/person has really got to me?', 'what is it within me that has become disturbed by this?', 'why does that affect me so badly?'. This is the essence of becoming a reflective practitioner. Because it is our reactions and responses to things that we can control. And understanding ourselves better gives us the power to adjust such reactions and responses.



'Insecure overachievers'¹

The common hallmarks of many private client practitioners include diligence and perfectionism. Great for our work, right? But they usually come accompanied

by their less attractive bedfellows of insecurity and a proneness to anxiety. What this means in practice is that we can find it hard to hold boundaries with angry, emotional clients. And when we work with vulnerable clients, we can easily end up stepping into a Rescuer role; exhausting ourselves emotionally and physically in the service of others. The distinction between this and providing an excellent and responsive client service is not always easy to discern of course. And we have all experienced situations with certain clients where, however great a job you do and however many hours in the day you work, it will never be enough to satisfy them.

If you are a person who is prone to people pleasing, who assesses your worth by reference to external metrics and others' opinions (and I believe many of us in this world of elite client services are) then your mental health can be left in a precarious position. And the high expectations of clients, their anger, their complaints can leave even the most seasoned lawyer or trustee with feelings of inadequacy, self-doubt, or frustration.

Having a reflective space to examine these vulnerabilities, to talk about it with a therapeutic professional can help you to construct emotional foundations to fortify you when such challenges come.

Building a psychologically informed profession

Psychological attunement should run through the private client world like the writing in a stick of Brighton Rock.

And yet, for too long, such relational aspects have been dismissed as 'soft skills'. When, in reality, these are the hardest skills to master. Active listening, empathic questioning, creating psychological safety, setting clear boundaries, and tolerating silence or anger in the room without jumping into reactivity. These are the wisest of skills and they are not peripheral to the job – they are at its heart.

There's so much we can do to ensure this becomes the norm. Six ideas to start:

1. Making it standard for practitioners to complete a certification in trauma-informed working, providing them with a soupcon of neuroscience and the practical skills on how to work with those in stress and distress well.

2. Equipping every professional with the appropriate skills and signposting for working with vulnerability and suicidality ethically. Such situations come up more than you might think. (a word to the wise – check out whether your organisation has a vulnerable clients' policy. If not, get one in place).
3. Providing training on addiction and common mental health disorders.
4. Training people on understanding neurodiversity and how to support clients in a way that works for them. Creating a neuro-affirming environment in your workplace.
5. Teaching your people psychologically informed ways of dealing with resistance in clients (if you don't, they will burn out from trying to ply their clients with rational and logical arguments which don't work).
6. And last but by no means least, embedding regular reflective practice/therapeutic supervision within your organisation.

As I say, while technology and AI are increasingly streamlining the technical and administrative aspects of practice, what cannot be automated are the relational qualities. The future of private client work will be shaped by those who can navigate the human dimensions with wisdom and steadiness. To do so well, for practitioners to be effective and have longevity in this work, they must be supported with their own psychology.

L Annmarie Carvalho is a former family solicitor and mediator at Farrer & Co and is the Founder and CEO of TCC, an agency providing specialist therapy, coaching and training to members of the legal and ancillary professions - <https://carvalhotherapy.com/>. She is also the author of 'Staying Sane in Family Law' published on 30 September 2025 - <https://bathpublishing.com/products/staying-sane-in-family-law>

Trusted advisors need trusted support.

Let us share the strain.

Specialist, award-winning therapy, coaching and training for the legal profession and beyond.

From former lawyers and professional advisers.

<https://carvalhotherapy.com/>

**Because we've
walked in your
shoes.**



...because we've walked in your shoes



THE GREAT WEALTH TRANSFER IN AN AGE OF INSTABILITY:

WHY JURISDICTION AND GOVERNANCE MATTER MORE THAN EVER



FAIRWAY



Authored by: Mark Andrews (MD Private Client) - Fairway

Over the next two decades, an estimated \$84 trillion will pass from one generation to the next in the largest intergenerational transfer of wealth in history. But this is no ordinary wealth transfer. Unlike previous handovers, this one is unfolding in a period of profound geopolitical uncertainty, shifting tax landscapes, and rapid technological disruption.

For high-net-worth families, particularly those with multi-jurisdictional lives and assets, the challenge is no longer simply how to pass on wealth efficiently. It is where and under what framework that wealth should be held to preserve it for the long term.

In this environment, jurisdiction and governance have become the twin pillars of successful succession planning. And for many global families, Jersey offers a compelling combination of stability, expertise, and internationally respected regulation.

A Wealth Transfer Like No Other

Previous generational shifts, from the so-called Silent Generation to Baby Boomers, took place in comparatively stable times. Economic cycles rose and fell, but the global order felt predictable. Today's transfer is different. Families now face a convergence of disruptive forces:

- Political volatility in major economies such as the US and across the Middle East.
- Tax policy uncertainty, with governments under pressure to increase revenue, leading to sudden changes in wealth, inheritance, and capital gains tax regimes.
- Fragmented regulation and increasing compliance burdens for cross-border structures.
- Shifting values and priorities among younger generations, who often choose to focus on sustainability, social impact, and technology investments.

These trends make the traditional "set and forget" approach to wealth structuring insufficient. Resilience, not just efficiency, must be at the heart of planning.

Why Jurisdiction Matters More Than Ever

The legal and regulatory environment in which wealth is held is a form of risk management in itself. The location of structures can determine not only the tax and compliance obligations of a family, but also how protected their assets are from political, economic, or legal shocks in their country of residence.

In recent years, we have seen governments around the world introduce sudden increases in reporting requirements, and in some cases, restrictions on the movement of funds abroad. Banking crises and currency devaluations have further highlighted the importance of the stable jurisdictions.

Jersey stands out as a trusted international finance centre (IFC) for several reasons:

- Political and economic stability as a self-governing jurisdiction with over 800 years of constitutional independence.
- A robust and modern legal framework for trusts, foundations, and companies, designed to meet the needs of global families.
- International recognition and compliance with OECD, FATF, and EU standards.

- Proximity to London and Europe, with strong professional infrastructure.
- A significant talent pool of fiduciary, legal, and investment experts.

For families navigating instability in their home countries, Jersey can be a safe option, a place where wealth is managed under clear rules, protected by a respected judiciary, and supported by a mature regulatory environment.

The Governance Gap

While jurisdiction determines the framework in which wealth is held, governance determines how that wealth is managed and decisions are made across generations. Without a clear governance structure decision-making can become fragmented as more family members become involved. Disagreements can escalate into disputes, putting both assets and relationships at risk and wealth can be eroded by inconsistent investment strategies or unclear responsibilities.

Effective governance frameworks typically include:

- Defined roles and responsibilities for trustees, family council members, and beneficiaries.
- Clear decision-making processes to address investment strategy, distributions, and philanthropic commitments.
- Conflict resolution mechanisms to deal with disagreements without damaging family unity.
- Succession of stewardship; preparing the next generation to manage assets and the family's legacy.

Governance is not a one-size-fits-all process. It must be tailored to each family's culture, values, and objectives, and it should evolve over time.

Aligning Wealth with Values

A key shift in this wealth transfer is the emphasis on values. Many in the next generation view wealth not just as a means of personal security, but as a tool for creating positive impact. We are seeing increased interest in purpose-driven investing, such as ESG and impact investing. We are also seeing more philanthropic structures that allow families to make a tangible difference as well as many providing entrepreneurial funding for innovation, technology, and sustainable ventures.

Embedding these priorities into governance frameworks ensures they are not just personal preferences of the current generation, but part of the family's enduring legacy.



Fairway's Perspective

At Fairway, we work with families whose lives and assets span multiple jurisdictions, sectors, and generations. Our role is to ensure that both the framework and the functioning of their wealth structures are robust, resilient, and aligned with their long term vision, not just for today, but for decades to come.

These conversations extend well beyond tax and legal technicalities. They are about safeguarding legacy, maintaining family unity, and preparing the next generation to take on stewardship with confidence and purpose. The earlier these discussions begin, the greater the likelihood of a smooth and successful transition.

The great wealth transfer is already in motion. For some families it will be a gradual process; for others, sudden events, from political unrest to unexpected loss, may bring it forward unexpectedly.

That's why it's worth taking steps now to:

- Review the jurisdiction where wealth is structured, ensuring it offers both stability and the right legal protections.
- Evaluate governance arrangements to confirm they remain relevant to the family's circumstances and long-term goals.
- Engage the next generation in open dialogue, providing opportunities to learn, contribute, and understand the responsibilities that come with stewardship.

About Fairway

Fairway is a Jersey-headquartered independent trust, corporate, fund, and pension trustee services provider. We specialise in creating and managing robust structures for private clients, ensuring wealth is preserved, governed, and aligned with the values of each family we serve.

L

Preserving wealth, building legacies.

As an independent, owner-managed fiduciary group Fairway is committed to delivering client-centric solutions that endure. Headquartered in Jersey, with offices in Dubai and Kuwait, we offer seamless, director-led services across Private Client, Corporate, Funds, and Pensions. Our award-winning team combines innovative solutions with administrative and technical excellence, ensuring each client's unique needs are met with precision and care.

For our Private Clients, we offer bespoke services tailored to manage and transfer family wealth across generations. Our offerings include Trust, Company and Foundation Incorporation and Administration, Directorship Services, Family Office Solutions, and Private Trust Companies. Our director-led team delivers tailored, long-term solutions for effective family wealth management and generational wealth transfer.

Consciously independent.



E: privateclient@fairwaygroup.com

T: +44 (0)1534 511700

Fairway Group is a registered business name of Fairway Trust Limited, Fairway Fund Services Limited and Fairway Pension Trustees Limited. Regulated by the Jersey Financial Services Commission.



[fairwaygroup.com](https://www.fairwaygroup.com)

FUTURE-PROOFING YOUR COLLECTIONS AHEAD OF THE INTER-GENERATIONAL WEALTH TRANSFER



Mishcon de Reya



Authored by: Simon Chadwick (Partner) & Isabelle Harris (Associate) - Mishcon de Reya

With the Financial Times claiming that by 2030, over \$18 trillion in wealth will be handed down globally¹, the anticipated inter-generational wealth transfer will reshape the economic landscape.

In the world of art and cultural objects, this transfer means that it is now crucial for collectors to ensure that their assets are not only protected, but also responsibly and thoughtfully passed on. The process of transferring ownership is no longer just about safeguarding physical objects; it also involves navigating a complex and evolving landscape of legal, ethical and moral considerations.

So, what are the key considerations that collectors of art and cultural objects need to consider ahead of passing assets on to the next generation?



Collection management and due diligence

One of the key issues in relation to ownership has always been establishing the history of the object. This has become increasingly complex as both ethical and reputational considerations for collections have become more public and more international in recent years. This is particularly the case around establishing the ultimate source and country of origin of an object.

The concept of “caveat emptor” (or “buyer beware”) has historically been the basis for the acquisition of art and cultural objects. In other words, it is up to the person intending to acquire the object to ask the appropriate questions and piece together the journey to its current owner in order to establish if there could be any issues arising from acquiring ownership.

However, this approach when the transfer is made to a younger family member (or, indeed, a trust set up for future generations’ benefit) is not ideal. Under these circumstances, the collector should consider what steps they can take before passing on the object in order to make future ownership stress-free.

Therefore, to future-proof collections, collectors should use the growing number of resources at their disposal to access information regarding the origin

of their objects and make the relevant enquiries to obtain as much knowledge as possible. If this information has not been recorded by the current generation, it can become more difficult for future generations to fill in the gaps and trace the history of an object when first-hand knowledge about the original acquisition may be lost.

In addition, best practice in collection management includes taking steps such as creating an inventory with descriptions, photographs and purchase information. Ideally these details would also include copies of invoices or other documentation which accompanied the original purchase. Furthermore, a collector should consider providing clear instructions regarding division of ownership of the collection, especially if there are multiple heirs so as to avoid confusion or arguments in future.

Some examples of proactive steps a collector can take to unearth an object’s biographical details include reviewing historic collections or catalogues; verifying authenticity documents; checking registers (such as the Art Loss Register); examining import and export documentation; identifying potential issues around ivory or CITES; and consulting independent experts to assist with research. This should inform and help to build a working database of documents and knowledge about each piece and prompt any further investigations necessary.

However, the requisite documents and evidence for due diligence are not necessarily standardised. Collectors should be alive to the fact that there can be notable differences across the facets of the art market and under different jurisdictions.

For example, for any collectors considering transfer of pieces to a family member in the EU, as of 28 June 2025, cultural goods created and discovered outside the EU and subsequently imported into the EU, require documentary evidence to show that they were lawfully exported from their country of origin. Historic licences or shipping documents evidencing such export may no longer exist and cause difficulty for the intended transfer.



Shifting expectations over provenance

Provenance - the history of the ownership of an object - is an increasingly important aspect of due diligence. As evidenced by the number of claims arising in the last few decades from art looted during the Holocaust, the consequences of dubious provenance can be very public and damaging to the collector's reputation.

Now added to this is the growing discourse surrounding the ethics of antiquities and international cultural heritage. There are increasing calls for repatriation of cultural artefacts taken during the colonial history of a country, such as the Benin Artefacts. Collectors should also be mindful of a country's ability potentially to retain or seek to recover cultural goods that they deem to be of historical significance. This process can be quite complex and nuanced, as claims to origin can be multi-faceted.

In addition to legal considerations of possible claims by previous owners, ethical considerations demonstrate the shifting expectations by which future owners may feel morally obliged to return "tainted" objects to their country of origin. For the increasingly philanthropic next generation looking to loan cultural artefacts to a museum

or gallery, the impact of a claim for restitution or repatriation can have serious repercussion on both the object and the owner so it is wise to check everything is in order beforehand.

Other considerations

Charitable status

If a collector is a charity, trustees must carry out enhanced due diligence to ensure the provenance of items and manage assets in line with their legal duties under charity law. This includes checking that items have not been acquired unlawfully or unethically, as failure to do so can lead to legal or reputational risks.

When repatriating artefacts using the ex-gratia regime - a transfer made out of moral obligation rather than legal obligation or power - charities generally need Charity Commission consent under section 106 of the Charities Act 2011. Updates to this regime under the Charities Act 2022 that will make it easier to make less valuable transfers without Commission consent are currently on hold while the Government decides whether certain national museums and galleries should be excluded from these updates. The Department for Culture, Media and Sport (DCMS) liaises with organisations that may fall within this exclusion, offering guidance to ensure compliance.

Tax

Further, whilst individuals in the UK are liable to pay inheritance tax on their chargeable estate, gifts to registered charities or exempt institutions on death pass inheritance tax free, and a reduced rate of inheritance tax is payable on estates that leave a certain percentage of the net estate to a charity registered in the UK. Collectors can also benefit from specific tax reliefs for gifts of art or cultural objects to tax-exempt UK public institutions such as the acceptance in lieu scheme, the cultural gifts scheme or private treaty sales. These should be taken into consideration when planning the distribution of one's collection.



A pleasure not a chore

Collecting should, first and foremost, be a pleasure. Inheriting and growing a Wunderkammer of treasures that ties together an ancestral lineage is a special way of connecting the past and present.

If done carefully and diligently, family heirlooms can pass seamlessly from one generation to the next, telling stories old and new, for centuries to come.





60 SECONDS WITH... **MARK KEENAN** SENIOR PARTNER IN MISHCON PRIVATE **MISHCON DE REYA**



Q What has been the best piece of advice you have been given in your career?

A A couple stand out. You cannot avoid getting into the detail but with experience trust your instincts.

Q What motivated you to pursue a career in law?

A I fell into law but once I was given the opportunity, I found it stimulating and it gave me a sense of purpose.

Q What do you see as the most rewarding thing about your job?

A Unsurprisingly, reported decisions, happy clients and a happy, motivated team.

Q What was the last book you read?

A Any Human Heart by William Boyd

Q What is the one thing you could not live without?

A My AirTags to locate my keys, my wallet, my bike and my children which are regularly misplaced (not by me).

Q What does the perfect weekend look like?

A The seemingly impossible combination of family, friends, pub, sporting events (playing and watching), deep sleep and no work.

Q What is something you think everyone should do at least once in their lives?

A Skydive - it's exhilarating and gives you a different perspective!

Q If you could give one piece of advice to aspiring practitioners in your field, what would it be?

A Be prepared to challenge your clients. We work in an area where emotions often run high and can drive objectives. What clients need in those circumstances is someone who can be calm and can focus on what objectives are achievable within the legal process. Being prepared to compromise should not be seen as a weakness.

Q What legacy would you hope to leave behind?

A I think the most I can hope for is that my children are proud of who I was and what I was able to achieve from relatively humble beginnings.

Q Dead or alive, which famous person would you most like to have dinner with, and why?

A Either Leonardo da Vinci in Tuscany over a nice bottle of red wine, given how ahead of his time he was and how much there would be to talk about or Liam Brady (legendary Arsenal and Ireland footballer) over a pint of Guinness for obvious reasons.

L



Sometimes it's not business. It's just very, very **personal**

Everyone has a private life.
For every part of that there's Mishcon Private.

mishcon.com

Tax | Family | Immigration | Impact
Disputes | Reputation | Art Law

Mishcon de Reya Group
It's business. But it's personal.

SHAREHOLDER FOUNDATIONS:



A STRATEGIC TOOL FOR NEXTGEN ENTREPRENEURS STRUCTURING PURPOSEFUL GIVING

Authored by: Ashling Cashmore (Head of Impact & Advisory) - Charities Aid Foundation

Despite the vital role they play in society, most businesses currently do little to support charitable causes. According to the CAF's Corporate Giving Report, released earlier this month, only a quarter of British companies contributed cash, time, or goods in-kind to charity last year. This is surprising, considering that businesses have a clear stake in fostering stronger, more connected communities.

In today's climate of economic and geopolitical uncertainty, it may feel difficult for businesses to make strategic, long-term plans around giving.

Indeed, charitable giving often remains an afterthought rather than an integral part of the business model. Yet giving is a key aspect of being a responsible, purpose-driven business and there is an expectation that businesses should be giving – according to a CAF survey, only 23% of people think that businesses are never obligated to give to charity.

Interestingly, incoming changes to inheritance tax and business property relief could be about to reshape the landscape for philanthropically-minded entrepreneurs in the UK. These evolving regulations position one type of philanthropic structure as a potential solution for those concerned about social purpose, succession and the long-term future of their businesses.

While there are many ways a business can structure its giving, shareholder foundations present a compelling and often underappreciated solution for professional advisers seeking to guide clients with long-term business strategies in mind.

What are shareholder foundations?

Shareholder foundations, also known as holding foundations or philanthropy companies, are legal entities, typically established for charitable or public-benefit purposes, that hold a significant equity stake in, or even full ownership, of a business. The profits generated by the company are distributed to the foundation, fuelling philanthropic initiatives in perpetuity.

While less common in the UK and US, the model has been widely adopted across Scandinavia and parts of Europe – around 50% of listed companies in Denmark are owned by a charitable foundation – and many of the world's biggest brands, including Ikea, Bosch, Lego and Carlsberg use this structure.

The opportunities

For many business owners, the changes to inheritance tax and business property relief due to take effect from April 2026 have brought forward conversations about succession-planning.

Imogen Buchan-Smith, a Director at EY who is a private client tax adviser, believes that the significant restriction in the availability of business relief, as well as business owners' desire to be philanthropic and ensure that their businesses endure, means that the shareholder foundation model may become a more attractive and commonly used vehicle in the UK.

She says: *"Going forward, business owners won't simply be able to pass on their interest in their trading businesses to younger generations free from inheritance tax as they would have been able to previously. Instead, these interests will potentially be subject to inheritance tax at a rate of 20%. Funding such a significant tax charge on death may impact the surviving family's ability to continue to run that business in the future. Therefore, business owners are more focused on planning for the future and transition of their businesses earlier than they may have previously been, in order to ensure that this is achieved with as little impact on the business (and as tax efficiently) as possible. Alongside lifetime gifts to family members, this could include*

charitable giving (which should not give rise to inheritance tax charges) and, indeed, owning businesses within a charitable vehicle.”

The idea of leaving a legacy is used by many advisers to begin conversations on philanthropy with high-net-worth individuals.

In turn, shareholder foundations provide a great opportunity to align a client's personal and professional legacies. Traditionally, shareholder foundations have been something considered long after a business is established – the Hans Wilsdorf Foundation became the sole owner of Rolex only after its founder died. Sir Alec Reed was prompted to give money to his charity, the Reed Foundation, 25 years after founding his eponymous recruitment firm, due to diagnosis of a serious illness. The Foundation initially purchased 10% of shares in the company, growing over time to 18%.

However, by setting up a business under a shareholder model early on, NextGen business leaders can demonstrate their values from the start, have social impact now and ensure those values and social contributions continue far into the future. This was the case with Pascal Lorne, a French entrepreneur, whose charitable endowment fund became the principal shareholder of his digital recruitment firm from the get-go.

For a new wave of entrepreneurs, success is measured by more than just financial returns.

Shareholder foundations offer a powerful structure for embedding impact into the operational DNA of a company. By tying ownership to a philanthropic vehicle, business founders can ensure that commercial growth amplifies their contribution to society and ensure a long-term, stable shareholding not focused on short-term gain.

James Reed, Sir Alec's son and CEO of recruitment firm Reed, says *“I think it's up to each business whether it wants to be philanthropic or not. For me it's a personal thing – it's an obligation really. If you're making a profit, you should consider whether you can reinvest some of that profit in your community or look to help the wider world in a positive way.”*

Handing over corporate shares to a foundation can also help prevent a drift from the founder's original ethos, especially valuable for entrepreneurs worried about future takeovers or the

dilution of purpose after succession. The founder of outdoors clothing brand Patagonia intentionally transferred ownership to a foundation and trust – including the family in decision-making – to protect its environmental values and prevent future buyouts misaligned with the original mission. Family alignment around shared values – as exemplified by Patagonia and also Reed – significantly increases the chances of a successful transition and continued mission-driven operations.

Jennifer Emms, Head of Charities at Maurice Turnor Gardner, says: *“Shareholder foundations can significantly enhance family harmony, giving rise to far more open discussions about the aim of family wealth and the causes that matter to each family member. Family collaboration and altruism has a ‘feel good’ factor and we find that younger generations are more likely to raise the possibility of philanthropy and social responsibility.”*

Shareholder foundations are not only about the founder's values. Purpose-driven companies are increasingly appealing to both talent and consumers. Our research shows that employees have an increased sense of pride and loyalty when they work for an employer that supports charities. Structuring business ownership through a foundation sends a clear message about corporate priorities, making the company more attractive to like-minded employees and values-driven partners.

James Reed is keen to encourage more businesses to become as he dubs it, a Philanthropy Company or ‘PhilCo’. He says: *“It doesn't matter how big you are. It's a good way for a smaller business to become a bigger one if that's part of the ambition because it makes it an attractive company for customers and potential employees.”*

There is also evidence that foundation-owned businesses have higher survival rates; in Denmark, the probability of a business lasting 40 years is significantly higher for foundation-owned companies.



Considerations

While an attractive option for ambitious NextGen entrepreneurs who want to make a social impact, not every company or founder will be ready for

the foundation model. Advisers should help clients evaluate organisational maturity, family dynamics and alignment with existing investors when considering whether this structure is right for them.

The foundation model also introduces additional legal, tax and governance complexities. Professional advice on cross-border implications, compliance and operational frameworks is essential.

Emms explains: *“Care needs to be taken regarding independence, conflicts of interest/loyalty and other governance issues whilst considering appropriate structuring to involve the family and retain some control. Getting the buy-in of the family at the outset is also important and can help to reduce the risk of a disgruntled family member challenging the gift to the shareholder foundation (whether made during lifetime or by Will), with potentially negative public and reputational ramifications.”*

Even for many attracted by the model, the greatest hurdle is moving to action – making the decision to give away all or part of the business they have worked hard to build. In some European jurisdictions this also requires children to formally renounce their inheritance. The more transparent and communicative the process, the greater the chance of long-term success. Facilitating these conversations presents advisers with an opportunity to engage the wider family and deepen key relationships. If they decide a shareholder foundation isn't right for them, there are still many ways they can create impact and an experienced philanthropy adviser will be able to help explore those options fully with them.

Shareholder foundations offer an ambitious and robust solution for next-generation entrepreneurs looking to combine commercial ambition with a lasting commitment to purpose.

We wait to see whether the incoming tax legislation encourages more business leaders to consider integrating philanthropy into their long-term business plans. But for professional advisers, raising awareness of this strategic option and guiding its careful implementation has never been more relevant. In an age where social purpose is increasingly expected of business, shareholder foundations are not just a legacy tool, but a blueprint for future-facing, purpose-driven business.



YOU KNOW

WHEN CLIENTS NEED HELP WITH THEIR PHILANTHROPY GOALS.



WE KNOW

JUST THE PRODUCT TO HELP THEM GET THERE.

Visit www.CAFonline.org/advisers to explore our philanthropy solutions and Donor Advised Funds for UK and US/UK clients.

100 YEARS OF CAF

BUSINESS PROPERTY RELIEF AT A CROSSROADS:

PREPARING FAMILIES FOR THE GREAT WEALTH TRANSFER



Authored by: Rebecca Fisher (Partner) - Maurice Turnor Gardner

It has been almost 30 years since the introduction of 100% business property relief (BPR). The relief ensured businesses could stay in the family, maintain employment and provide a platform for stability and continuity. An entire generation has not had to worry about the transfer of the business between generations for fear of funding inheritance tax (IHT).

What are the proposed changes?

From 6 April 2026, the first £1 million of business property (and agricultural property) will receive 100% relief. Any interest over and above £1 million will be subject to relief at 50%, meaning an effective rate of IHT at 20%. The £1 million allowance will not be transferable between spouses or civil partners.

The qualifying criteria for BPR remains largely unchanged. The only exception is AIM listed shares. These will attract 50% relief but will not qualify for the £1 million allowance.

The Government has confirmed that any IHT attributable to assets that qualify for relief can be paid in up to ten annual instalments on an interest free basis.

What does this mean for the next generation?

The UK is at the beginning of a multi-decade transfer of assets from older generations to their children and grandchildren. Historically, uncapped 100% BPR meant that large family businesses could cascade down wealth with minimal IHT friction. However, it is not just UK based families that are impacted by these changes. Families who are non-resident that have UK business interests or indeed, trustees that have assets that comprise UK businesses, are now faced with a UK tax liability and reporting obligations.

The changes coupled with the rumours that the Government is seriously considering an overhaul to the gift regime is leading many to reconsider their succession plans. With such a short timescale, where does this leave the next generation?

If the survivorship period for gifts is to be extended from anywhere between seven years and 20 years gifting starts to look much less attractive in the medium to long term.

Will this uncertainty lead to an acceleration of gifting to the next generation or an application of the brakes until such time as there is more clarity?



A window of opportunity

Two practical dates matter. First, the regime takes effect for deaths on or after 6 April 2026. Second, there is a transitional window back to 30 October 2024 for some lifetime gifts and trusts. Outright gifts or transfers into trust made during that time can benefit from the new allowance if the donor dies on or after 6 April 2026 and within seven years (assuming the Government do not change the lifetime gifting rules).

There is a limited time in which transfers into trust before 6 April 2026 of relievable assets into trust will not suffer an IHT entry charge. In effect, assets can potentially be placed in trust with no upfront IHT exposure – contrast that with post 6 April 2026 where a transfer will immediately trigger a 10% IHT charge.

Holding steady: is there a case for inaction?

With so much uncertainty, doing nothing will seem an attractive option to some. It is, however, the next generation who stand to inherit the family business that will be faced with the dilemma of managing a hefty IHT bill while needing to maintain the stability of the business. Those members of the next generation may find themselves wearing multiple hats including director, shareholder and trustee - some of which could be the source of potential conflict within the family.

Careful consideration will be required of how the next generation transition from having potentially limited involvement to, in some cases, becoming part of the management team and/or owners. This may require analysis and amendment to the corporate governance and longer-term succession plans given that 'tax frictionless' transition between the generations will be a thing of the past.

For a few wealth creators and business owners, succession planning will seem a daunting task and one put in the too difficult box. For most they see this time as a limited opportunity to do all they can to preserve a business that, in some cases, has been in the family for generations. The risks of doing nothing and the future impact on their business is too great. This is not just about tax, it is about protecting and enhancing their legacy.



Accelerate with caution: balancing tax with wider responsibilities

Families are having conversations about the transfer of wealth much sooner than many had anticipated which will almost certainly lead to behavioural shifts. For those business owners that do not wish to retain economic rights, they are actively bringing forward their succession plans. The level of uncertainty is far from ideal but most feel this is the lesser of two evils.

This acceleration places huge responsibility on the next generation. The challenge of stability and the

stewardship of the business is a daunting one. For them this is also not just about tax, it is about continuity, protection and maintaining strong family relationships.

It is important that families consider this transition in the round. Tax mitigation is part of the picture, but it is essential the next generation have a road map for the future. That may extend to corporate governance, family charters and the wider protection of family assets including wills, pre-nuptial and post-nuptial agreements. The consideration of whether future generations are to be involved or want to be involved is key. Having these conversations now before they become difficult conversations is essential. It will help the next generation to navigate the future.



The next chapter

For the next generation, the tax changes and levels of uncertainty will almost certainly lead to an acceleration of wealth transfer.

Time may be short, but it is not all bad news; there will be behavioural shifts and almost certainly more deliberate ownership structuring and reorganisations to support the family and wider business. Continuity can still be protected but it requires the owners and next generation to map the future risks now and formulate a plan that they can use and adapt.



FROM DEFERENCE TO DIALOGUE: WHY TRANSPARENCY IS NOW A TRUSTEE'S STRONGEST DEFENCE



Authored by: Fritha Ford (Partner) & Catia Barros (Legal Assistant) - Collas Crill

For decades, the relationship between trustees and beneficiaries was defined by quiet deference – beneficiaries trusted their trustees, accepted decisions, and rarely questioned how trusts were managed. That era is over. Increasingly, the next generation of wealth holders and beneficiaries are financially literate, digitally connected and accustomed to instant access to information and, insofar as the stewardship of family wealth is concerned, they expect transparency, dialogue, and meaningful engagement with trustees. There is no place for blind trust. This cultural shift isn't just a trend – it carries real risks and trustees who fail to keep pace with these changing expectations risk misunderstandings escalating into costly disputes.



Bridging the transparency gap to beneficiaries

Litigation against trustees is nothing new; however, any perceived

'transparency gap' – the difference between what trustees disclose and what beneficiaries expect to know – can quickly turn small misunderstandings into costly and lengthy disputes.

Whilst beneficiaries are entitled to seek information about the trust in which they have an interest, this entitlement is not unlimited and trustees have a broad discretion about the information and documents to be provided. The scope and extent of a trustee's obligation to respond to requests for information must be balanced against the trustee's other duties, such as its duty to maintain the confidentiality of the trust and communications with other beneficiaries. However, where secrecy tips too far, it becomes fertile ground for mistrust and challenge.

Often, it is not poor decisions that spark claims, but a lack of explanation or open communication that has created suspicion.

What do NextGen beneficiaries expect from trustees?

When it comes to the next generation, although there is no 'one size fits all', certain expectations are now common. Broadly, they expect trustees to treat them as engaged stakeholders, not passive recipients and want:

1. Financial clarity

Clear, timely insight into investment performance, risk management, and to understand how trustee decisions align with the trust's stated objectives.

2. Active involvement

They see trust assets as part of their personal financial future and expect to be included in discussions, not to control decisions but in order to help shape the future, a mindset reinforced by growing up in an era where direct feedback and participation are the norm.

3. Values alignment

Environment, social and governance (ESG) factors matter. Increasingly, an investment that is ethically misaligned or supports the wrong individual is as unacceptable as one that underperforms. Social media amplifies this sensitivity, moving influence into the public arena, where opinions are immediate and far-reaching. Trustees who ignore values risk reputational harm and strained relations.

This clear shift from quiet acceptance to active demand calls for a fresh approach from trustees – those who embrace the shift can build resilient relationships with the next generation. Those who resist, risk escalating tension.

Trustee strategies to reduce litigation risk

Transparency should be the standard, not the exception and there are a number of practical ways in which trustees can navigate this shift in order to reduce litigation risk:-

1. Know your beneficiaries

Trustees should be aware of who the beneficiaries are. Create a profile for each beneficiary to include information such as background, values and preferred level of engagement, tailoring updates and approach accordingly. A young financial professional, for example, may want data-heavy updates, whereas another beneficiary may prefer high-level summaries.

2. Establish a communication framework

From the outset, agree on the frequency, format, and scope of updates. For example, a quarterly investment summary paired with an annual 'state of the trust' meeting can set clear expectations.

3. Document everything

Keep clear records of decisions, the reasoning behind them, and all material communications. Well-structured minutes and trustee memos not only aid internal governance but also form a defensible record if challenged.

4. Seek early professional input

Before issues escalate, bring in legal or financial advisers. Doing so signals to beneficiaries that the matter is taken seriously and can help cool the temperature.

5. Leverage technology

Make use of secure online portals and dashboards to give beneficiaries controlled access to valuations and investment updates, thereby meeting their expectations for instant, transparent access to information.

6. Adopt an open documentation policy

Decide in advance what information will be shared, when and in what format. Avoid "selective transparency"; sharing only favourable information can be more damaging than sharing no information at all.

7. Integrate beneficiary values

Where possible, align trust investments and philanthropy with stated beneficiary values, including ESG considerations. If alignment is not possible, explain why.



The benefits of getting it right for trustees

Embedding transparency into trust administration (whilst still being mindful of the duty of confidentiality) will benefit both trustees and beneficiaries through:

- Stronger relationships: Informed beneficiaries are more likely to trust and co-operate with trustees, even when decisions do not align perfectly with their preferences.
- Fewer disputes: Open communication between trustees and beneficiaries will likely stop small misunderstandings turning into formal claims.
- Effective resolution: Where disputes do arise, comprehensive records and a clear history of engagement will likely make resolution smoother and less costly.
- Generational continuity: Transparency fosters a culture of trust that eases transitions between trustees and family generations.
- Operational efficiency: - Clear, consistent communication reduces ad hoc queries and reactive administration, freeing trustees to focus on their core duties.

Conclusion: A new default for trusteeship

The shift from deference to dialogue is not a passing trend; it is a fundamental, permanent change in the wealth landscape. Trustees must adapt or risk losing the confidence of the very people they serve. The call for transparency is not about surrendering discretion or overloading beneficiaries with paperwork. Instead, it is about meaningful, consistent engagement that strengthens relationships and builds legacy. Trustees who move from a defensive posture to an open, more collaborative approach will not only reduce trustee litigation risk but, importantly, they will future-proof their role in an ever-evolving fiduciary environment.

In a world where beneficiaries are informed, wealth is mobile, and reputations matter more than ever, one truth stands out:

Transparency is the strongest defence.





Your team, offshore

With matters requiring offshore expertise, you need lawyers who understand your needs and offer incisive advice at every step. Collas Crill's private client team provides wealth structuring, advisory and disputes expertise to trustees and high-net-worth individuals globally. We have been involved in the most complex, high-value private wealth litigation offshore and offer leading legal services in trusts, foundations and fiduciary.

To find out how we can help, visit collascrill.com



THE ROLE OF OFFSHORE WEALTH MANAGERS IN THE GREAT WEALTH TRANSFER



Authored by: Miguel DaPonte (CFA, EVP, Chief Wealth Management Officer) & Lola Myshketa (SVP, Head of Private Banking)
- Clarien Bank

Wealth is being transferred, but attention is not.

This is the quiet risk we see unfolding.

While advisers and banks prepare for a historic shift in assets between generations, many of the inheritors are already stepping into influence. And in some cases, they are walking straight past traditional structures. Offshore banks, in particular, face a relevance test. The next generation is not just looking for tax efficiency or balance sheet strength. They are asking who understands what they are trying to build, and whether that partner can help make it happen.

They want their voices heard. They are less interested in being “handled” and more focused on collaboration and impact. They are not looking for off-the-shelf solutions, but for advisers who recognise the nuance of who they are and what they want to shape.

At Clarien, we see that this shift is less about a change in capital and more about a change in mindset. Younger beneficiaries are no longer waiting in the wings. They are recasting family legacies in real time, often from overseas, and looking for partners who can engage them on their terms. That means digitally, globally, and with a values-first lens.

They are not simply continuing inherited structures. They are reshaping wealth to reflect who they are, what matters to

them, and the kind of legacy they want to leave behind.

We see this moment as an opportunity for a fundamental shift; a chance to rethink the needs of next gen clients and how we can best show up to meet them.



How the Next Generation Thinks About Jurisdictional Choice

Next-generation clients approach jurisdictional decisions with a broader lens than their predecessors. Tax efficiency is part of the picture, but not the centre. Increasingly, they prioritise:

- Stability, both political and legal.
- Climate resilience and sustainability commitments.
- Transparency and international credibility.
- Global mobility and digital infrastructure.

- Alignment between their values and the values of those they work with.

Bermuda, in this context, stands out as a premier blue-chip jurisdiction. Its legal and regulatory framework is not only robust but forward-thinking. It is well governed, transparent, and fully aligned with international compliance standards.

It is also at the forefront of financial innovation. Bermuda is the global leader in insurance-linked securities, a class of investment products that address real-world challenges such as climate change and natural disaster resilience. The island accounts for 80 percent of global insurance-linked securities issuances, a clear marker of both technical leadership and global trust.

Yet despite these strengths, Bermuda continues to maintain a relatively low profile. Outdated assumptions still linger, including that it is too traditional or too narrowly focused. In reality, it offers a modern, sophisticated, and highly regulated environment with unmatched expertise in finance, governance, sustainability, and innovation.

At Clarien, we are helping to close that perception gap. We are not just responding to this shift. We are part of it. Our clients are not just looking for a place to hold assets. For them, it is about alignment, not location.



The Relevance Test for Offshore Banks

When younger generations question the role of private banking, they are not rejecting the model. They are calling for it to evolve - shaped by values, transparency, and global flexibility.

They want to work with institutions that:

- Offer digital-first service without losing the human relationship.
- Integrate ESG principles and impact goals.
- Give them direct access to decision-makers.
- Avoid rigid product silos in favour of fluid, responsive structures.

The most effective private banking models are small enough to adapt quickly, yet large enough to deliver sophisticated, cross-border advice. They offer direct access to senior decision-makers, avoid rigid hierarchies, and collaborate earlier with lawyers and trustees to build more responsive structures, across generations, jurisdictions, and asset classes.

Banks with a boutique, relationship-led model and strong links to international advisers are already positioned to meet these expectations. They bring agility, perspective, and the ability to personalise solutions for clients who are no longer content with one-size-fits-all structures.

The next generation is asking for clarity, flexibility, and partnership - and the best private banks are listening.

Structuring With Intent

It's well documented that younger clients are not looking to copy the vehicles their parents used. They want structures that evolve with their lives and respond to emerging needs. We

are seeing growing interest in:

- Vehicles that embed philanthropy, not bolt it on.
- Frameworks for digital assets and fintech exposure.
- Governance mechanisms that include multiple generations.
- Liquidity tools that allow for optionality, not just lock-up.

This move from rigid thinking reflects a desire to use wealth, not just protect it. Offshore institutions must support this evolution, live and breathe it, not just tolerate it.

What Comes Next

In our view, the best offshore wealth managers in the decade ahead will be defined not by scale, but by clarity, relevance, and care.

They will also:

- Simplify complexity, not add to it.
- Build systems that flex, not just hold.
- Understand identity and purpose.

The great wealth transfer is not a risk. It is an opening and an opportunity, but only for those willing to adapt their posture and rebuild their relevance.

Bermuda is ready. Clarien Bank is, too.





FROM “PRIVATE WEALTH” TO “PRIVATE CAPITAL” OR “FAMILY OFFICE”

FANCY NEW DESCRIPTIONS OF TRUSTEES OR THE OUTCOME OF THE EVOLUTION OF AN INDUSTRY?

Authored by: Richard Joynt (Director and Head of Family Office) - Highvern

Richard Joynt explores the changing ways to describe how wealthy individuals manage their financial assets in conjunction with offshore Trustee firms and asks – do labels matter?

For most mature fiduciary and administration firms, there are three types of clients:

- individuals/families;
- corporates/institutions; and
- pools / collectives of investors.

For many years the first of these categories was neatly badged as “Private Wealth”, which is a fairly simple and clear description. However, in recent years fiduciary firms have started to use alternative phrases to describe this group of clients, such as “Family Office”, “Private Capital” and “Active Wealth”. Why is this happening, and does it really signify anything?

It does matter, and it signifies a change in the type of client that we are now seeing in the majority of our client caseload. The traditional wealthy client often wanted to use offshore structures for a core number of common reasons:

to assist with preserving and enhancing accumulated wealth, whilst providing monies to family members for life events (healthcare, education, housing, business loans etc).

to take advantage of the Resident Non-Domiciled provisions in the UK tax framework, or perhaps

to allow an Intellectual Property asset to grow in value in an offshore rather than an onshore structure.

A common theme arising in most of these core scenarios was that the clients were at the more Passive end of the scale.

In that context the phrase “Private Wealth” gave a fairly correct impression of the relationship between Trustee firm and its client – we were helping a family preserve and enhance its accumulated wealth and facilitating ways in which that wealth could be useful to the family, now or in the future.

It is not that the industry did not have much more active clients as well – I have been in practice in Jersey since 1994 and have worked for a number of clients who could not have been remotely described as Passive. However, the change we have witnessed is more one of Complexity, Scale and Sophistication on the part of our clients in the last 10-15 years. The modern trustee will spend comparatively much more time dealing with clients with high levels of wealth, who have strong investment conviction, a demand to see their assets grow rapidly, and a desire to be heavily involved in the growth of that wealth.

The modern trustee therefore funds themselves dealing with clients who are much more Active, and who act in a much more Institutional manner than their clients from previous decades. Many such clients have been executives of sophisticated institutions themselves – international fintech firms, Private Equity firms, Hedge Fund managers etc. It is not surprising that when it comes to managing their own money, they demand that institutional approach.

This had led to a real evolution in Trustee firms and “Private Wealth” just does not describe the demands that these clients place upon us. Sometimes it feels as though we are extension of their Family Office, so closely do we work with their employees. We feel as though we are dealing at an institutional level, negotiating for our share of our clients’ proceeds of an IPO. We feel as though we must have a good understanding of all the financial instruments available to our clients, how these are priced, and what the inherent risks and potential rewards might be.

We feel as though we are a partner in their journey of multiplying their wealth and extending their network and influence, and that we can add value to their efforts by giving insights into how our other clients handle tough situations.

“Private Capital”, with its inference that Capital is being put Actively to work is a more fitting description of the more complex work we now find ourselves doing. “Family office” with its inference of a close and enduring partnership between family and its financial executives also works well in situations where the offshore fiduciary is running a structure where they can accept direct instructions from clients. In that context “Private Wealth” is starting to feel old-fashioned and too simplistic a term, and whilst the description will not be confined to history any time soon, it is no surprise to find firms such as ours proudly re-defining themselves.



SETTING NEW STANDARDS

AWARD-WINNING TRUST AND FIDUCIARY SERVICES

Tailored to meet the need of our clients



HIGHVERN

PRIVATE WEALTH FUNDS CORPORATE

Cayman Islands | Guernsey | Ireland | Jersey | Switzerland | UK



WWW.HIGHVERN.COM VISIT OUR WEBSITE FOR FULL DETAILS OF OUR REGULATORS

‘THIS ISN’T JUST ANY TRUSTEE....’



Authored by: Angela Calnan (Partner) - Collas Crill

Granted, the Marks & Spencer reference may have worked slightly better prior to their recent cyber difficulties but, when is a trustee not just a trustee? When it's a private trust company (PTC), that's when.

As we know, a PTC is a really good stepping stone for clients between (i) retaining personal ownership of assets; and (ii) fully divesting themselves of assets in favour of a third party trustee.

With a PTC, clients can pass assets to their own trustee – an entity that they will have a level of control over (sometimes significant) but which will also have a level of oversight from a regulated trust company.

Sometimes clients stop at this point and just continue with a PTC for the long term. Other clients use the PTC as an incubator to road test offshore trustees and offshore jurisdictions before fully taking the plunge and handing over lock stock to a third party offshore trustee.

As part of the highly successful 2024 MONEYVAL assessment, Guernsey licensees were asked about the PTCs that they administer, which enabled the Guernsey Regulator (the GFSC) to collate sanitised data on the use of these structures holistically for the first time. The results were fascinating.

As advisors we have certainly seen a significant increase in client demand for PTCs. The cold hard data following the MONEYVAL assessment confirms that PTCs are indeed on the rise in Guernsey.

What Is a PTC? A quick reminder

A PTC is a corporate entity established to act as the trustee of one or more family trusts. (Although a foundation could also be used as a PTC in Guernsey rather than a company).

Unlike professional trustees, which serve many clients and are bound by commercial mandates, a PTC is typically set up to manage the trusts of a single family or closely connected group. This allows for a high degree of customisation, governance control and alignment with the family's values and legacy goals.

The usual approach for a Guernsey PTC is for the PTC board to comprise a blend of professional and family board members. Often a Guernsey-licensed trust company will occupy one board position in order to ensure that it has good information flow for compliance and reporting purposes, and then the other seat(s) will be occupied by family members and/or their trusted advisors. Usually the family and their advisors will be able to out vote the licensee and, as such, will retain control of the overall structure.

The PTC will usually be owned by a purpose trustee shareholder and the purpose trust will have an enforcer who will have the ultimate power to hire and fire the PTC board. This key position is usually occupied by the settlor or their trusted advisor.

Sometimes, but not always, the PTC will work in conjunction with a Family Council – an informal body comprised of key stakeholders in the family - which will often have to consent to major PTC decisions.

The PTC and the Family Council will also often be guided by a family philosophy document – sometimes a letter of wishes or, if more detail is required, then a Family Constitution or Family Charter being essentially a glorified letter of wishes but which the key family stakeholders sign up to.



Guernsey's thriving PTC industry

Taking a look now into the GFSC's sanitised data from the end of 2024, there were at that time 126 fully fledged PTCs in Guernsey – many of these are long-established structures.

So what were some of the key themes and insights?

Interestingly, these PTCs are not just administered by pockets of specialist licensees – they are spread across 36 licensed fiduciaries.

As such, there is huge choice for new clients looking at these structures in terms of on-island licensees with a proven track record in the stewardship of these structures. This enables us, as trusted advisors, to pair the families that we look after with licensees who will best fit that particular family in terms of style and experience.

It is also clear from the GFSC's data that some licensees have very deep expertise in this area - with one licensee running 18 PTCs.

In terms of client demographic, the majority of Guernsey's PTCs are settled by UK resident settlors (34%), followed by the EU (20%) and then closely followed by the Middle East (17%). It will be interesting to see if and how those numbers are impacted by the recent non dom tax changes in the UK. Perhaps UK numbers will decrease and EU numbers will increase following the departure of significant numbers of the wealthy from the UK into Europe.

The Middle East is also a key and growing market for Guernsey and with more and more advisors heading to the region on a regular basis and sharing information on PTCs, that is only likely to increase.

In terms of the asset classes held in Guernsey through these PTCs, as expected private company shares and other trading assets feature really highly – in fact in over half of Guernsey's PTCs. That is due to the risks for family businesses if they fail to transfer these assets out of direct personal ownership (such as fragmentation of boards in the event of shareholder death, paralysis of family business during the probate process and taxation).

Other popular asset classes are real estate and bankable assets and there are also more and more unusual asset classes such as artwork, thoroughbred horses and luxury assets.

The majority of Guernsey PTCs (80%) have a Guernsey licensed trust company in a board position. As stated earlier, this is usually a minority seat but enables the Guernsey licensee to have appropriate information flow and oversight so that it can comply with its reporting and regulatory obligations while not interfering with the family's agenda.



Conclusion

So, a PTC is a great alternative for families who are looking to establish a trust structure but who may not be wholly convinced or ready to hand over the family wealth to a third party trustee yet. The PTC could be regarded as a hybrid, or the best of both worlds, in that the family still get to divest themselves of ownership (with all the benefits that that involves) whilst gaining the expertise of an offshore licensee and retaining a comfortable level of control.

The pipeline for new PTCs in Guernsey is healthy and it looks like a sector set to flourish further in the coming months/years. PTCs really do offer an ideal solution for families seeking long-term control, confidentiality and continuity.



CONSIDERATIONS FOR WEALTH TRANSFER



NEXT GENERATION BENEFICIARIES

Authored by: Jennifer Jordan McCall - Pillsbury Winthrop Shaw Pittman LLC

Grantors have become increasingly cautious when setting up trusts or giving wealth to their children and further issue.

There are many reasons for this. Divorce is frequent—roughly 50% of marriages end in divorce—and even for those beneficiaries who choose not to formally marry, they may have a long-term partner who becomes dependent upon the beneficiary economically, creating potential financial exposure.

Outside of the traditional ties that bind, third parties may gain access to the client and prey upon them for access to their assets. Social media and AI have made it much easier for bad actors to access private financial information, allowing them to target wealthy clients. And even third parties with good intentions have greater rights at death and in divorce than previously.

For these reasons, our clients must exercise caution when giving assets to next gen beneficiaries.

In addition, the 40% U.S. federal estate tax can deplete a family fortune in just a few generations.

How to Protect Next Gen Beneficiaries

When preparing to give wealth to next gen beneficiaries:

- Use direct communication regarding wealth, trust planning and potential threats from third parties when discussing possible wealth transfers with next gen members. Set an example of discussing sensitive topics openly.
- Warn next gen members not to rely upon inherited wealth because it can be diverted or lost; encourage them to obtain as much education as appropriate and gain employment experience from a young age.
- Train next gen beneficiaries to rely upon their own earned income for their living needs—in case of loss of inherited wealth—and instill motivation and experience, promoting self-esteem, a defense against potentially predatory third parties.
- Teach next gen that earning income instills a sense of caution to preserve wealth they are given, as opposed to thinking “more can always be obtained” if they lose their inheritance.
- Advise next gen to limit luxuries, to gain valuable experience when working with others.
- Present next gen with reading material and/or hold meetings with their family trust lawyer and financial advisor so that they can learn how trusts and investments work.
- Advise children, prior to them being in a committed relationship, that a prenup and/or a postnup agreement can protect them from the vagaries of a court in divorce and/or a potentially predatory spouse.
- Warn children, before they become involved in a serious relationship, of the dangers posed by a third party who may want to manipulate them and/or access their wealth.

Naturally, clients want their children to enjoy the benefits of a long-term relationship, which involves trust. At the same time, it is essential that their children recognize the warning signs of a troubled relationship before entering into a long-term trusting relationship with a third party.



Helpful Provisions to Include in a Trust

- A trust should preferably continue for the lifetime of a child and thereafter for their issue—the longest time permitted under governing local law. In the United States, many states have different maximum duration

periods for a trust—Wyoming and Florida, for example, permit trusts to last 1,000 years; Delaware permits unlimited duration.

- A long-term trust can maximize the benefit of the so-called generation-skipping transfer (GST) tax exemption in the United States, exempting trust assets and appreciation from the 40% transfer tax otherwise imposed at each generation.
- A long-term discretionary trust ensures that the trustee can determine the nature of the beneficiary's needs prior to making a distribution. If the beneficiary encounters divorce or litigation, the trustee can decide not to distribute to the beneficiary at such time, thereby protecting the beneficiary's assets.
- Conversely, choosing arbitrary dates for distributions (i.e., age 30) can result in trust assets falling into the hands of creditors, as lawsuits could occur at any age; indeed, a large distribution can disrupt an otherwise stable marriage by attracting demands from the other spouse. While inherited assets, including trust assets, are generally exempt from the claims of a spouse in a divorce in the United States, some states such as New York, which has "equitable distribution," may at least informally consider inherited wealth when making distributions in the divorce. Other states such as Vermont and Massachusetts expressly include trust assets in the monetary consideration and might even award an interest to the other spouse in one spouse's trust inheritance. In England, trust assets are often considered by the Court. Therefore, discretion in the trustee, as opposed to a fixed arbitrary payout date, is advisable.

State laws can provide other benefits for a trust—Delaware, Wyoming and Florida have no trustee's state income tax; some states do not require mandatory accountings, such as Wyoming and Delaware, and some states do not require the beneficiaries to be notified of the existence of the trust, such as Wyoming and Delaware, protecting children against lack of motivation and claims of third parties. A grantor can consider which state law to select prior to establishing a trust.

In addition to having assets remain in trust indefinitely, subject to the trustee's discretion, the form of discretion must be considered:

- Broad yet flexible discretion. All income and/or principal or none of it may be distributed by the trustee for any reason that may provide the best protection and flexibility.
- A hybrid approach. A beneficiary may access trust assets as needed for their "health, support, maintenance and education" or "HEMS." While convenient, this income stream can become subject to claims in divorce or from another creditor.
- The terms of the trust can encourage (or require) the beneficiary to enter into a prenuptial or postnuptial agreement prior to receiving a distribution; balance is needed between protection and intrusion into the beneficiary's personal relationships.

The trust can buy an asset, such as a house or property, for the beneficiary, protecting the property from claims in a divorce. If a primary residence is owned jointly, the prenuptial agreement can specify who will pay for real estate taxes, insurance and maintenance. Many states award a jointly owned asset half-and-half upon divorce, so the beneficiary should know that they are at risk of losing half the jointly owned house if there is a divorce.

The trust agreement may provide that if a beneficiary is subject to claims in a litigation, the trust assets are not available; the enforceability will depend upon local law.

Many trusts provide that the assets are not subject to pledge or hypothecation—generally valid under state law.

These issues should be discussed with beneficiaries and clients prior to establishing a trust. Many clients assume they are immune from these dangers, thinking the best of other people; many cannot imagine being taken advantage of or being manipulated because they are highly educated. However, third parties can be quite adept and can take advantage of even the most highly educated trust beneficiaries. For these reasons, it is important to write the trust in a cautious way, knowing that by the time a beneficiary realizes they have been taken advantage of, it is often too late.



In addition to cautionary reasons for creating a trust, other benefits include:

- Access to an experienced, wise trustee, selected by the client, who can help next gen beneficiaries navigate life decisions when the client is no longer available.
- The security of trusts, which can provide an organized, professional and safe method for issue to access family wealth while protecting it from claims of third parties. Trusts are generally professionally managed and therefore tend to be excellent long-term receptacles for the transfer of wealth.
- A variety of options. Many different forms of trusts exist, which can provide tax benefits, as well as protection of the assets for the next gen beneficiaries. Some examples include private foundations, charitable remainder trusts, charitable lead trusts, long-term GST exempt trusts, which can be combined with a grantor trust and a sale of assets for a note to leverage the exempt assets, revocable trusts to avoid probate and insurance trusts holding life insurance on the grantor, which provides estate and income tax-free distribution of insurance upon death of the insured.

Trusts can segregate assets from the reach of a subsequent spouse on death or divorce.

They can also provide a "buffer" for the beneficiary from claims of their own spouse, even in a happy marriage. If they want to keep some of their own savings separate for long-term financial security, they can "blame it on the trustee."

As noted above, many clients are realizing that it is essential to spend time and care in discussing the advantages and potential pitfalls involved with transfer of wealth with their next gen beneficiaries. This cannot be done all at once;

it takes a lifetime of instruction and demonstration of care by the grantors to not only teach their children about the benefits but also the importance of exercising care in this area.



DIFFERENT BY DESIGN

Accuro specialises in trust structures for high net worth individuals and families seeking to responsibly preserve wealth across generations.

Being wholly management and staff owned, Accuro has the freedom to pursue its mission with passion. The way we operate and who we partner with, can only be made possible by our independence.

GENEVA | JERSEY | LONDON | MAURITIUS

accuro.com



60 SECONDS WITH... VICTORIA HOWARTH LEGAL DIRECTOR PAYNE HICKS BEACH



Q What is one work related goal you would like to achieve in the next five years?

A I'm a knowledge lawyer and I'd like to keep raising awareness of what knowledge lawyers do. Our role can sometimes (wrongly!) be seen as a bit esoteric, but it's a brilliant mix of innovation, strategy, problem-solving, project management, inclusivity and interaction with people across all areas of the business. Every knowledge lawyer does things differently, but we all play such a crucial role in setting and maintaining the high standards of work in our firms.

Q What cause are you passionate about?

A The Scout movement is fantastic. The perfect antidote to our rigid education system and run by truly incredible volunteers.

Q What does the perfect weekend look like?

A My Brompton, lovely Walthamstow friends, a trip to our new Soho Theatre for some comedy after sushi at the old Manzes pie and mash shop, a Sunday morning run and probably quite a lot of mud, trumpet-playing, swimming, singing and unicorns.

Q What has been the best piece of advice you have been given in your career?

A Identify something outside of work that makes you feel strong and well – then do everything you can to keep doing it at least weekly. Also when things get tricky, remember to breathe.

Q What is the best film of all time?

A The Fantastic Four: First Steps. Superhero films aren't necessarily my thing, but I am completely biased about this one because my husband features in it as an extra. He was filming during summer 2024 at Pinewood and would come home at 5am after a night shoot with tales of 1960s New York, rockets and a silver alien which was all slightly baffling at the time. Everything made more sense on the exciting big screen when the film was finally released a year later.

Q What do you see as the most rewarding thing about your job?

A I love solving problems across the private client department and wider firm, developing and supporting everyone and - I hope - helping my colleagues to enjoy their work more.

Q How do you deal with stress in your work life?

A I'm so lucky to work with some absolutely lovely, super-smart and genuinely brilliant people at Payne Hicks Beach. I have been reduced to tears of laughter on a number of occasions by my very entertaining

colleagues. But I always find walking around the beautiful Inner Temple Garden near our offices makes me calm if I need it. The Garden seems to change in extraordinary ways every time I visit and it is my favourite place in central London.

Q What is one important skill that you think everyone should have?

A Being able to make a decent ganache has got me out of cake-related trouble a number of times. Highly recommend.

Q What book do you think everyone should read, and why?

A Mog the Forgetful Cat. I think most people have probably already read it or had it read to them (even better), but if not it's a classic. Particularly if you have a cat in your life. And Judith Kerr's illustrations are fabulous of course.

Q What's your go to relaxing activities to destress after a long day at work?

A Inferno pilates. Banging tunes and insanely hard exercises in 38 degrees of heat. Honestly addictive.

L



Specialist Legal Services

A distinguished full-service law firm providing tailored legal advice and litigation services for domestic and international high-net-worth individuals, families, family offices, and commercial clients.

- ESTATE & SUCCESSION PLANNING
- UK & OFFSHORE TAX ADVICE
- CONTENTIOUS TRUSTS & PROBATE
- FAMILY, CHILDREN, DIVORCE & SURROGACY

Payne Hicks Beach LLP is a firm of solicitors who take pride in building strong client relationships based on trust, integrity and the vision to succeed.

PAYNE HICKS BEACH

WWW.PHB.CO.UK

GEN X: PARTNERS, NOT PASSERS BY



Authored by: Tim Parkinson (Client Director) - Saffery Trust

In recent years, articles, panels, podcasts, and conversations within the private client sector seem to have been centred around the transfer of wealth from the 'Baby Boomer' generation to Millennials and Gen Z.

"The Great Wealth Transfer" has dominated headlines and industry discourse, with many private client providers identifying a need to adapt their service models, digital capabilities, and engagement strategies to appeal to a young generation. Yet, in focusing so heavily on this rising group, the industry risks marginalising a crucial cohort: Generation X.

The forgotten generation

Born in the mid-1960s to late 1980s, Gen X is also often characterised as the "forgotten generation", sandwiched between the influence and authority of Baby Boomers, and the size and pioneering spirit of Millennials (or "Generation Y").

Within private wealth, Gen X risks being reduced to intermediaries with an increasingly short stewardship role between inheriting from their parents and transferring assets to their children, a direct consequence of increased life expectancy and older generations remaining active in business and wealth management for longer.

To see this trend in action, we need only look to the British Royal Family, with King Charles III becoming monarch at the age of 73, following his mother's unprecedented 70-year reign, which saw her continuing her duties until the age of 96, making her both the longest ruling and the oldest monarch in British history. Having surpassed the UK pension age by almost a decade upon his coronation, public and media speculation quickly turned to whether – and when – King Charles may abdicate his long-awaited throne in favour of his Millennial son, Prince William. Very little coverage was given to what King Charles intends to do during his own reign, positioning him almost as a placeholder for Prince William.

While, admittedly, an exceptional family, nonetheless this example illustrates the broader dynamic of longer life expectancies and extended leadership where succession is delayed and the intervening generation's role may end up being compressed in comparison.

However, this framing underestimates Gen X's significance, with many being both actively engaged in wealth creation and preservation as well as holding substantial roles as decision-makers, business owners, investors, and even trustees of family wealth.

On the assumption that average life expectancy remains between 70 and 80 globally, private client service providers can reasonably expect to be working alongside Generation X for at least another two decades. So why, when we discuss NextGen wealth, is Gen X so often excluded from the conversation?

To ignore this generation, and their ideologies, in favour of a "skip ahead" approach risks alienating a group that is already highly engaged and in need of advisory support.

Ideology

Often, when NextGen wealth is discussed, the topic inevitably arises of how the next generation is more tech savvy, more environmentally and socially conscious, and drifting further and further from 'traditional' values. These conversations, however, are almost exclusively focussed on Millennials and Gen Z. The reality is that the true 'NextGen' of wealth inheritors, Gen X, bring a distinct ideology of their

own, one that meaningfully shapes their approach to wealth and decision making, and may not necessarily align with those expected of younger inheritors.

Gen X are sometimes referred to as the “latchkey generation” – a term coined to describe children letting themselves into an empty home after school, reflecting the decline of the stay-at-home parent, and single-parent households. They grew up amid significant economic, social and geo-political challenges, change and uncertainty, and had to adapt to significant technological advances without the benefit of being taught about such technologies in school (in stark contrast to Millennials and Gen Z).

Often balancing care responsibilities for both parents and children, Gen X is likely to view succession planning and long-term security as central objectives, with stability forming a core focus of their wealth strategies - a priority which is unlikely to be front of mind for younger generations.

As such, many Gen X clients may remain loyal to tried-and-tested wealth structures such as trusts and foundations. They continue to value privacy and continuity, which may conflict with the younger generations’ appetite for publicity (for example, usually being highly comfortable sharing many aspects of their lives on social media). While Gen X may appreciate digital innovations for convenience, they often still expect a high-touch, personalised service and deep relationships with their service providers. This conflicts with Millennials and Gen Z, with a study finding that 50% of younger generations feel uncomfortable making business phone calls, preferring email or instant messaging over more personal communication.

The risk of marginalisation

If Gen X clients have a perception – whether or not this matches the reality – that their service providers are treating them as a transitional generational, they may feel that they, and their needs, are being sidelined. Seeing as they are likely to be the primary decision-makers when selecting service providers for inherited wealth, ensuring Gen X does not feel marginalised is crucial for private client professionals. Overlooking them risks eroding their loyalty. The 2025 EY Global Wealth Research Report highlighted this vulnerability,

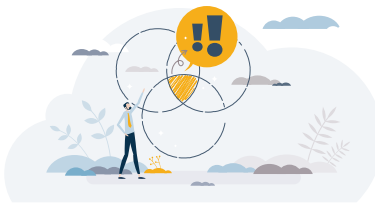
revealing that one-third of respondents were likely to change their primary wealth provider within the next three years, while 45% planned to reallocate between a quarter and half of their portfolios to another provider in the same period.

Additionally, ignoring the voice of Gen X risks effectively silencing a translator between Baby Boomers and Millennials/ Gen Z – a key role when it comes to balancing tradition and progressive perspectives.

What can service providers do?

To ensure that Gen X is not overlooked, service providers should consider:

- Tailoring messaging and services that speak directly to Gen X priorities.
- Balancing digital tools with personal services.
- Positioning Gen X as partners, not passers-by.
- Demonstrating emotional intelligence by acknowledging the pressures Gen X face in balancing both the needs of parents and children while managing their own careers and wealth.
- Equipping Gen X clients with knowledge and strategies for effective intergenerational conversations, while ensuring their voices are also heard.



Conclusion

Conversations about NextGen wealth cannot be one-dimensional. While it is important to have the foresight to meet the needs and expectations of Millennial and Gen Z beneficiaries, overlooking Gen Xers risks strategic blind spots for private client service providers.

By recognising both the current, and future contributions of Gen X, service providers can avoid the pitfalls of marginalising a generation that still has a significant role to play.





HOW TO EFFICIENTLY STRUCTURE THE PURCHASE OF A SPANISH VILLA FOR TAX PURPOSES

Authored by: Eduardo Martínez-Matosas (Partner) - Gómez-Acebo & Pombo

One of the most frequent queries from foreign private clients is how best to structure the purchase of a Spanish villa in a tax-efficient manner. Although a range of alternatives exists, the two structures most commonly implemented are:

a) Direct ownership

b) Ownership through a foreign company (Foreign Co)

The tax impact will vary slightly depending on whether the villa is intended for family use, rental purposes, or a combination of both. In addition, the future tax consequences of a potential sale or inheritance must also be considered when choosing a structure. For the purposes of this article, we will focus on the acquisition of a Spanish villa for family use, and examine the principal annual taxes that apply:

- Non-Resident Income Tax (NRIT)
- Wealth Tax (WT)
- Big Fortunes Solidarity Tax (BFST)

a) Direct ownership

- NRIT: the owner would be subject to NRIT on “deemed rental income”, at a 24% rate (or 19% if resident in the EU). This deemed rental income is calculated as 1.1% (or 2% in some cases) of the cadastral value -which is

generally far lower than the property's market value.

- WT: non-Spanish tax residents are liable to WT on their Spanish-situated assets (net wealth: assets minus debts linked to the assets). The owner would be subject to WT in relation to the property if its value for WT purposes exceeds 700.000 € (the “minimum threshold”). The applicable rates are progressive, ranging from 0.2% to 3.5%. The taxable value of the property is determined as the highest of the following: cadastral value, value assessed by the tax authorities, or acquisition price. Importantly, WT is a tax levied by Spain's Autonomous Communities (Comunidades Autónomas, CCAA) rather than by the central government. This enables each CCAA to establish its own rules, including rates and minimum threshold. Depending on the region in which the property is located, a higher minimum threshold may apply— for instance, €3 million in the Balearic Islands.

BFST: in cases where the property has a purchase price over 3.7M eur, it could also be subject to BFST, at progressive rates ranging from 1.7% and 3.5%. However, in most cases BFST does not represent an additional burden, as WT (which has a broadly similar cost) can be credited against it. Where BFST applies marginally, the additional tax is often negligible compared with WT.



b) Ownership through Foreign Co (not tax-transparent)

- NRIT: by virtue of Spanish Transfer Pricing regulations, Foreign Co must charge its shareholder a market-value rent. The rental income obtained by Foreign Co (net of expenses, if Foreign Co is EU-based) is subject to NRIT, at a 24% rate (19% if Foreign Co is EU).
- WT: shares of non-listed foreign companies whose main asset is Spanish real estate are considered as Spanish-situated assets, and therefore subject to WT. The taxable value of the shares is the highest of the following: nominal value, net asset value (equity), or capitalization at the rate of 20 percent the average of the profits of the 3 last fiscal years. Certain double tax treaties may, however, prevent WT from applying.
- BFST: the same comments apply as under direct ownership.

*Note: in case Foreign Co was tax-transparent, a different tax treatment could potentially apply in NRIT/WT/BFST, depending on the attributes of Foreign Co.

In case of sale of the property (not of the Foreign Co shares), the same tax treatment would apply to Direct ownership and to Ownership through Foreign Co:

- NRIT: the capital gain -difference between the purchase and sale price- would be subject to NRIT, at a 19% rate. Costs related to purchase and sale -and indirect taxes- can also be deducted to reduce tax basis.
- IIVTNU: a municipal indirect tax on increase of urban land value (IIVTNU) would also apply. Its calculation is formula-based, and in practice the cost is usually not substantial compared with NRIT on the capital gain.



Key takeaways:

- Direct ownership vs. Ownership through Foreign Co:
 - NRIT: in the vast majority of cases, Direct ownership is significantly more tax-efficient than Ownership through Foreign Co, as the tax basis on which it is applied is much lower: 1.1%/2% on cadastral value vs. rent calculated at market value under Foreign Co ownership.
 - WT: if the Spanish property is the main asset of Foreign Co, WT cost is broadly similar in both cases. However, the option of Ownership through Foreign Co can sometimes eliminate WT exposure, either because the Spanish asset is not the company's main asset, or through the application of a double tax treaty.
- The choice between Direct ownership and Ownership through a Foreign Co should therefore be based on a combined NRIT/WT cost analysis.

- Additional considerations for Ownership through a Foreign Co include:

- Taxation of rental income (or a future sale) in the Foreign Co's jurisdiction (e.g. foreign corporate tax, income tax on dividends/liquidation).
- Administrative burdens such as issuing rental invoices and managing payments.

- As WT is subject to progressive rates, splitting the acquisition of the Spanish villa among several family members can substantially reduce the liability. Similarly, using debt (such as a mortgage) to finance the purchase can lower the WT cost.
- Future application of Spanish Inheritance Tax (IHT) must also be considered. Like WT, IHT is a tax collected by the CCAA, and not by the central government. This fact allows CCAA to approve specific rules on IHT, including rates, allowances and exemptions. Depending on which region the property is located, as well as on other factors, IHT cost on inheritances between close relatives may be substantially reduced -or even be nil (as in the Balearic Islands).
- Further tax efficiencies can be analyzed through the use of foreign tax transparent entities, or in application of relevant double tax treaties.



withersworldwide
The law firm for success

What does success mean to you?

We are the leading global law firm for successful individuals, their private capital and businesses in the digital and physical worlds.

For over 125 years, we have been proud to partner with our clients to realize their ambitions, protect their family and interests, and help them use their resources to shape the future.



**Whatever success means,
we can help.**

withersworldwide.com



Attorney advertising





TAKING THE EMOTION OUT OF NEXT GEN PLANNING

Authored by: Jeremy Robertson (Partner) & Nicholas Jacob (Partner) - Forsters

The perception of “Next Gen” planning is of unemotional and objective arrangements. Whether we like it or not, emotion is a human reaction – often uncontrolled or uncontrollable, often ignored, and it’s inevitable that emotions will permeate future planning discussions. They are natural reactions. Attitudes are formed by emotions.

Emotions prevent rational thought. Emotions are an inevitable part of the planning process. But – should they be?

Once the emotions at play within a family and their effect on succession are understood, it is important for advisors to take a step back and apply an unemotional approach in developing family governance solutions that address those emotional concerns. By seeking to put emotion to one side and looking objectively at the thorny issues that underly those emotional concerns, advisors are more likely to be able to find workable and enduring solutions.

Are emotional responses damaging in next gen planning?

Emotion is often masked in a controlling approach to planning. Running a business is stressful; stress can and

does also lead to emotional turmoil. Emotionally charged decisions will often be made by family members under pressure. Family ties can lead to greater frustration and anger if the emotionally perceived values and requirements are not met.

It’s easy to feel that emotional involvement in the planning process is a negative; but it may also be a positive. The difficulty is that, as family numbers grow down the generations, emotional responses are less and less likely to prevent and resolve family disagreements, however trivial or serious. Long term grudges or resentment are very damaging unless forgiveness is possible, and the suppression of feelings is a negative. Yet trust is also key and trust is a positive emotion which allows difficulties to be resolved. Constructively held emotional (and therefore strongly held) views can actually hold the family together. However, generally, at the end of the day emotions prevent conflicting issues being properly addressed, which can be fatal to the ongoing harmony of the family.



Taking emotion out of the equation – the importance of communication

So how can we take the emotion out of the equation in order to ensure a totally rational thought process? Family members will be opinionated, but that does not mean that they can’t think rationally if well guided. It’s the source of many a family battle that emotions prevent a seriously open and constructive dialogue.

When it is time to interview the adult next gen members of the family, their issues, concerns, worries, frustrations and ire will glean an emotional response from their parents or grandparents. It’s this emotion that needs harnessing. Just the very fact that they are more then often not prepared to share these emotions with their more senior family members is a serious problem in itself.

It’s essential to take the emotion out of those discussions and find rational solutions. Third party consultants or emotionally intelligent lawyers will have the ability to ascertain and absorb the emotional issues and find practical ways of dealing with those issues. Its remarkable how many next gens are desperate to “spill the beans” and vent their frustrations to independent people who are not tied to the family.

That's all well and good, but if the family is resistant to rational change, the deep emotional issues that have permeated will not be dissipated. It's a very clear fact that those families that engage in rational and unemotional discussion will be far less likely to have significant disagreements. Those that cannot see the issues in an unemotional manner will be constantly warring to the great detriment of the family as a whole – possibly for many years, or until there is a complete break up. Clear, open and healthy communication, guided by a totally independent third party is essential.

If it's to be like the Roys in "Succession", where nobody is prepared to engage constructively, family wars will continue and grow in fervour. Suspicions must be destroyed by fact.

United at all costs?

An example of an emotional response (often espoused by the patriarch or matriarch) is that of wanting the family to stay united at all costs. However, simply saying that a family should stay together will not, in itself, make the family adhere to those values, and seeking to foist unity on a family can be detrimental where members may, often for good reason, wish to forge a separate path. Instead, the unemotional response may be to accept, as hard as it may be, that family members might wish to exit a family wealth holding structure and to put in place a governance structure that caters for that (for example, by applying pre-determined formulae when determining the value to be attributed to an exit family member's interest). Having a clear framework in place reduces the cost to the family from a fiscal, emotional and, potentially, reputational perspective, particularly if it avoids an acrimonious split being played out in public.



Contribution v Reward: Fairness

The very fact that families are tied together by emotion means that it's extremely difficult to ensure fairness within the family. Fairness is in the

eye of the beholder. It's only generally possible to get anywhere near fairness when an independent person can explain fairness rationally.

Another emotionally driven issue that needs careful handling is that of contribution versus reward in families where some members are actively involved in building family wealth (for example, through management of the family business) and others are not. Common reactions include: "I do all of the hard work, so why should my siblings and I share equally?" or "My brother is lazy and wants to live off the fruits of my parents' efforts."

It is only right that family members who contribute significantly are appropriately rewarded for their hard work, so as not to disincentivise them. At the same time, this must be balanced against the need to avoid resentment from those family members who are not actively involved in generating wealth, often for good reason.

The unemotional approach is to consider how to reward contributing family members in a way that is acceptable to all parties. On a practical level, this is often achieved by rewarding family members working in the business through salary, bonus, and/or other incentives at the operating level of the business, where such remuneration can be objectively set, rather than at, say, the trust level.

This example raises the bigger question of whether an approach will ever be considered "fair" by all parties when emotion is involved.

The answer may well be no, particularly where multiple generations with very different perspectives are involved, because fairness is fundamentally a subjective term. Instead, family members may be better served by adopting a solution that they can accept (even if some consider it more or less fair than others). In our view, such solutions are far more likely to stand the test of time.





HUNTERS

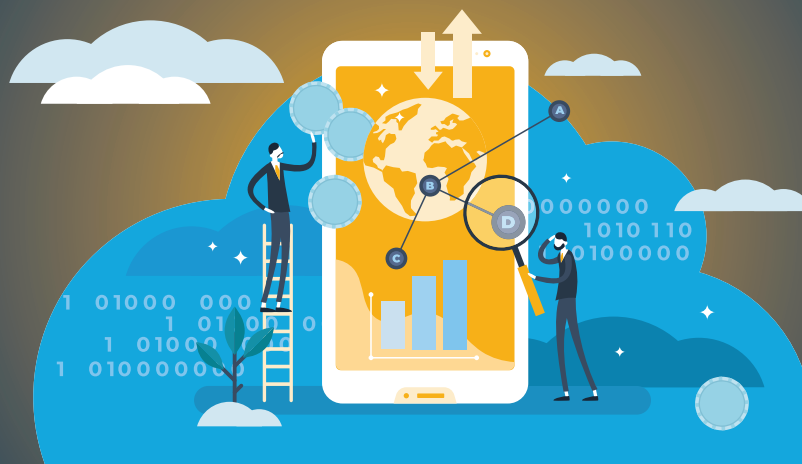
Tackling tricky legal questions, complex transactions and difficult conversations for over 300 years.

With confidence.
With consideration.
With care.

www.hunterslaw.com



NAVIGATING THE GREAT WEALTH TRANSFER:



CHALLENGES AND OPPORTUNITIES FOR THE NEXT GENERATION

Authored by: Alex Smedley (Senior Trust Manager) - Praxis

Over the next two decades, an estimated \$84 trillion^[1] is projected to transfer to younger generations. This extraordinary succession will be a pivotal point for families and present unique challenges and opportunities that will impact the intricate nature of family dynamics across generations and test the flexibility of established financial structures. For the NextGen, this inheritance represents both a benefit and a potential burden.



The wealth management challenge

Building strong relationships with family offices, investment advisers, tax and other professional advisers is essential for ensuring the long-term prosperity of high net worth and ultra-high net worth families across generations. However, the effectiveness of these relationships relies heavily on the financial awareness and active participation of younger beneficiaries in the day-to-day processes.

Technology

Digital natives who have grown up with technology as an integral part of their life and are accustomed to a fast-paced, information-rich environment may find traditional methods of financial education lacking.

Interactive, tech-driven learning tools, and real-time financial dashboards could be tools used in the future to engage with these generations effectively and these are a key part of our transformation programme.

The rise of digital assets, including cryptocurrencies and non-fungible tokens (NFTs), represents a new frontier in wealth management that will require a different approach to valuation, security, and regulatory compliance. Professional services firms are evolving their approach to meet these expectations, ensuring that younger beneficiaries understand the intricacies of wealth management and the responsibilities that come with it.

Inclusivity

Incorporating the NextGen into decision-making processes early on can foster engagement and a sense of responsibility. This can include inviting them to family council meetings, involving them in philanthropic endeavours, and introducing them to investment decisions. Such

an approach not only builds their confidence but also helps align the family's financial goals across generations.

It is also critical for successful relationships that each client is matched with the trust professionals they will work best with.

At Praxis, we place a strong emphasis on establishing relationships that lead to close collaboration with our clients, based on common ground to ensure synergy and a matching 'wavelength'. It is therefore advantageous for firms to have NextGen members within their teams. This diversity and succession planning is not only important for the future prosperity of the firm, but also to ensure that all family members have access to a representative with the necessary skills who is aligned with the NextGen mindset, in addition to more senior staff members.



Family dynamics and intergenerational harmony

Family dynamics will play a critical role in the successful transfer and management of wealth. Key factors such as communication, trust, and shared values will be important in achieving a harmonious wealth transfer.

Bridging the generation gap

Differences in values and perspectives between generations can lead to conflict. While the current family generation may prioritise preservation and steady growth, the NextGens may lean towards sustainability, social impact investing, and technological innovation.

It is important to facilitate an open dialogue where each generation can express their values and expectations, helping to mould the future wealth management strategy.

Conflict resolution mechanisms

In anticipation of these conflicts arising, establishing formal conflict resolution mechanisms within the family governance structure early on can help to resolve disputes more easily. This could involve regular family meetings, establishing a forum for mediation, or setting up family constitutions that clearly define roles, responsibilities, and the dispute resolution processes.



The future of wealth management

The role of a private wealth trust manager will continue to evolve, and the successful transfer of wealth to the NextGen will depend on our ability to adapt and innovate in response to their unique needs and values. This involves embracing technology, fostering intergenerational dialogue, and implementing robust governance structures that can withstand the tests of time and change.

As a practitioner, managing and preserving wealth across generations is a complex but rewarding undertaking. By addressing the specific challenges and leveraging the strengths of the NextGen, we can ensure that the legacy of wealth is not only maintained but enhanced for future generations.

One of Praxis' next generation with seven years' industry experience, Alex joined Praxis in 2019 and is STEP qualified.

L



60 SECONDS WITH... SARAH DENOUAL CLIENT SERVICES DIRECTOR PRAXIS



Q What is one work-related goal you would like to achieve in the next five years?

A To continue growing as a leader, while creating opportunities for the next generation – both within my team and for the families we support. I'm especially focused on supporting our next generation clients to help them prepare for their future as inheritors of wealth.

Q What cause are you passionate about?

A I'm passionate about philanthropy, ESG, diversity and inclusion. I'm also focused on the complex relationship between wealth creators and future generation receivers and the particular challenge that presents with educating the next generations in a meaningful, lasting way.

Q What does the perfect weekend look like?

A After a busy week, often split between Jersey, London and client meetings abroad, a perfect weekend is a quiet one at home. Spending quality time with family, long dog walks, and getting into the garden! It's how I reset and recharge ready for the next week ahead.

Q What has been the best piece of advice you've been given in your career?

A One of the most valuable lessons I've learned is to take a step back. A moment of perspective goes a long way, and achieving a good work life balance helps you stay effective and motivated for the long term.

Q What is the best film of all time?

A The Notebook. At its heart it's about legacy, memory, and deep personal connection – which resonates well when you work with multi-generational families. Relationships, like wealth, need care and attention to last.

Q What do you see as the most rewarding thing about your job?

A Seeing the impact of great client service, helping preserve and enhance client's wealth, navigate complexity, and ensure a smooth confident transition from the first generation of families to the future generation(s). That's when you know you've made a real difference, which is very fulfilling and satisfying.

Q How do you deal with stress in your work life?

A Experience definitely helps. I've learned to pause, take a breath, and try to maintain perspective. It's easy to get caught in the detail, but stepping back often brings the clarity you need.

Q What is one important skill that you think everyone should have?

A Organisation and clear communication are fundamental, especially when you're managing complex, multi-jurisdictional structures under tight deadlines.

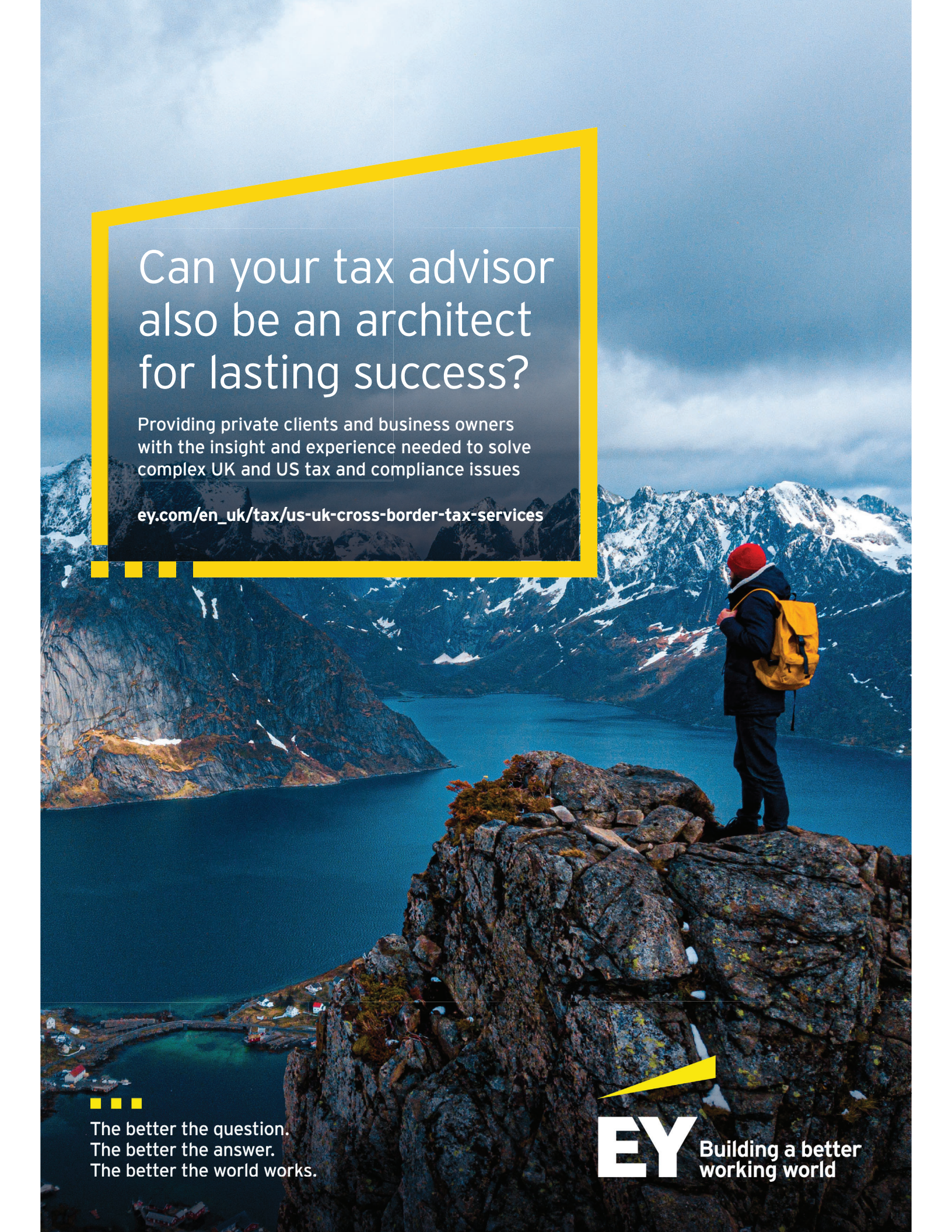
Q What's your go-to relaxing activity to destress after a long day at work?

A Spending time with my family or getting outside for a walk around Jersey's beautiful lanes and beaches with my dog. It's a simple way to switch off and reset.

Q What has been your favourite holiday destination and why?

A Most definitely, Vietnam, with its friendly people, cultural diversity, captivating history and of course, the beautiful landscapes.

L



Can your tax advisor also be an architect for lasting success?

Providing private clients and business owners
with the insight and experience needed to solve
complex UK and US tax and compliance issues

ey.com/en_uk/tax/us-uk-cross-border-tax-services

■ ■ ■
The better the question.
The better the answer.
The better the world works.



EY Building a better
working world

GENERATIONAL WEALTH TRANSFERS AND THE FUTURE OF FAMILY BUSINESSES: LESSONS FROM ITALY



Authored by: Marta Cenini (Of Counsel) - Maisto e Associati

Over the next two decades, the global economy will experience one of the largest generational wealth transfers in history. UBS estimates that approximately USD 83 trillion will change hands worldwide, reshaping ownership structures, investment patterns, and the role of family businesses. Italy, with its deeply rooted family-owned enterprise culture, is at the center of this transformation, facing both challenges and opportunities as it prepares for a massive intergenerational shift valued at around €3 trillion.

The Central Role of Italian Family Businesses

Family-owned enterprises dominate the Italian corporate landscape. According to the AUB XVI Observatory (2025), there are 15,836 Italian family firms with revenues exceeding €20 million, representing 65% of all companies in this size bracket. These firms are crucial to the country's economic resilience, particularly in manufacturing, luxury goods, and industrial supply chains. In the aftermath of the pandemic, the landscape has further expanded, with more than 4,200 new family-controlled companies emerging—a 36% increase over the pre-COVID baseline.

Despite this growth, succession planning remains a significant vulnerability.

Assoholding (2024) reports that only 18% of Italian family firms have a clear succession plan in place.

This lack of preparedness creates risks not only for continuity but also for competitiveness, particularly as leadership transitions become unavoidable. Nearly one in four family firms is currently led by an individual over 70 years old, raising urgent questions about governance and generational renewal.

The Fragility of Intergenerational Succession

The Family Firm Institute underscores the fragility of family business continuity. Globally, only 30% of family businesses survive the transition from the founder to the second generation. This figure drops to 13% for those reaching the third generation and plummets to just 4% that remain family-controlled into the fourth generation. Italy reflects this global trend, with limited strategic foresight and formal governance mechanisms often contributing to the decline.

Research conducted by SDA Bocconi's Corporate Governance Lab highlights that many Italian family businesses delay formalizing generational transitions, often driven by cultural factors, reluctance to relinquish control,

or underestimation of the complexity of succession. The result is a precarious balance: firms that are economically vital yet structurally exposed to leadership vacuums.



Governance, Diversity, and Internationalization

The AUB Observatory's latest findings shed light on governance trends that could shape the next phase of family business development. More companies are experimenting with diversified boards and professionalized management structures. Diversity in governance—both generational and gender-based—has been shown to enhance resilience, but Italian family firms still have progress to make in this area.

Internationalization represents another critical frontier. While many family firms remain domestically focused, global competitiveness increasingly requires a presence abroad. Data from the AUB

Observatory show that international expansion, often through foreign direct investment (FDI), correlates with stronger long-term performance. For family businesses facing succession, international exposure also provides the NextGen with a broader set of managerial experiences and strategic insights.

Global Wealth Shifts and the Rise of Everyday Millionaires

The Italian story must be understood within the broader context of global wealth dynamics. According to the UBS Global Wealth Report 2025, the number of millionaires worldwide increased by more than 684,000 in 2024 alone, with the United States adding over 379,000 new millionaires—over 1,000 per day.

The emergence of so-called “Everyday Millionaires” (EMILLI)—individuals with investable assets between USD 1 million and 5 million—has reshaped the wealth management landscape. Numbering 52 million globally, this group collectively holds USD 107 trillion, nearly as much as the ultra-wealthy with assets exceeding USD 5 million.

For Italy, where the average adult wealth stands at USD 214,663, these dynamics highlight both opportunities and risks. Wealth concentration is shifting, and women are expected to benefit disproportionately from inheritance and inter-spousal transfers. This trend suggests that family businesses must adapt their governance models to reflect new stakeholders and more diverse ownership structures.

Succession Planning: tools for securing inter-generational transfer

While succession is often viewed as a private matter, its implications are actually public and systemic. The failure of a large family-owned enterprise can destabilize supply chains, employment,

and even regional economies. Conversely, well-managed transitions can unlock new growth opportunities, enabling firms to modernize, attract capital, and compete internationally.

The evidence suggests that Italian family businesses are increasingly aware of these stakes, with 18% of firms planning generational transitions in the next five years—a marked increase compared to past periods. However, this still leaves the majority unprepared.

Effective strategies include formalizing succession plans well in advance: in this regards, there are several tools in order to prepare the inter-generational transfer of family business.

The first tool is the so-called “family pact” which is a legally binding agreement regulated by Article 768-bis of the Italian Civil Code. It allows the entrepreneur (the current owner of the family business) to transfer ownership of the business (or shares in it) during their lifetime to one or more descendants (and not to the spouse), enjoying also a favorable fiscal treatment. This tool was specifically designed in 2006 to facilitate a smooth generational transition by avoiding disputes among heirs after the founder’s death: indeed, the family pact makes an exception to some of the mandatory rules of Italian inheritance law, such the duty to hotchpot, and exclude the business from the action for reduction (which is designed to protect the forced heirs).

Other very common instrument used for the generational transfer of family business is the inter vivos trust: as well known, this is a legal instrument not specifically regulated by the Italian law but recognized under the Hague Convention on Trusts of 1985, ratified by Italy in 1989, in which the founder (the settlor) transfers assets—including business shares—into to a trustee for the benefit of designated beneficiaries, who, in a context of a family business, are usually the family members (spouse, children or remote issues).

The entrepreneur could also opt for not planning the succession during his lifetime and leave their will to a testament: this tool has been recently used by very successful Italian entrepreneurs such as Caprotti (Esselunga), Berlusconi (Mediaset) and Del Vecchio (Luxottica). However, not in all case the instrument has been used properly and in certain cases, many problems between heirs raised after the death, which confirm the need of a specific and technical advise

during lifetime in order to secure a good succession.



Conclusion: Building Resilience Through Planning

Italy’s imminent €3 trillion generational wealth transfer entails both risk and renewal. On the one hand, the low rate of succession planning threatens the continuity of a vital segment of the economy and in particular of family business. On the other, the rise of a new generation of leaders, coupled with global shifts in wealth distribution, creates unprecedented opportunities to modernize governance and expand internationally.

It is thus urgent to be prepared for these changes. Those family firms that seize this moment will not only preserve their legacy but also shape the future of Italy’s economic and industrial landscape.



FUTURE PROOFING NEXT GENERATION WEALTH



IM irwinmitchell

Authored by: Helen Clarke (Partner – High Net Worth and International Private Client Services) & Andrea Jones (Partner – National Head of Private Client Advisory) - Irwin Mitchell

It has been widely reported that over the next two to three decades, the UK will see a “great wealth transfer” of over £5.5 trillion from baby boomers to their children and grandchildren.

It is becoming evident that this shift is being accelerated by changes in the economic and tax landscape.

Tax Changes Driving Behavioural Shifts

Sweeping inheritance tax (IHT) reforms announced last Autumn, and due to take effect over the next two tax years, will significantly broaden IHT’s reach. Business owners and farmers who had been expecting business succession to happen after their lifetime, IHT and capital gains tax-free, are considering gifting now. This is ahead of a new £1m cap on 100% IHT relief for qualifying agricultural and business assets from April 2026.

Similarly, many of those who had previously envisaged preserving their pension wealth as an IHT free legacy for the next generation are now planning to draw down and spend or give away these funds, with unused pension savings set to become subject to IHT from April 2027.

However, acting hastily may trigger unintended consequences, such as capital gains tax or loss of asset

protection. Much of the legislation remains in draft, and further changes may follow, adding to uncertainty. This represents a challenge both for individuals and their advisers.

Holistic advice from specialist advisers across several disciplines is more important than ever to allow individuals to make informed decisions that factor in current uncertainty and weigh up related risks.

Changing Family Dynamics and Rising Disputes

People are living longer, and family structures are more diverse and fluid. Younger generations have different priorities and aspirations. The number of estate disputes have been rising in recent years, driven by increasing property values, economic pressures, and complex family relationships. Carefully thought through planning is essential to ensure wealth is passed on securely, fairly, and tax-efficiently.



Managing Risk

Restrictions on how much can be settled into trust tax-efficiently have led families to explore a broader range of tools for passing on wealth in a controlled environment.

Fragmented ownership, potentially through a mix of outright gifts and structured arrangements that may include both trusts and corporate entities, can add layers of protection and reduce asset value in the context of tax and third-party claims. Different classes of shares in trading businesses or family investment companies can allow one generation to retain control while passing on growth to the next.

Tailored constitutional documents, such as articles restricting share transfers outside of the family

bloodline and carefully framed shareholder agreements, can help define governance and succession.

The use of insurance policies is likely to increase. Usually written in trust, insurance can be deployed to mitigate the IHT risk if donors do not survive the seven-year period following a gift or to help maintain parity between heirs, especially where some receive assets earlier than others or of differing value which is common in family businesses where not all of the children are involved.

Accurate valuations will be key both to assessing IHT exposure and quantifying capital gains on lifetime gifts (as well as to support claims for Business Asset Disposal Relief (BADR) or holdover relief where applicable).

Pre- and post-nuptial agreements are also increasingly common, as families seek to protect wealth which may have been gifted, inherited, or generated prior to marriage in the case of later life marriages. These agreements can help ensure that gifted or inherited assets remain separate from marital property in the event of divorce. Courts will generally uphold such agreements if entered freely and fairly, with full disclosure provided needs are met. Moreover, the Law Commission has proposed a framework for Qualifying Nuptial Agreements (QNAs) to reduce the scope of financial disputes on divorce and ease pressure on family courts.

Avoiding Future Disharmony

There is a risk that the pressure to pass on wealth sooner rather than later to mitigate IHT exposures may lead to hasty decisions. While tax is a key driver, it should not be the only factor determining the way forward.

Individuals must ensure they retain enough to meet their own lifetime needs. Legal, tax, and financial planning should be integrated and begin with valuation appraisals, ideally coupled with a cash flow forecasting exercise to support and evidence informed choices being made about the extent of gifts.

A significant interest in a family farm or business may be being transferred primarily for tax mitigation reasons, but the opportunity should not be missed

to begin to formulate a robust plan for future stewardship and governance of the business.

Wills and expressions of wish including pension nomination forms should be reviewed and updated in tandem with any lifetime gifting. This is imperative to ensure overall provision for intended beneficiaries remains balanced and tax efficient.

Significant IHT savings can be made through a carefully structured will by avoiding wasting valuable reliefs and allowances and making sure that any tax liability is deferred until the death of the surviving spouse or civil partner, where relevant.

There is an overarching onus on professional advisers to ensure that gifting is a well-considered, informed choice, freely made and with full understanding of the tax and wider implications. Diligently documenting related discussions and the rationale behind the decisions made can also reduce the risk of a costly dispute, particularly in cases of relationship breakdown or inheritance claims involving children, stepchildren, and new partners.

Conversely, DIY planning increases the risk of challenge, especially where capacity may be questioned. With increased longevity, concerns about coercion or fraud are rising. Undue influence often occurs behind closed doors, leaving little evidence. In view of this, the Law Commission has proposed statutory reform via a new Wills Act, shifting the burden of proof to those accused of exerting undue influence where there are reasonable grounds for suspicion.

Families must also be aware that attorneys acting under a Lasting Power of Attorney have minimal authority to make gifts, particularly for tax planning purposes, without approval from the Court of Protection.

Open family conversations can help avoid surprises and future disharmony and advisers can play a key role in facilitating these discussions, where appropriate.

Conclusion

Sweeping IHT reforms are prompting an acceleration of the so-called great wealth transfer to the next generation and reshaping the private wealth landscape. This demands a joined-up and holistic approach from a legal, tax and financial planning perspective.

By anticipating challenges and embracing innovation, advisers can help clients plan with confidence and future proof the great wealth transfer for the benefit of the next and successive generations.



A photograph of an older couple on a boat. The man, with grey hair and a beard, is wearing sunglasses and a dark shirt. The woman, with long grey hair, is wearing a yellow tank top and has her arm around his shoulder. They are both smiling and looking at each other. The background shows the ocean and the boat's railing.

Here for you through every life event

Our legal and financial experts understand the complexities of life. We offer a tailored service to help you plan for the future and protect your legacy. So you can enjoy the **moments** that **matter**.

 irwinmitchell.com

Authorised and regulated by the Solicitors Regulation Authority.

 **irwinmitchell**

PHILANTHROPY THAT CHANGES LIVES

WHY STRATEGY MATTERS AS MUCH AS COMPASSION

Authored by: Peter Goddard (Founder) - IMG Trust Company

At the ThoughtLeaders4 Private Client | TL4PC Contentious Trusts Circle Europe in April 2025, one theme stood out in our discussions on philanthropy: intentions are no longer enough.

For families serious about legacy and trustees who support them, philanthropy is evolving into a more strategic, business-minded endeavour. It's less about general goodwill and more about impactful outcomes.

From small-scale gifts to serious investment

Traditionally, donors gave relatively modest amounts to charities - rarely more than 10% of a charity's annual turnover - to avoid overwhelming existing operations. While well-meaning, this approach often lacked depth, with little involvement, limited measurable change, and few opportunities for genuine partnership.

That model is shifting. Today's philanthropists want to see change, and more than that, they're willing to fund it. But in return, they expect to see robust planning, credible leadership, and accountability.

"Intentions are no longer enough. Donors now fund measurable change and expect planning, credible leadership and clear accountability."

In this sense, modern philanthropy often resembles private equity investment, with due diligence, business plans, milestone tracking, and leadership assessment undertaken regularly by donors.

What good looks like

A powerful example of this approach in action is 2wish Cymru, a bereavement support charity in Wales. Founded

by Rhian Mannings MBE Pride of Britain Award Winner in 2014 after the unimaginable loss of her son and husband within 5 days of each other, 2wish has become embedded in Wales' emergency response framework, supporting over 90% of bereaved families across the country.

When 2wish came to us with a carefully phased, fully costed expansion plan to scale nationally, we organised a 10-year, £1 million annual funding partnership through a client's charitable foundation. Whilst we don't fund grants directly at IMG, we often support clients in managing and structuring their philanthropic vehicles. This wasn't a case of handing over the funds to 2wish and wishing them the best. The foundation was backing them with conviction. At IMG, we often support that decision because we believed in 2wish's vision, their ethics, and their bold plans for change.

"Treat significant gifts like a joint venture. The return is systemic change in a charity, not financial gain."

This philanthropic model is collaborative. It involves bi-annual site visits or update conference calls, impact reports, and ongoing dialogue. Charities know that the payment of their next annual grant is dependent on their performance during the prior year. In many ways, this model operates like a joint venture, with the return being the systemic and wholesale transformation of a charity, rather than financial gain.

Strategy before size

While smaller charities often benefit most from this kind of funding, larger charities can also be a fit - if they have discrete, well-structured areas of need and are willing to adapt their infrastructure to accommodate the demands of large-scale donors.

Take DePelchin Children's Center, a century-old child welfare organisation in Houston, Texas. With a waiting list for family counselling and an ambitious plan to place wellbeing teams in local schools, they needed multi-year support. We facilitated a grant through the same foundation that helped them eliminate the backlog, expand their reach, and deliver care earlier, when it matters most.



Where trustees fit in

At IMG Trust, we often work with families who want their giving to reflect their values as much as their standards. Our role is to help structure their giving, vet potential charity partners, and maintain oversight for the duration of each grant, which can last for as long as 10 years.

Philanthropy at this level requires a clear vision, strong leadership, and a commitment to ongoing engagement. When those pieces come together, the result is lasting change that has distinct, measurable benefits for society.

It's about building something that endures beyond the life of a single gift, which will have an impact on each charity that is far-reaching and truly transformative for the communities it serves.



GASSER PARTNER
ATTORNEYS AT LAW

Protecting what matters to you.

We are dedicated to advocating for your interests.

With comprehensive expertise, full service and decades of experience we always remain focused on your goals. Learn more about our passionate way of providing legal excellence.

Vaduz Zurich Vienna

GASSERPARTNER.COM

NEXT GEN WEALTH:



WHEN FAMILY VALUES COLLIDE WITH LEGAL REALITY

Authored by: Alfred Ip (Partner) - Hugill & Ip

Lessons from Two 2025 Cases That Will Transform Intergenerational Wealth Transfers

The next generation of wealthy families faces unprecedented challenges in preserving and transferring wealth across cultural and jurisdictional boundaries. Two landmark cases decided within 24 hours of each other in April 2025 provide sobering lessons about the gap between family expectations and legal protection.

In Hong Kong, a daughter who paid her father's mortgage for 13 years lost everything when the court ruled their informal arrangement provided no legal protection in *Chau Kwan Lam v Chau Ka Yee Carrie* [2025] HKCFI 1629. Meanwhile in New Zealand, parents who transferred their entire life savings to help their son prevailed in court but destroyed their family relationship in *Wang v Wang* [2025] NZHC 951. Both cases involved Chinese families, substantial financial transfers, and cultural concepts of filial piety - yet produced dramatically different outcomes.

These contrasting results illuminate critical challenges facing next-generation wealth planning: How do we balance cultural values with legal

certainty? How can wealth advisors help families avoid these devastating outcomes?

The New Reality of Intergenerational Wealth Transfer

Today's wealthy families operate in an increasingly complex environment where traditional approaches to intergenerational wealth transfer are failing. The rise of multicultural societies and cross-border mobility has created legal uncertainty.

The Hong Kong case exemplifies this challenge. The daughter's 13-year commitment represented exactly the type of intergenerational support that families have relied upon for generations. Yet when their relationship deteriorated, these informal arrangements provided no legal protection. Traditional family values that once provided security now create dangerous vulnerabilities.

The Cultural Dimension of Next Gen Wealth

Both families operated according to cultural values about family obligation and intergenerational support. The New Zealand case demonstrates how courts are beginning to grapple with these cultural considerations. The judge

recognised that filial piety supported the parents' version of events, but ultimately decided based on commercial common sense - no reasonable parents would surrender their entire life savings without expecting something in return.

This suggests that successful next-generation wealth planning must integrate cultural values with robust legal structures. Cultural considerations can support legal arguments, but they cannot substitute for proper documentation.

The Documentation Imperative for Next Gen Families

The most critical lesson from these cases is the absolute necessity of comprehensive documentation in all intergenerational wealth transfers. The absence of proper documentation transforms straightforward family arrangements into complex legal battles where outcomes depend on judicial interpretation rather than family intentions.

Modern families need sophisticated legal frameworks that can withstand scrutiny in multiple jurisdictions and accommodate changing circumstances.

Effective documentation must clearly specify the intentions of all parties, anticipate future scenarios including marriage, divorce, and death, and include mechanisms for dispute resolution that preserve family relationships.

Strategic Frameworks and Risk Management

Wealth advisors should consider key strategies when structuring intergenerational wealth transfers. Timing is crucial—the New Zealand parents' upfront payment created stronger legal presumptions than the Hong Kong daughter's ongoing payments over 13 years.

Traditional property ownership may be insufficient for complex family arrangements. Trust structures and other sophisticated vehicles provide greater flexibility and protection. Next-generation families often have connections to multiple countries, requiring structures recognised across relevant legal systems.

Risk management must address both legal and relationship risks. The New Zealand parents won their case but lost their relationship with their son permanently. Effective planning must include mechanisms for preserving family relationships during disputes.

The Future of Next Gen Wealth Planning

These cases point toward several trends that will shape next-generation wealth planning. Courts are becoming more sophisticated in their approach to multicultural family arrangements, but this comes with increased complexity and unpredictability.

The integration of cultural considerations into legal frameworks is accelerating, but unevenly across jurisdictions. Wealth advisors must understand how different legal systems approach cultural factors and structure arrangements accordingly.

The stakes in intergenerational wealth disputes are rising as family wealth becomes more complex. The financial and emotional costs of failed wealth transfers are becoming prohibitive, making prevention through proper planning essential.

The Importance of Frank Family Dialogue

Beyond legal structures and documentation, successful next-generation wealth planning requires open and honest communication among family members.

The Chinese have a proverb that captures this wisdom perfectly: “先小人後君子” (xiān xiǎo rén hòu jūn zǐ), which translates as “clarify business matters first, maintain relationships later” or more colloquially, “sort out the details before proceeding with trust.”

This ancient wisdom recognises that addressing potentially uncomfortable topics upfront—such as expectations, obligations, and contingencies—actually strengthens rather than weakens family relationships. By having frank discussions about money, property, and expectations before problems arise, families can avoid the misunderstandings that lead to devastating litigation.

Both cases examined here might have been prevented through honest family dialogue. In the Hong Kong case, a clear conversation about when and under what conditions the property would be transferred could have prevented 13 years of false expectations. In the New Zealand case, explicit discussions about the parents' retirement plans and the son's obligations might have avoided the family breakdown.

The reluctance to have these conversations often stems from cultural values that prioritise harmony and avoid direct confrontation. However, the proverb reminds us that temporary discomfort in addressing practical matters prevents far greater pain later. Frank dialogue allows families to identify potential areas of disagreement and address them while relationships are strong, rather than discovering them during times of stress or conflict.

Conclusion: Building Resilient Next Gen Wealth Structures

The lessons from these cases are clear: next-generation wealth planning requires a fundamental shift from informal family arrangements to documented agreements that can protect both wealth and relationships across cultural and jurisdictional boundaries.

Success requires understanding that love and trust, while essential to family relationships, provide no legal protection when arrangements collapse.

However, this does not necessarily mean that every family arrangement requires expensive, professionally drafted legal documents. What matters most is creating contemporaneous evidence of the parties' true intentions.

In our digital age, this evidence can take many forms. WhatsApp messages, emails, text messages, and other instant communications can become crucial contemporaneous documents when they clearly record family discussions about property arrangements, financial contributions, and future expectations. These informal records often carry more weight than formal documents created years later, because they capture real-time intentions without the benefit of hindsight or legal coaching.

The key is ensuring that important family discussions about money and property are documented as they happen. A WhatsApp message confirming “Dad, as we discussed, I'll pay the mortgage and you'll transfer the property to me when you move to China” could have saved the Hong Kong daughter's case. Similarly, text messages recording the New

Zealand parents' expectations about visa requirements and property transfer could have provided even stronger evidence of their agreement.

While professionally drafted documents remain the gold standard for complex arrangements, families should not let the perfect become the enemy of the good. The goal is to create clear, contemporaneous evidence of intentions and agreements, whether through formal legal documents, detailed family meeting minutes, or carefully worded digital communications.

For wealth advisors, these cases provide both a warning and an opportunity. The warning is that traditional approaches are increasingly inadequate. The opportunity is to help families develop documentation habits that capture intentions in real-time, combined with frank dialogue that addresses potential conflicts before they arise.

The future of next-generation wealth depends on our ability to learn from these failures and build better structures - whether formal or informal - that can protect both family wealth and family relationships for generations to come.



CSC is the world's leading independent provider of private client solutions.

We're dedicated to providing specialized support to ultra-high net worth individuals, single family offices, multi-family offices, and owner-managed businesses across the globe. We build rock solid relationships and provide tailored, practical solutions that are flexible enough to adapt to changing circumstances. We offer solutions to simplify and streamline your multi-jurisdiction operations, enabling you to navigate the complexity of private wealth.

Our tailored administration and outsourcing solutions support private clients and family offices across jurisdictions and asset types while adhering to global regulations and compliance.

For more information, visit cscglobal.com.



STRUCTURING FOR SUCCESSION:

WHY A PHC MIGHT BELONG IN YOUR WEALTH PLAN



Mishcon de Reya

Authored by: David Whittaker (Partner, Private Wealth & Tax) & Eve Drysdale (Associate, Corporate Tax) - Mishcon de Reya

For founders, business owners, investors, and families with an eye on the future, 2025 presents a timely opportunity to rethink how wealth is structured. Whether you're preparing for an exit, planning your next venture, or thinking generationally about succession and capital preservation, the right structure can dramatically improve your position.

With changes to Business Property Relief (BPR) expected in April 2026 narrowing the scope of inheritance tax (IHT) reliefs, there is an incentive to act now. But this isn't just about tax.

It's about creating a structure that protects value, empowers the next generation, and enables strategic reinvestment over time.

The PHC as a Long-Term Wealth Platform

A Personal Holding Company (PHC) is a private company that holds shares, investments, or other assets. It can be owned directly by individuals or by a trust, and need not be UK-based - especially where confidentiality of public filings is a concern.

Where direct ownership may trigger immediate tax liabilities, expose assets to personal claims, and limit succession options, a PHC can offer a ring-fenced, controlled environment for accumulating, managing and preserving wealth efficiently.

A Case in Point: Building a Platform for Legacy

Take the example of a founder preparing to sell their company (the Target). Without planning, the sale proceeds would hit their personal account, triggering capital gains tax immediately and leaving only the net amount available for reinvestment.

But the founder is thinking long term: they want a structure that keeps the proceeds ring-fenced, earmarked for future ventures and available to support their children - some of whom may eventually become involved in the family's business interests.

Rather than receiving the proceeds personally, the founder decides to set up a PHC.

How It Works: The Mechanics of PHC Structuring

The steps are relatively straightforward:

1. The entrepreneur transfers at least 25% of the shares in the Target to the PHC, typically in exchange for shares or loan notes. Loan notes can allow future flexibility for controlled capital extraction taxed as capital gains rather than income, subject to certain anti-avoidance rules. This transfer should be structured so as to benefit from share exchange relief, such that no immediate personal tax charge arises, though there may be a stamp duty bill on the share transfer.
2. Instead of the entrepreneur selling personally, the PHC sells the shares in the Target to the third-party buyer. Because of the share exchange rules, the PHC gets a "base cost uplift" to market value (and the entrepreneur rolls over their gain into the loan notes or shares in the PHC).
3. If the entrepreneur is rolling over some of their shares into equity in the buyer structure, a future disposal of these shares by the PHC (after holding them for more than 12 months) may qualify for the Substantial Shareholdings Exemption (SSE) provided the PHC holds at least 10% of those shares.

4. Even if the sale happens sooner, the base cost uplift for the PHC often ensures any tax exposure is minimal - particularly where no uplift in value occurs between transfer and sale.
5. The entrepreneur can decide when they would like to extract some liquidity from the PHC by demanding part-repayment of the loan note (issued as part of step 1). If UK tax resident at the time, the entrepreneur will be subject to UK capital gains tax on repayment, but if they have ceased UK tax residency by this time, it is possible to extract tax-free from the PHC.

From PHC to FIC: Embedding the Next Generation

A further advantage of using a PHC is its adaptability – it is easily possible for a PHC to evolve into a Family Investment Company (FIC). As a FIC, the PHC reinvests proceeds into new ventures or assets but the founder can retain voting rights while introducing children or other family members as holders of non-voting growth shares. It will be the founder who can decide when dividends should be paid, to whom, and how much. Therefore, a FIC is a highly powerful tool for passing on wealth without giving up control, and enables a founder to do so gradually, with built-in safeguards around access, governance, and risk.

It should be noted that these structuring steps may have personal tax consequences as shares are moved around, and extra care is needed where individuals are involved in running any of the FIC businesses.

Access to capital brings immediate exposure: to tax, to risks around profligacy, nuptial risk, personal liabilities, and the potential disruption of family dynamics. A PHC provides a buffer by preserving capital and ring-fencing it while also enabling gross reinvestment, which can compound value more effectively over time and be easily adapted to the demands of the family unit – this optionality is key.

Key Risks and Tax Considerations

This is not a one-size-fits-all solution. The specific facts of the business structure and the circumstances of the entrepreneur should be considered carefully, and several key risks and limitations must be factored in:

1. HMRC Scrutiny

Structures that are clearly tax-motivated, artificial, or lack commercial rationale can attract scrutiny from HMRC. If the PHC is viewed as a device for extracting income without proper commercial purpose, there's a risk it could be taxed at income tax rates, undermining the benefits. To mitigate this risk, taxpayers can (and should) apply for advance clearance from HMRC to confirm that the restructuring is not tax-avoidance driven. Where the facts support a genuine long-term commercial aim - namely creating a capital pool for reinvestment and succession - clearance is often available.

2. Administrative Burden

Running a PHC involves ongoing compliance, corporate filings, and governance considerations. These are manageable, but not negligible, particularly where family members or trusts are involved.

3. Personal Tax

Transferring shares in a trading business into a PHC, or issuing or transferring shares in the FIC to family members may trigger stamp duty or, in some circumstances, personal tax charges. Care is needed to ensure the steps are properly sequenced and documented and individuals are fully aware of the impact any structuring may have on their own personal reliefs.

The key is to ensure that the restructuring is done strategically and commercially, with proper joined-up tax and corporate advice, to unlock the multi-generational advantages of this structure without compromising existing tax benefits or inadvertently triggering tax.

The Strategic Advantage

Used correctly, a PHC is more than just a tax tool – it is a platform for legacy. It offers control, flexibility, and capital protections aligned to a family's values and risk appetite and allows entrepreneurs to bequeath wealth to the next generation whilst retaining control.

For founders thinking beyond the next deal and toward multi-generational outcomes, the PHC can be the quiet powerhouse behind lasting family wealth.

Please contact David Whittaker (Partner, Private Wealth & Tax) or Eve Drysdale (Associate, Corporate Tax) if you would like further information on the above.



L

INVOLVING THE NEXT GENERATION IN TRUST GOVERNANCE:



ENHANCING CONTINUITY AND REDUCING LITIGATION RISK

Authored by: Filippo Turato (Partner) - Capital Trustees AG

Now more than ever, involving the next generation in family trust governance is essential. It is not only about protecting family wealth for the future but also about respecting the values and history that shaped the family legacy and helping younger family members truly understand the assets and responsibilities they are set to inherit.

This is especially important today, as global demographic shifts - such as aging populations and declining birth rates - are placing increased pressure on wealth transfer and succession planning.

As families evolve, it's important that younger members are prepared not only to preserve family wealth but also to play an active role in shaping its future. This fosters a sense of pride and connection to the family's story, shifting attitudes from passive consumption to long-term continuity. Involving the next generation becomes a strategic move that helps mitigate litigation risks, strengthen decision-making, and reinforce commitment across generations.

This article aims to explore important factors for involving younger family members in governance structures and to examine how a well-designed framework can reduce the risk of disputes and mismanagement.

Optimizing Trust Structures for Generational Success and Involvement

Professional trustees play a vital role when it comes to involving the next generation in trust governance. Beyond acting as impartial fiduciaries, they often act as mentors to the family. By understanding the family's unique dynamics and needs, as well as the specificity of the assets settled into trust, family advisors can design trust governance frameworks that encourage meaningful participation from younger members, while ensuring they feel supported along the way.

For example, when a trust fund includes distinctive assets such as collectibles or prime real estate, it's key to involve younger family members and help them connect with these assets and inherit the passion that previous generations invested in building and preserving them.

One approach to effectively managing these unique holdings could be a "traditional" trust framework administered by a professional trustee. In this model, committees can be established at the trust level to support administration, often including both external experts and family members (Fig. 1). Alternatively, the family may consider establishing a private trust company (PTC) or dedicated trust company (DTC)¹. In this case, specialized experts and family members

can serve on committees at the PTC / DTC level, while family members may also participate directly in governance by holding positions on the board of the trust company itself (Fig. 2).

Having family members on such committees helps especially the younger generation acquire essential skills through "learning by doing": participating in trustee board or committee meetings, observing decision-making, and gradually taking on roles with increasing responsibility, tailored to their individual skills and interests. This hands-on experience builds confidence and leadership abilities over time, while cultivating a genuine appreciation for the family's legacy.

Starting in advisory positions and eventually taking on formal decision-making roles is often the smoothest and most effective path for integrating younger family members into governance, while also ensuring that the family's expertise and passion for its unique assets are passed down to future generations.

Another possible way to introduce younger family members, particularly beneficiaries, to the trust governance could be by educating them about the Settlor's vision. While the Settlor's letters of wishes are typically confidential communications between the Settlor and the Trustee, their

¹ Dedicated Trust Company (DTC) is the term used by the Swiss Financial Market Supervisory Authority (FINMA) to describe a private trust company (PTC) owned and controlled by a licensed professional trustee under the Swiss Financial Services Act (FinIA).

underlying principles may be shared in more accessible forms, such as summaries, guidelines, or a family charter. This helps the next generation better understand the reasoning behind certain decisions and the long-term objectives guiding the trust, encouraging them to align with these principles and fostering their active engagement in the governance process.

Fig. 1

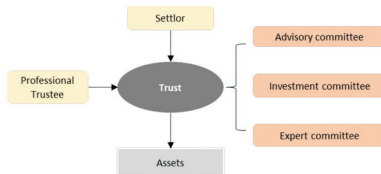
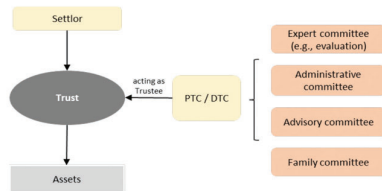


Fig. 2



When Strategy Succeeds and When It Doesn't: Lessons from Two Dynasties

Studies of family enterprises have shown that family social capital – shared values, mutual trust, and strong relationships – is a critical factor for long-term success and stability across generations. However, as families grow larger, become more geographically dispersed, and develop diverging priorities, these bonds can weaken, increasing the risk of fragmentation and, ultimately, the dissipation of wealth.

Family trusts can provide a practical solution, but only when properly structured with robust governance mechanisms. Beyond asset protection and succession planning, well-designed family trusts translate the principles that support family cohesion into concrete legal and governance frameworks that preserve wealth and maintain alignment across generations. Within this structure, younger family members can be gradually introduced to governance, understand the rationale behind key decisions, and develop the skills needed for responsible stewardship of family assets.

Let's consider the following examples.

The Walton Family

The Walton family, owners of Walmart, offer a strong positive example of combining trust structures, governance policies, and family involvement to protect holdings and engage the next generation in wealth management and philanthropy.

Established by Sam Walton in 1989, the Walton Family Trust was designed to preserve and manage the family's wealth through a complex framework of entities, including family limited partnerships and trusts, overseen by a board of both family members and independent trustees. The trust holds significant Walmart shares and other investments managed by professional investors.

In 2020, Walton Enterprises moved 415 million Walmart shares (about 15% of stock) into the Walton Family Holdings Trust, established in 2015, as part of a strategy to balance family control and external ownership, while supporting charitable goals. The family's overall stake in Walmart remained unchanged, with no immediate plans to sell.

A core element of the family's long-term strategy is the increasing involvement of younger family members in governance. Sam Walton's grandchildren are now shaping the family's future, ensuring wealth preservation alongside social responsibility.

The Walton family's experience shows how well-designed trusts, strong governance, and mentorship enable younger generations to sustain and grow family wealth responsibly.

The Pritzker Family

The Pritzkers made their fortune through a wide range of businesses – from the Hyatt Hotel chain to the Marmon Group, Royal Caribbean Cruises, TransUnion, and other ventures. Much of their wealth was held in a complex network of family trusts established by Abram Nicholas Pritzker, followed by his sons, including Jay Pritzker, who played a key role in growing the Hyatt brand.

By the late 1990s, the family's business was valued at around \$15 billion and spread across roughly 100 interrelated trusts, often with limited access to information for many beneficiaries, especially younger family members. The governance of these trusts was highly centralized, with a small group of senior family members making most decisions

Following Jay Pritzker's death in 1999, family disputes over the trusts' management and wealth distribution emerged. Several heirs, including Liesel and Matthew Pritzker, filed lawsuits, claiming their exclusion from financial decisions, lack of transparency, and the poor trust management. After prolonged legal battles and settlements, by 2011 the family's fortune was divided among 11 cousins, ending the once centralized structure.

The Pritzkers' experience underscores the challenges of multigenerational wealth governance without broader family inclusion. It highlights that without effectively involving the next generation, tensions can fracture family unity and threaten the financial legacy, thus demonstrating why clear succession planning and active engagement are vital for long-term stability.

Conclusion

Preparing the next generation to engage meaningfully in trust governance is a vital priority for modern wealthy families. It calls for more than technical structures: it requires intention, communication, and willingness to share responsibility over time.

Trustees and advisors play a key role in guiding this transition by designing frameworks that are both comprehensive and inclusive. With clearly defined roles, tailored involvement, and supportive mentorship, younger family members can gradually become confident contributors to the family's long-term vision.

One effective approach could be establishing a DTC, which would offer long-term asset protection and continuity, while ensuring family engagement, regulatory compliance, and fiduciary independence through a licensed trustee. DTCs represent in this sense a sophisticated solution bridging professional governance with active family involvement.

As family needs evolve, governance models must adapt without losing sight of the shared values. When there is a healthy balance between tradition and flexibility, families are more likely to stay united and avoid internal tensions.

Engagement, when approached thoughtfully, becomes a catalyst for continuity, giving the next generations purpose and a platform to lead on their own terms, yet in line with the family's goals. This transforms governance into a shared journey, building resilience into the structure and reducing the likelihood of future disputes.

HOW NEXT-GEN WEALTH IS RESHAPING INTERNATIONAL STRUCTURES



Authored by: Dr. Tanja Schienke-Ohletz (Lawyer Tax advisor Partner) - Flick Gocke Schaumburg

The global landscape of wealth ownership is undergoing a profound transformation. The “next generation” of wealth holders - often global in their outlook, educated abroad, and comfortable with mobility faces new challenges. The question of succession planning does not only depend on where wealth is located, but how it is structured and governed. This generational shift is creating new complexities for families, advisers, asset managers and trustees, especially as legal and tax regimes struggle to keep pace with increasingly cross-border lives.

The Global Mobility of Next-Gen Wealth

Wealthy families were once more geographically anchored. Assets, businesses, and heirs tended to remain within national borders, and succession questions could be resolved largely within one legal system. Today, heirs are far more mobile. It is common for family members to study and work in other countries than their parents while their investments are spread across multiple continents. [box out]

This global lifestyle redefines how wealth is held and transmitted. A structure that works efficiently in one jurisdiction may become problematic when beneficiaries reside in another. For example, a US or UK trust may not be recognized in Germany or France,

neither country has ever ratified the Hague Convention. The rise of cross-border families forces a rethinking of traditional structures, both for continental Europe and for Anglo-Saxon countries.



Inheritance Law: Collision Across Borders

Inheritance law is one of the most immediate areas of conflicts. Civil law jurisdictions such as Germany, Spain, or France impose forced heirship rules, ensuring that certain family members (typically children and spouses) receive fixed portions of an estate. These rules can directly conflict with the flexibility allowed in common law jurisdictions, where wills and trusts can distribute assets with fewer restrictions.

Consider a family with a testator who is German resident, having transferred assets to a foreign foundation outside from Germany. According to the EU Succession Regulation of 2015 German

law applies because, in general, the habitual residence of the testator is decisive for the question of the applicability of inheritance law. If the law of the habitual residence is not desired, they can choose the law of their nationality for their succession. However, if German law applies the testator has to consider that there are forced heirship provisions. In this case, there would be a risk that the heirs may claim forced heirship rights against the foreign foundation. Such litigation risks must also be taken into account.

Even if the EU Succession Regulation attempted to simplify cross-border inheritance within Europe it does not eliminate conflicts when non-European elements are involved.

Trusts and Civil Law Resistance

Trusts, a cornerstone of US and UK wealth planning, highlight the cultural and legal divide. In the U.S., U.K., and many offshore jurisdictions, trusts are used to separate legal and beneficial ownership, provide asset protection, and ensure continuity across generations. In contrast, many European jurisdictions—while signatories to the Hague Trust Convention—apply recognition cautiously or inconsistently.

This can have significant tax consequences. For example, Germany

attempts to compare the trust with a legal institution of recognised under German law and to classify it accordingly so that it is often treated a preliminary heirship or permanent executorship. However, this is usually not what the settlor intended to achieve with the trust.

Family Companies and Exit Taxes

Family-owned businesses face a different but equally pressing challenge: the taxation of shares when heirs relocate. Many countries impose exit taxes on unrealized capital gains when individuals move abroad. For example, a shareholder in a German family company who emigrates may trigger immediate taxation on the latent gains in their shares - even though no sale has taken place.

This becomes problematic when multiple heirs live in different countries. Imagine a second generation where one sibling resides in Germany, another in Singapore, and another in the US. Each jurisdiction may have its own rules on dividend taxation, capital gains, and succession, fragmenting what was once a cohesive ownership structure. Coordinating shareholder agreements and governance becomes exponentially more complex when multiple tax systems are in play.

Moreover, exit taxes can disincentivize mobility. Some jurisdictions allow deferrals of exit taxes under certain conditions, but the administrative burden and risk of taxation remain significant.

Double Taxation in Succession

Another important issue for next-gen wealth is the risk of double (or even triple) taxation on inheritance and gifts. If family members live in different states, each may assert taxing rights on the transfer of wealth.

For example, consider a French resident leaving assets to a child living in the Germany. France will levy inheritance tax on worldwide assets, while Germany may impose estate tax based on the child's residency. Without a bilateral treaty, the risk of overlapping taxation is real. Even when treaties exist, their coverage can be patchy, and they rarely anticipate the multi-jurisdictional complexity of today's global families.

The OECD has made strides in coordinating international tax principles for corporations, but inheritance and gift taxation remain largely national, with little harmonization. For families, this means planning must be proactive and tailored: the absence of treaties can make location decisions by heirs just as important as investment decisions.

Looking Ahead: The Future of Cross-Border Wealth

The reshaping of wealth structures by next-gen mobility raises pressing questions for the future:

- 1. Will civil law jurisdictions adapt to recognize trusts more fully?** Without harmonization, conflicts will persist.
- 2. Will more countries adopt exit taxes?** As mobility increases, governments may seek to protect their tax base by taxing latent gains before residents leave.
- 3. Will treaties on inheritance tax emerge?** Without broader agreements, double taxation will remain a systemic risk.
- 4. Will families shift to alternative structures?** Foundations, family investment companies, or even direct co-ownership may become more prevalent where trusts face resistance.

For advisers, the key is anticipating complexity rather than seeking one-size-fits-all solutions. Next-gen wealth holders expect flexibility, but they are also inheriting structures rooted in different legal traditions. Aligning these will require not just technical expertise but also cultural sensitivity and long-term strategic thinking.

Next-generation wealth is no longer restricted by borders. As heirs become global citizens, their wealth structures must evolve to withstand the collision of legal systems and tax regimes. Inheritance law conflicts, recognition of trusts, exit taxation, and the risk of double taxation are not isolated technical issues – all must be taken into account.



The background of the entire page is a close-up, low-angle photograph of classical architectural details. It features ornate, light-colored stone or plaster carvings, including large, spiraling volutes and intricate floral or foliate motifs. The lighting is warm and directional, creating strong highlights and deep shadows that emphasize the three-dimensional texture and curves of the carvings. The perspective is looking upwards and slightly to the side, giving a sense of height and grandeur.

Charles
Russell
Speechlys

Knowing what matters.

We are an international law firm built on establishing trusted, personal relationships with our clients. What matters most to you, matters most to us.

charlesrussellspeechlys.com

London | Cheltenham | Guildford | Doha | Dubai | Geneva | Hong Kong | Luxembourg | Manama | Paris | Singapore | Zurich

HELPING UHNW FAMILIES NAVIGATE THE TRANSFER OF WEALTH TO THE NEXT GENERATION



A GUIDE ON AVOIDING PITFALLS

Authored by: James Long (Director, Trust Services) - Rawlinson & Hunter

"Rags to riches to rags" has become an all too familiar saying within private client circles. We frequently encounter stories of (once) prosperous families whose wealth rapidly diminishes within a generation or two, often following its transfer to the Next Generation. Why does this happen? And, more importantly, how can it be prevented?

While each family's circumstances are unique, common themes often underlie the intergenerational erosion of wealth. Understanding these pitfalls is the first step toward building a resilient strategy that supports wealth preservation across generations. Below, we explore some of the most frequent causes of wealth degradation and how to navigate them.

Pitfall 1: Lack of Awareness – No Seat at the Table

A common and recurring issue in wealth succession is the exclusion of younger family members from financial discussions or (if applicable) involvement within the family business. Without early exposure, the Next Generation often lacks awareness of the scale and structuring of the family's wealth, the operations and decision-making within the business, and any responsibilities that may come with both. This absence of involvement can create a vacuum of understanding,

which may lead to poor or uninformed decisions once they assume control.

To mitigate this risk, they should be gradually and thoughtfully introduced to the responsibilities that accompany family wealth and business leadership.

Inclusion in appropriate conversations and exposure to the workings of the business can foster early awareness, build engagement, and cultivate a shared sense of purpose.



This proactive approach helps to prepare these future stewards with the knowledge, confidence, and awareness they need to lead effectively.

Pitfall 2: Lack of Wealth Education and Trust Literacy

It is often the case that the Next Generation lack sufficient understanding of key concepts such as the purpose and mechanics of trusts, the role of trustees, investment principles, and broader knowledge on wealth structuring. Without this foundational knowledge, even the most robust legal and financial structures may fail to achieve their intended purpose.

Education plays a central role in preparing them to engage meaningfully with family wealth. Structured learning can help build confidence, foster accountability, and promote informed decision-making. Ultimately, a solid educational foundation on key private wealth concepts supports the development of capable, responsible stakeholders who are well positioned to contribute to the long-term sustainability of the family's legacy.

Pitfall 3: Absence of a Family Charter or Clear Value Framework

Families that are able to maintain wealth across generations typically implement a broader governance framework that includes a clearly articulated set of values, principles, and expectations.

A central component of this framework is often a Family Charter, a non-binding document that outlines the family's vision, purpose, values and approach to managing wealth. It serves as a reference point for values based decision-making and provides clarity around roles, responsibilities, and long-term objectives.

To remain effective, a Family Charter should be a living, evolving document, regularly reviewed to reflect shifting global influences, family dynamics and changing priorities. Actively involving the Next Generation in the drafting (or updating) process helps foster a sense of representation and belonging. It also provides for a fresh and enlightened perspective. A well-maintained governance framework promotes clarity, unity, and continuity, which are key ingredients for preserving both wealth and relationships across generations.

Pitfall 4: Lack of Personal Advisory Relationships

An oversight in multigenerational wealth planning is the failure to support the Next Generation in building their own trusted advisory relationships.

When senior advisors maintain exclusive ties to the patriarch or matriarch, the Next Generation often inherit complex structures without having independent professionals that they trust or can turn to for guidance. Identifying a trustworthy advisor can be challenging, especially when navigating the process alone. Without support, they may end up choosing advisors who lack the qualifications, independence, or ethical standards to best protect their interest.

They should be empowered to form meaningful connections with advisors with whom they can identify. Introducing younger professionals (from trusted firms) who can relate to them encourages deeper engagement with the family's wealth. These relationships instill a sense of ownership, provide ongoing support, and promote continuity, which ultimately results in the Next Generation becoming effective stewards of the family legacy.

Conclusion:

The successful transfer of wealth to the Next Generation is rarely just a matter of sound structuring or investment strategies. It requires ongoing education, meaningful engagement, and

trusted relationships. As this guide has highlighted the most common pitfalls are often preventable with the right planning and mindset.

Families that take a proactive approach by bringing the Next Generation into the conversation early, investing in their financial education, defining shared values, and helping them build trusted advisory networks are far more likely to preserve both their wealth and their legacy.

There is no single formula for generational success, but the families that succeed tend to treat succession as a shared journey rather than a future handoff.

With thoughtful guidance and the right support, the Next Generation can be prepared to lead with purpose.



HAVING YOUR CAKE AND EATING IT



Authored by: Isobel Holgate (Wealth Planner) & David Barker (Senior Wealth Planner) - Lombard Odier

The 'cake' in the title is your family's wealth, which you have either inherited and carefully protected or worked hard to accumulate. But can you have your cake and eat it? In other words, can you implement an effective succession plan and retain control of your wealth until the next generation is ready to take over? This article explores the options available to the cautious donor who wants to combine a programme of lifetime giving with a defensive strategy aimed at protecting the cake from being eaten too quickly.

Succession planning is not a one-time event, and doing it well requires considerable time and energy on the part of both the donor and the heirs. But even with the most well-thought-out plan, the age-old question of 'When do I start?' remains crucial – and getting it wrong carries both financial and emotional risks. Wait too long, and you could miss the opportunity to transfer responsibility while your successors are still willing and engaged. Act too soon, and you risk heirs who have yet to fully mature squandering your family's wealth. That said, we must be careful not to generalise – young heirs can, of course, sometimes be much more mature than their older counterparts!

The key to mitigating these risks is an understanding of purpose: how was the wealth created, and what does this say about your family's values? A shared sense of purpose and clearly

defined objectives that bind the entire family can help instil the positive values the next generation needs to become responsible stewards.

However, it's important to strike a balance between cultivating the conscientiousness required to handle wealth responsibly and provoking a sense of fear and inertia – the next generation is much more likely to succeed if they are excited, rather than terrified, about the journey ahead. Here, free and open communication while the wealth creator is still alive is critical, as providing support and guidance to your heirs is impossible from beyond the grave.

It's also important not to forget the education that will ensure the next generation is fully prepared from both a financial and an emotional perspective. This can vary in content, from basic financial literacy to more complex elements of wealth stewardship such as in-depth analyses of different financial instruments, all of which can help instil financial confidence. Emotional intelligence also needs to be developed, which is best done when the wealth creator mentors and shares their journey with the next generation. Human capital is often overlooked, but it is one of the most valuable assets in effective succession planning.

It must be noted, however, that even the best-thought-out succession plan is at risk from outside factors, such as

addiction or divorce without a pre-nuptial agreement. Our experience is that many of our clients at least want to review the options for controlled gifts, which are effective in moving wealth out of their estate while retaining a degree of back-up or reserved control to protect that wealth for a period after the gift is made. Sometimes, reviewing the options – and understanding their potential complexities and associated costs – can be the catalyst that leads a client to trust their children with outright gifts.

For those who seek a structured solution, the most frequently considered options are summarised below.

Trusts

The succession planning vehicle of choice for many families, trusts can be used to hold and preserve wealth – either for the medium term, until beneficiaries are mature enough to exercise their own responsible financial stewardship, or for the long term, across several generations. The settlor who transfers wealth to the trust can incorporate safeguards into the trust deed by appointing a protector – perhaps a trusted family friend or adviser – whose consent the trustees must obtain to exercise certain powers specified in the deed. Any views the settlor may have regarding the nature and extent of financial support they want the beneficiaries to receive can be

captured in a non-legally binding 'letter of wishes', which the trustees can refer to for guidance when exercising their discretion.

In a UK context, lifetime giving to trusts was rendered less attractive by the 2006 Finance Act, which introduced an immediate lifetime Inheritance Tax (IHT) charge of 20% on most types of asset transferred into a trust. Assets qualifying for business or agricultural relief remain exempt from this IHT charge, although the curtailment of these reliefs from 6 April 2026 will act as a further deterrent to the use of trusts in lifetime succession planning.

Outside the UK, however, trusts remain a powerful succession planning tool for international families not exposed to immediate gift taxes.

Family Investment Companies (FICs)

Many of our clients are interested in using a FIC as a wealth succession tool, with the simplicity of its legal form – usually a limited company – being a particularly attractive feature. Moreover, all our clients – whether they reside in common or civil law jurisdictions – understand the concept of a company.

It is possible to fund a FIC with a combination of loan and equity. Often, FICs have several classes of participating non-voting shares, which are gifted outright to Next Gen family members. Donor control is exercised via the ownership of the FIC's non-participating voting shares, through which the timing and extent of dividends paid on the participating shares can be determined. The donor is usually the director of the FIC and can define the company's investment strategy, perhaps involving Next Gen family members in the management process as part of their education.

Family Limited Partnerships (FLPs)

FLPs came into vogue in the UK as wealth succession tools following the changes to the IHT treatment of trusts introduced in 2006. Typically structured as a limited partnership, the FLP is funded by the donor, who would then gift limited partnership interests to Next Gen family members. In a UK context, the gift of a limited partnership interest is a Potentially Exempt Transfer for IHT purposes, with no IHT chargeable provided the donor survives for seven years after making the gift.

Control is achieved by using the partnership agreement to restrict the rights of limited partners to receive profit distributions. Provided the donor is not also a limited partner, they can be involved in the management of the partnership by participating in the general partner entity.

In the UK, FLPs have proved less popular than FICs. This is primarily because FLPs are more expensive to operate, due to the requirement for an FCA-regulated person to have a certain level of managerial oversight of the partnership business.

Offshore Bonds

While they are generally used as investment wrappers, we also often see offshore bonds used as wealth succession tools. Once funded, offshore bonds can be assigned to other individuals. It is possible to write bespoke terms into the offshore bond policy that can, for example, restrict access to the funds for a fixed period before withdrawals above a certain level can be made. Offshore bonds can, therefore, serve a dual function of tax efficiency and wealth preservation.

The comfort of control

In conclusion, there are several ways to transfer wealth to the next generation while retaining a degree of control over access to the gifted funds. The tools mentioned above are not an exhaustive list, but each offers more than a crumb of comfort that the cake, once sliced, will remain intact.



THE FOUR-YEAR FIG REGIME



Authored by: Laurence Morgan (Partner, Private Client & Tax) - Boodle Hatfield

This note explains what the four-year foreign income and gains (FIG) regime is, who qualifies for it, and what the consequences are.

Introduction

On 6 April 2025, the UK's "non-dom" tax regime was abolished, and as part of the changes the "remittance basis" of taxation was replaced with a new residence based four-year FIG regime.

Under the "non-dom" regime, qualifying UK resident non-domiciled individuals were able to elect for the remittance basis for their first 15 years of UK residence, such that they were only taxed on UK source income and gains, and any non-UK source income and gains which they "remitted" to the UK. From 6 April 2025, all individuals, regardless of their domicile status, may qualify for the new FIG regime which provides relief from UK tax on FIG in their first four years of UK residence.

What is the new four-year FIG regime and who can benefit?

Under the new FIG regime, individuals who have been non-UK resident for 10 consecutive UK tax years (as determined by the

UK's statutory residence test) may claim relief from UK tax on their FIG for their first four years of UK residence.

This can include individuals who were resident before 6 April 2025, so long as they are still within their first four years of residence. As domicile is no longer a relevant factor, UK domiciled individuals who have lived abroad for a number of years can also potentially qualify for the regime should they return to the UK.

The four-year period is the four years beginning with the first year of residence. Therefore if, for example, an individual is UK resident in year 1 and non-UK resident in years 2 and 3, they will only qualify for the regime for one more year; they will be subject to UK tax on their worldwide income from year 5, notwithstanding that this is only their second year of residence.

After the end of the four-year FIG period, individuals will be subject to UK tax on their worldwide income on the arising basis.

How will the 4-year FIG regime work?

FIG relief must be claimed in each qualifying year within 12 months of the 31 January after the end of the relevant tax year. The taxpayer must quantify and identify the source of the FIG for which relief is being claimed and they may choose to make a claim for relief in respect of some or all of their income and gains.



Relief will be given on a source-by-source basis, and FIG which is not quantified and identified will remain taxable at the usual rates, subject to the provisions of any relevant double tax treaty.

There is no charge for claiming FIG relief, but a person who claims the relief will lose their annual income and capital gains tax allowances and the ability to use capital losses in the year of the claim. However, once the relief is claimed the relevant FIG will not be taxable in the UK, irrespective of whether it is brought to or used in the UK.

Most types of FIG are relievable under the regime although there are some exceptions - broadly speaking, FIG that previously qualified for the remittance basis will qualify for the new FIG regime. There are specific rules for employment income which are discussed below.

Are trust income and gains covered?

An individual who qualifies for the FIG regime will be able to claim relief in respect of FIG arising within a trust that is attributed to them under the UK's anti-avoidance rules, whether as a result of them being the settlor or transferor in respect of the structure, or their receiving a distribution or other benefit that is "matched" with trust income or gains.

After the end of the four-year regime, subject to certain defences, they will potentially be liable for tax on all income and gains arising within a non-UK trust structure established by them, and on any benefits they receive which are "matched" with trust income or gains.

Transitional provisions for former remittance basis users

Although the remittance basis is no longer available from 6 April 2025, individuals who have previously paid tax on the remittance basis will still be subject to tax on a remittance of pre-6 April 2025 FIG after 5 April 2025. However, they will be able to "designate" previously unremitted pre-6 April 2025 FIG under the new "temporary repatriation facility" (the "TRF") for three years. Amounts designated under the TRF will benefit from a special reduced rate of tax (12% in 2025/26 and 2026/27, and 15% in 2027/28). Where amounts are designated and tax paid under the TRF, there will be no further charge on a remittance.

Transitional rules were also introduced to "rebase" non-UK situated assets held by non-domiciled individuals who previously claimed the remittance basis in any one of the 2017/18 to 2024/25 tax years to their 5 April 2017 value for capital gains tax purposes, subject to certain conditions.



Special rules for non-UK employment income

For tax years prior to 6 April 2025, employees who were newly UK resident but non-domiciled could benefit from "overseas workday relief" (OWR), which broadly meant that employment income in respect of duties performed outside the UK (usually determined on the basis of overseas workdays) would not be taxable unless and until it was remitted to the UK.

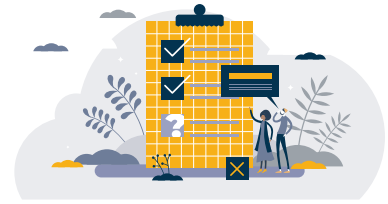
OWR has been retained and adapted under the new regime so that where an employee is eligible for the new 4-year FIG regime, OWR will be available on their qualifying foreign employment income such that it will not be subject to UK tax, regardless of whether they bring it to the UK. However, it is now subject to a cap of the lower of 30% of the qualifying employment income or £300,000 per tax year.

What happens after the 4-year FIG regime?

Once an individual has been UK resident for four tax years and ceases to qualify for the FIG regime, they will be taxed on their worldwide income and gains (including any trust income and gains attributed to them), subject to the provisions of any double tax treaty.

Summary

Although the favourable FIG regime is limited to four years, it is more generous for the period that it applies as FIG is exempt from UK tax altogether. It is also more straightforward than the previous remittance basis regime and no longer disincentivises bringing funds to the UK, but it does introduce a new reporting requirement in respect of FIG in order to claim the relief.



This article document is intended to provide a first point of reference for current developments in aspects of the law. It should not be relied on as a substitute for professional advice.





60 SECONDS WITH... **TOM MCPHAIL** SENIOR ASSOCIATE, PRIVATE CLIENT & TAX **BOODLE HATFIELD**



Q What is one work related goal you would like to achieve in the next five years?

A I recently started a new position at Boodle Hatfield and I am excited to get settled into the firm, build connections and start making a strong contribution to the team's work. Looking ahead, over the next five years I am keen to deepen my expertise and continue to work closely with clients as a trusted adviser.

Q What cause are you passionate about?

A Broadening access to the law. Diversity in a workforce is really important. The challenges the legal profession has faced in this regard are well-known but I do think things are changing and it has been great to see increased support in recent years for non-traditional routes into the law and more nuanced assessment of training contract applications. There is a lot of work still to be done but there are good grounds for optimism.

Q What does the perfect weekend look like?

A Some relaxed time with my family is ideal; perhaps exploring a new part of London, a walk and picnic in a park or a pub lunch, with a good film in the evening.

Q What has been the best piece of advice you have been given in your career?

A No job is too trivial to merit your full attention.

Q What is the best film of all time?

A An impossible question but Tinker Tailor Soldier Spy is certainly a film I could watch again and again. I'm a big fan of le Carré and the style, tone and performances (especially Gary Oldman as George Smiley) in this adaptation are all superb.

Q What do you see as the most rewarding thing about your job?

A I love digging into a case to find facts or arguments the other side might have missed. Building bonds with clients and colleagues while working together on a matter is also hugely rewarding.

Q How do you deal with stress in your work life?

A I find life outside work helps keep problems in perspective; I have two young children and helping to build a Lego fort or trying to answer questions about why badgers are black and white is a great tonic.

Q What is one important skill that you think everyone should have?

A I think being able to listen carefully and also to pay attention to what is not said is a really valuable skill.

Q What book do you think everyone should read, and why?

A Georges Simenon's Maigret novels. The same features recur – Maigret will stomp around in a bad mood, drink large quantities of everything from Calvados to Pernod at the nearest zinc-countered bar, interrogate suspects in his overheated office with sandwiches from the local brasserie and possibly (but possibly not) intervene in events as they unfold – but the atmosphere and psychology are always compelling. Perfect comfort reading!

Q What's your go to relaxing activities to destress after a long day at work?

A Reading or going for a walk are both excellent ways to unwind. I also recently started bouldering, which is great as it forces you to focus on small things in the present – where to put your hand or foot next – rather than whatever has been occupying your mind at work.

GLOBAL PERSPECTIVES ON NEXT-GEN WEALTH PLANNING



Authored by: James Russell (Co-Regional Head of Asia), Wendy Sim (Co-Regional Head of Asia), Juan Brown (Client Director), Sean Sheridan (Client Director), Joe McBurney (Client Director), Joshua Kendal (Director) & Tomas Alonso (Head of Active Wealth - Americas) - ZEDRA

As the next generation of High-Net-Worth Individuals (HNWIs) step into leadership roles within family offices, businesses and dynastic wealth planning structures, their approach to managing, preserving, and distributing wealth is notably transforming.

While we see some trends permeate at a global level, certain shifts in perspectives occur more regionally. With the influence of global education, technological advances and fluency, and everchanging socio-political landscapes, many are redefining traditional norms and reprioritising goals and objectives.

We asked ZEDRA's global private wealth team to share the changes they are observing in the market, drawing on their close work with private clients and advisers across different regions of the world.

Asia: Broadening perspectives and planning ahead

James Russell & Wendy Sim, Co-Regional Heads of Asia

In Asia, we are seeing a transition away from the 'copy and paste' structures of

the past. Historically, wealth planning was often simplistic and based on templates shared among trusted associates. Today, there is a marked shift towards bespoke solutions, with families increasingly willing to engage professional advisers for specialist advice and review structures regularly to reflect changing family dynamics and circumstances affecting their individual stakeholders as well as their assets. The families' approach towards developing a succession plan is maturing and becoming much more sophisticated.

A key change is the willingness from individuals to engage in succession planning much earlier in life. Many mid-life HNWIs have witnessed the fallout from poorly managed intergenerational wealth transfers and are now proactively using tools such as family governance frameworks including family charters and appropriate trust and foundation entities to ensure smoother and sustainable transitions.

Historically, conversations around the planning of Asian family wealth have tended to search for the balance between ensuring asset protection, whilst also retaining a comfortable level of oversight and control. Today, a third factor is at play; the next generation of HNWIs assumes that their offspring will be globally mobile and settle in jurisdictions with traditionally higher taxes on income – such as the US, Canada, UK and Australia.

In these cases, it is beneficial to have structuring which provides flexibility to deal with the unexpected as well as adapt to evolving situations.

While ESG and philanthropy considerations are certainly gaining traction, they are becoming central to many structuring decisions with a growing interest in philanthropic settlements or developing a social enterprise alongside the family businesses which would encourage participation from more family members to ensure that they have a collective vested interest in ensuring a smooth and sustainable transition through the generations.



Nigeria: Diversification and asset preservation

Juan Brown, Client Director & Sean Sheridan, Client Director

Global mobility is also playing a significant role in the approach Nigeria's next generation of HNWIs are taking to wealth planning and asset protection. Educated abroad and often starting their careers outside Nigeria, they bring fresh perspectives and skill sets that are driving diversification beyond traditional

sectors like oil and gas. Many families and individuals are using company wealth to explore new ventures in fintech, real estate, and other emerging industries. Again, the market is maturing and becoming more sophisticated at a very noticeable pace.

Nigeria has and always will be challenging from a political perspective. As a result, clients typically place a major focus on the protection of assets amid a business landscape that can change very quickly. With the continuing devaluation of the NGN, Nigerian clients are increasingly incentivised to build foreign currency balances and maintain a significant portion of their wealth outside of the country for asset protection purposes. This is further emphasised as the next generation relocate to the likes of the US, UK, and Dubai.

Philanthropy remains deeply embedded in Nigerian culture. Wealthy families continue to invest in hospitals, schools, and educational programmes, often with a strong local focus. ESG initiatives are also emerging, typically alongside traditional business interests.

Our clients are increasingly engaging the next generation into their businesses, particularly with the exploration of PTCs . We are having numerous discussions around PTC arrangements and are seeing an increase in enquiries around private office services as families become more global.

Middle East: Tradition meets innovation

Joe McBurney, Client Director & Joshua Kendal, Director

In the Middle East, the next generation are balancing traditional values with the co-existence of modern priorities such as technology, sustainability, and global diversification. These priorities have become embedded in the mindset of HNWIs who are conscious of the need to address geopolitical challenges and acclimate to both to the global economy and environmental considerations.

This in turn is reflective of their experiences and education, which are commonly more diverse and technologically advanced than previous generations. Global connectivity has enhanced, awareness of sustainability is more prevalent, and the transfer and management of wealth is not just a monetary consideration but is also a purpose-driven.

Philanthropy and impact investing are both a key focus of wealthy families across the Middle East with the younger generation interested in tackling root causes rather than symptoms. Wealthy families are increasingly prioritising such principles, with Islamic foundations often being a driving factor. The construction of hospitals and educational establishments are dominating the philanthropic space, whilst renewable energy solutions are a key area of impact investing.

Family businesses remain a cornerstone of Middle Eastern wealth, often spanning multiple generations and sectors. As such, governance and succession planning are critical considerations. Families are increasingly adopting family charters to define roles, responsibilities, and communication protocols, thereby reducing the risk of disputes and ensuring continuity.



Latin America: Professionalisation amid unpredictability

Tomas Alonso, Head of Active Wealth, Americas

The next generation of HNWIs emerging in Latin America are navigating a complex landscape with a backdrop of ongoing political instability, security concerns, and general economic unpredictability. These challenges have prompted families to internationalise their wealth strategies, with members often residing in different tax jurisdictions, distributing risk.

There is a strong focus on family governance, business continuity, and wealth preservation as intergenerational planning becomes more professionalised. Leadership within family offices is increasingly based on merit and qualifications rather than the traditional line of succession, or in fact stereotypical gender roles. Yet again, the market is maturing and becoming increasingly sophisticated.

ESG and philanthropic initiatives are becoming more prominent in the region, with families either developing their own programmes or participating in established ones. With poverty still an incredibly prevalent issue in Latin America, there is a notable focus on the support of children and young people in challenging circumstances.

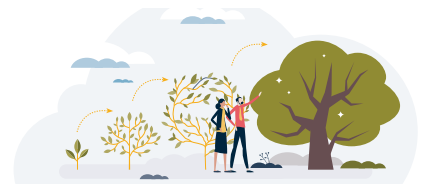
It's a small world, after all

Despite regional differences, there are several common themes in approaches taken by the emerging generation of HNWIs:

- **Global mobility:** Whether in Lagos, Dubai, or São Paulo, younger HNWIs are becoming increasingly mobile across the globe, often choosing to reside in jurisdictions with favourable tax regimes. As a result, we are seeing the need for more flexible, cross-border wealth structures.
- **Professionalisation of governance:** There is a growing emphasis on formal governance tools such as family charters, PTCs, and private offices to manage succession and avoid costly disputes.
- **Diversification:** The next generation are expanding beyond traditional sectors, investing in fintech, real estate, and sustainable ventures.
- **Philanthropy and ESG:** While the degree of focus varies, there is a clear trend towards using wealth for social good, with education, healthcare, and environmental initiatives leading the way.

The next generation of HNWIs is not just inheriting wealth - they are reshaping the foundations of how wealth is managed, preserved, and distributed. Their approach is more global, more strategic, and more purpose-driven than ever before.

As private client professionals, we must continue to evolve alongside our clients as their priorities shift, delivering solutions that are as dynamic and forward-thinking as the individuals we serve.



Private Client Advisory and Litigation Forum: Paris - 3rd Annual

10 - 12 June 2026

Waldorf Astoria, Versailles

**The Leading Private Client Event on the
Calendar for HNW Advisors**

*For partnership enquiries, please contact James on
+44 (0) 20 3398 8546 or email james@thoughtleaders4.com*

HOW MUCH TO SAY AND WHEN: A GROWING CONTRADICTION FOR TRUSTEES AND ADVISORS IN UNITED STATES NEXTGEN TRUST PLANNING



Authored by: Laura A. Zwicker (Co-Chair of the Private Client Services Group) & Stefanie J. Lipson (Co-Chair, Private Client Services) - Greenberg Glusker Fields Claman & Machtinger

Wealth, in a multitude of forms, values, whether articulated or not, and the power that accompanies wealth have passed, more or less successfully, from generation to generation across millennia and across the globe. The challenge of when, how, and to what extent to engage younger generations in the succession process is a global challenge, but one that has been, and must continue to be, addressed differently based on cultural norms and values, available legal and planning structures, and the personalities and skills of the senior and junior generations of each family.

Over the last two decades, advisors have attached a label to their solution to this challenge - "NextGen" planning and engagement.

While some clients are more open than others to the NextGen having a participatory role, whether in the conversations, or directly in the family business or family office structure, advisors across the spectrum of private wealth services have coalesced around the goal of engaging and educating the NextGen ahead of a wealth transition. NexGen engagement is certainly present as a trend in the legal community. It is, however, even more

prevalent in financial service firms, family governance advisory firms, and trust companies. As legal advisors, we frequently focus our discussions relating to how best to transition wealth and values on two components: appropriate communication with NextGens, which is directed toward the senior generation, and education of NextGens, which is directed toward the younger generation.

Discussions can include the values that the senior generation believes have made the family successful (however the family defines "success" at that moment), addressing responsible stewardship of the family's wealth, including with respect to philanthropic endeavors and/or entrepreneurship, conversations about family governance, including where families are aligned and a collective unit, and where individual members find space for autonomy, and learning financial responsibility.

While the content, timing, and detail of discussions varies from family to family, the discussions are marked by the two tenets - communication and

education – and involve the participation of both generations.

Standing in opposition to NexGen engagement and education is the rise in succession structures that distance the beneficiaries from traditional information and enforcement rights. In the U.S., we see this in the increasing number of states adopting statutes permitting "silent" or "confidential" trusts, which are designed to defer the requirement that the trustee provide information regarding the trust – including even its existence – to beneficiaries. These silent or confidential trusts are similar, at least as to information and enforcement rights, to the Cayman STAR trusts¹ and to foundations for private benefit in some jurisdictions.²



1 Special Trusts Alternative Regime (STAR) in Part VIII of the Trusts Act (2021 Revision). See *In the matter of the A Trust; AA v JTC (Cayman) Limited* FSD 12 of 2024 (IKJ), the Grand Court of the Cayman Islands, in which it was confirmed that an enforcer of a STAR trust has the standing and power to seek confirmation of a momentous decision with respect to a Cayman STAR trust.

2 Private beneficiaries of Liechtenstein stiftungen have rights to information relating to the stiftung and its assets, but only to the extent that the information relates to the rights of the beneficiary. Article 552 §§ 9–12 PGR. However, the information rights of the beneficiaries can be eliminated if the stiftung is subject to supervision or if the founder is the ultimate beneficiary. In the Seychelles, the Foundation Act of 2009 allows the founder to set the beneficiaries' information rights, including to eliminate virtually all information rights.

A Contradiction Of Sorts: NextGen and the Rise of Confidential Trusts

The United States does not have a singular body of trust law. Thirty-six states have adopted some form of the Uniform Trust Code (UTC), drafted and approved by the National Conference of Commissioners On Uniform State Laws, and for convenience the information and enforcement rights provided for by the UTC are used as an example. The UTC imposes on the trustee a duty to keep “qualified beneficiaries” of a trust reasonably informed about “the administration of the trust and of the material facts necessary for them to protect their interests.”³ This duty includes, for example, (1) furnishing a copy of the trust instrument on the beneficiary’s request, (2) providing contact information for the trustee following acceptance, (3) often notice of the existence of the trust and its irrevocability on the death of a settlor, (4) advance notice of changes in rate or method of trustee compensation, and (5) accounting or a report annually to permissible distributees, or upon request of a beneficiary. The comments to the UTC explain this candor and duty to provide information is “a fundamental duty of a trustee.”

In seeming contrast to this “fundamental duty” of the trustee, and to the ideal of education of and communication with NexGen family members, a handful of states, including Alaska, Delaware, Nevada, New Hampshire, South Dakota, Tennessee, and Wyoming, permit “confidential” or “silent” trusts.⁴ In general, these statutes⁵ permit the postponement of a trustee’s duty to directly inform beneficiaries about the trust and its administration and, during this postponement, all notice and information regarding the trust is directed to a “designated representative” on behalf of the beneficiary or beneficiaries (who may be one of the beneficiaries, but is more likely to be a trusted advisor of the senior generation). The postponement can last until a beneficiary attains a certain age, until after a settlor’s death, or until the occurrence of another specified event or contingency. In fact, many corporate fiduciaries administering trusts in silent trust jurisdictions articulate the

availability of silent trusts as one of the advantages of situating a trust in their jurisdiction. The result is codification of protection of the trustee for opacity and discouragement of direct communication with the beneficiary.

Silent trusts statutes create a framework where a beneficiary need not even know of the trust, or be able to exercise its rights on its own behalf, until some deferred date, in many instances a point at which the senior generation is no longer present to communicate directly.

While parents and their advisors have skillfully found ways to shield family wealth from the gaze of children without the benefit of silent trust statutes, the statutes provide a codified assent to the conduct, and statutory protection for the fiduciary who participates in the concealment. Much can be explored with respect to both family philosophy and values, how and when to inform beneficiaries, and how to properly guide beneficiaries into responsible stewardship of a family’s wealth, which is beyond the scope of this brief discussion. The focus here is a consideration of how to align the concept of communication and education of NextGen beneficiaries with the seeming popularity (or at least marketing of) silent trusts.



Incompatible Concepts They Are Not

If one is seeking a way to reconcile the rise in the discourse around NexGen education and engagement with the simultaneous rise in legal structures designed to authorize the distancing of the NextGen from information and

empowerment with respect to family wealth, a silent trust may offer a solution. Done well, it can allow a family to engage thoughtfully, intentionally, and with precision about when, how, and to what extent younger generations should be exposed to — and take on responsibility for — the family wealth, the family values, and the power that accompanies both.

If families structure provisions carefully to advance the values that have led to their success, select fiduciaries who can serve as educators if the senior generation cannot, and set flexible benchmarks for shifting responsibility to younger generations, the silent trust can provide far greater opportunity for success than the common law or statutory default information rights.

Such a trust can be designed to give beneficiaries the greatest chance to be mature, educated, and resilient before the weight of stewarding the family wealth for future generations falls on their shoulders.

L

³ UTC §813.

⁴ New Hampshire, Tennessee, and Wyoming have adopted some form of the UTC.

⁵ Alaska (AK Stat. § 13.36.080(b)), Delaware (12 Del. C. §3303), Nevada (Nev. Rev. Stat. §163.004), New Hampshire (NH Rev. Stat. §654-B:8-813, information rights are statutorily mandated for qualified beneficiaries over age 21), South Dakota (SDCL §55-2-13), Tennessee (Tenn. Code §35-15-813(e)), Wyoming (Wyo. Stat. Ann. § 4-10-103(a)(xv)).



WHY IS EFFECTIVE COMMUNICATION WITH NEXTGEN WITHIN FAMILIES CRITICAL TO A SUCCESSFUL WEALTH TRANSFER

Authored by: Daniel Channing (Group Head of Private Client Services) - Whitmill

An inevitable transition of the wealth created over the last fifty years by the first gen to their children, or NextGen, is currently underway.

Planning carefully for a transition of wealth between generations is well recognised as a key requirement to ensure any transition is efficient and successful. Whilst there are many core pillars to a successful transition strategy, in this article, Daniel Channing, Group Head of Private Clients focuses on one important pillar; the need for defined and effective communication channels between generations and the frameworks to support that.

In order to develop and implement these effective frameworks, there are six key aspects for any family to consider as explored further below.



Firstly - Identify the necessary channels

Each family has a different hierarchy and demographic structure. Most typically the bulk of the wealth will be transitioning on a vertical pillar (from older to younger).

The vertical (or up and down) framework of communication is therefore perhaps the first to identify. This seems obvious. However, it is common for a wealth creator to focus on the downward flow and less on the upward flow. The upward flow enables the Next Gen to feedback to the first gen; such feedback being critical intelligence to ensure the wealth creator is providing sufficient and frequent enough detail as to their expectations, timings and perceived responsibilities. The absence of an effective vertical framework can often lead to misunderstanding and the failure of an effective, and disciplined, wealth transition. This is true across all the framework referenced below.

A less often identified channel of communication is the horizontal channel. This is the framework which ensures open communication between members of the same generation. This can appear at the first gen layer in the form of the flow of communication between mother and father or, in some cases, between other first gen family members (such as siblings if the family business was founded by more than one first gen family member).

This horizontal channel enables individuals at the same level to communicate and ensure clarity around the roles they will play individually but also as a collective to give effect to the successful transition of wealth.

The third communication channel to clearly identify is the internal to external channel. This can be the channel of communication between the wealth creator and their family

office (who often manage the financial wealth of the family). It can also be the family office communicating with the NextGen.

The establishment and articulation of responsibilities is key to the success of this communication channel.

Secondly - It is necessary to define the flow across channels

Once the important channels have been defined clearly and identified the focus can turn to determining how and when communication between these parties should occur. This perhaps, once again, seems obvious but, in reality, how communication should occur can be specific to each family and each channel (vertical, horizontal, external).

Firstly, taking the time to identify the correct and most appropriate forum (In person, in writing, verbally,) for the circumstance is a very important consideration. The saying 'it's not what you say but how you say it' has never been more true, and effective communication relies not just on the content but the forum and medium by which it is transmitted.



Once the right mechanism and medium for each channel has been determined the second important aspect is to determine the appropriate and necessary frequency of flow across each channel. Too infrequent and the counterparties may feel they are not receiving enough information or, worse, a perception that information is being retained or hidden may develop. Too great a flow across any channel and the impact of the information may be lost or the receiving parties may be unable to process and digest the information being received adequately. Importantly it is often about finding a balance that ensures frequency is suited to respective parties and, critically, this is defined formally such that both parties signify agreement to that flow rate at the outset.

Thirdly - Agree the content of communication

Once the frequency and medium of information flow across each channel has been determined the specific parameters of the content should be set out formally.

Defining what information each party is expecting to receive early means there is no unintended disparity where information is expected but is perceived not to be forthcoming or (worse) withheld by the other party.

This phase can also pre-determine whether there are any "off-limit" topics or, conversely, whether there are any mandatory topics that must be communicated.

It is also important to ensure communication styles are adapted to the audience. Assuming technical or pre-requisite knowledge, when it is in fact lacking, can be a common mistake meaning communication content is pitched too high and, therefore, not understood fully by the receiving party.

Finally, constant assessment of the appropriate content is critical as this can evolve and develop over time as the channels become more established. Implementing a mechanism to ensure that content across all channels is periodically assessed for effectiveness is an important pillar to cement in place.



Fourth - Keep accurate records of all communication

The ability to record all forms of communication accurately (including verbal communication and in-person meetings) allows any individual in the channel to revisit this at any point.

Revisiting can be important for several reasons:

Firstly, it might be that it is useful for an individual to go back to refresh their understanding or the recollection of information retained;

Secondly it can be prudent to make reference to the content of historic communication to help inform the making of future decisions;

Thirdly accurate records can help to avoid any dispute if personal recollection is not aligned across stakeholders;

Finally, it reinforces the adherence to the agreed communication protocols and frameworks as any departure from these will also be recorded.

The records can take a form specific to the type of content and the preferences of each individual. However, it is important to nominate specific persons to take responsibility for this aspect of the plan as otherwise there can be a tendency for accurate record keeping to fall by the wayside easily.

Fifth - Ensure the information flows are adequately and securely protected

Most channels will inevitably contain sensitive, personal or highly restricted data about the family. For this reason, it is imperative that adequate controls and protections are in place for this data at all phases.

Some common protections to be employed can include:

Using protected data rooms instead of sending information to family members over email to personal email accounts (which can be hacked);

Using Non-Disclosure Agreements if any non-family are party to any channel (such as third parties, family office executives, spouses);

Employing encryption and data security software to help protect the data channel and platforms used; and

Ensuring only the necessary data is transmitted (with reference to the determinations made by the family under point 3 of this article) and ensuring surplus or unnecessary data is not included if there is no obvious need or reason for it to be included.

Finally - Harness structure to efficiently operate these channels of communication for the long term

Families have busy lives and identifying and implementing the important plethora of communication flows, frameworks and channels sounds great in practice but, in reality, it takes continued effort and energy to maintain these effectively for the long term.

Using a legal structure to formalise the channels can be an invaluable support framework to facilitate and maintain the channels. These legal structures can include formal committees, formal boards, family councils and company or trust arrangements to provide a structure within which these committees/boards/councils/channels can operate.

Separately, a family governance exercise; including a family charter, can be a very beneficial structuring framework for any family to harness as part of the overall structure. This exercise often uses a combination of workshops with the family, individual discussions and legal drafting to produce a governance charter that can include significant detail on communication frameworks and information flows formalising these even further.

Professional administrators can also be engaged to support formal operation by taking the responsibility burden for calling and organising meetings, recording minutes and tracking the outcomes / actions as well as managing data rooms.

Conclusion

Adequate informal communication has long existed within most family structures. However, as these families move toward a substantive transition of wealth and power within the family, seeking to formalise the flow of communication is imperative to support this transition being orderly, efficient and effective. By identifying the important and necessary channels which need to exist and seeking to formalise the regularity and content flowing across these channels a family can avoid the many pitfalls (and expense) associated with communication breakdown.

Whitmill provides administration, company secretary and family governance support services to ultra-high net worth families and single-family offices. To find our more please contact daniel@whitmill.com



EU-SANCTIONS: PIERCING THE 'TRUST VEIL'?



Authored by: Daniel Kocab (Attorney - Law) - Schoenherr

After Russia invading Ukraine in February 2022, the European Union increased its pressure on Russia through economic sanctions. Among others, leading businesspersons were added to the sanctions list. Under the applicable sanction laws, all assets of these sanctioned leading businesspersons shall be frozen. This raised the question whether assets transferred to a trustee may be allocated to the alleged sanctioned leading businessperson and, thus, be frozen under the applicable EU sanctions regulations. Recently, the Advocate General (AG) of the European Court of Justice (ECJ) issued his opinion on that issue.* Such AG opinions precede the verdict of the ECJ in a so-called request for a preliminary ruling regarding the interpretation of EU law. Since the ECJ often follows the AG's opinion, such opinions are relevant in practice.

Background of the case

The case commences with an Italian bank having blocked funds of several Italian companies. These companies were founded by a person that was sanctioned in February 2022 (the settlor). Long before any sanctions were imposed on the settlor, he transferred the shares in these companies to a trustee. The trust arrangement was subject to Bermuda law.

The Italian companies challenged the blockade of its funds in court. Eventually, the highest Italian court referred the case to the ECJ asking the question if in light of the applicable law a sanctioned settlor of a trust can be viewed as the person to whom the trust assets belong, or as the person who controls the assets.

Should the ECJ answer these questions in the affirmative, assets transferred to a trustee by a (later) sanctioned person would be subject to the asset freeze imposed by EU sanctions. This is because these assets would belong to a sanctioned person or be controlled by a sanctioned person, hence, falling under all assets of the sanctioned person.

AG's opinion

In his opinion, the AG focusses mainly on the relationship between the settlor and the asset. However, the AG abstains from providing a definitive answer to the questions at issue. He states that it is up to the referring court to determine the exact position of the settlor. The ECJ can only provide some guidance on how to determine the settlor's position and to determine the relationship between the settlor and the asset at issue. For the assessment, the AG provides some criteria to consider:

- The settlor has the power to revoke the trust in whole or in part. In that event, the assets would revert to forming part of the settlor's estate.

- The settlor retains the power to give binding directions in connection with the purchase, holding, sale or other commercial or investment dealings with trust property or any investment or reinvestment thereof or the exercise of any powers or rights arising from such trust property.
- The settlor has the right to appoint, add, remove or replace any trustee or protector of the trust.
- The settlor has the power to add, remove or exclude a beneficiary or class of beneficiaries, and the right to make himself a co-beneficiary of the trust.

Taken these criteria into account, one cannot exclude that the settlor could maintain a relationship with the trust assets, deeming the assets belong to the settlor. Regarding control, taking the control criteria into consideration, a settlor could exercise control over the trustee which would justify the freeze of the trust assets.

The control criteria have been developed by the EU Commission and Council of the EU and can be retrieved from their sanctions guidelines. Essentially, control exists if the sanctioned person can decisively influence the composition of the management of a company by way of voting rights or agreement or by way of factual influence. Another indication for control is the sanctioned person's right to use all or part of the company's assets.

Conclusion

In general, if a trust has been validly established, the settlor transferred the legal title of the contributed assets to the trustee. The settlor is therefore not the owner of these assets, nor can they belong to him. Thus, one can take issue with the AG's stance that the trust assets can under certain circumstances still belong to the settlor. Even if all or some of the criteria listed by the AG are fulfilled, the settlor legally does not own the trust assets, nor do they belong to him. However, in such case, the settlor may indeed still control the trustee and – in consequence – control the trust assets. Therefore, the trust assets may still be subject to the asset freeze if they are located in the EU. Ultimately, whether the assets are frozen because they belong to or are controlled by the sanctioned settlor is rather irrelevant in practice.

What has been left unanswered in this opinion is the question whether prior to taking action an EU operator (e.g. a bank) must first determine a relationship between the settlor and the asset in question, or if the EU operator may rely on a presumption that the sanctioned settlor ultimately controls the assets. If the latter is true, the blocking of an account could take place immediately after the designation of the settlor; the concerned company or the trustee would need to rebut the presumption in order to release the blocked asset(s).

To date, it is accepted that an EU operator may rely on a presumption if a sanctioned person owns directly or indirectly at least 50% of a company's capital.

In such case, assets of the concerned company may be blocked based only on the presumption and the concerned company may rebut the presumption.

In practice EU operators block trust assets right away to reduce any risk of violating sanctions; it is rather unlikely that this practice will change after the AG's opinion. However, following the AG opinion the EU operator must determine if the criteria outlined by the AG are fulfilled or if any other circumstances justify the continuation of the blockage. It will be up to the trustee or the concerned company to provide to the EU operator the relevant trust documents to rule out any influence by the settlor. The outcome of the assessment will depend on circumstances of the specific case. The assets ought

to be re-leased if none of the criteria can be determined, and no other circumstances exists that justify the blockage of the assets.

* For the full opinion see Opinion of Advocate General Campos Sánchez-Bordona delivered on 10 July 2025, D, A, B, C, T v Ministero dell'Economia e delle Finanze, Comitato di Sicurezza Finanziaria, Agenzia del Demanio, C-483/23, EU:C:2025:559.



ThoughtLeaders High Net Worth

Meet ThoughtLeaders



Paul Barford
Founder /
Managing
Director
020 3398 8510
[email](#) Paul



Chris Leese
Founder / Chief
Commercial
Officer
020 3398 8554
[email](#) Chris



**Danushka
De Alwis**
Founder / Chief
Operating
Officer
020 3580 5891
[email](#) Danushka



**James
Baldwin-Webb**
Director,
Private Client
Partnerships
07739 311749
[email](#) James



Maddi Briggs
Strategic
Partnership
Senior Manager
020 3398 8545
[email](#) Maddi



Rachael Mowle
Strategic
Partnership
Manager -
Private Client
020 3398 8560
[email](#) Rachael



Seth Fleming
Conference
Producer
Associate
020 3433 2282
[email](#) Seth



Dan Sullivan
Business
Development
& Partnership
Manager
020 3059 9524
[email](#) Dan



Jamie Biggam
Strategic
Partnership
Executive
020 3398 8592
[email](#) Jamie



ABOUT ThoughtLeaders High Net Worth

Through our members' focused community, both physical and digital, we assist in personal and firm wide growth.

Working in close partnership with the industry rather than as a seller to it, we focus on delivering technical knowledge and practical insights. We are proud of our deep industry knowledge and the quality of work demonstrated in all our events and services.

Become a member of ThoughtLeaders4 Private Client and...

- Join a community of experts, referrers and peers
- Attend events in all formats
- Interact using our digital Knowledge Hub
- Learn and share expertise through the Community Magazine
- Grow your network and business
- Build relationships through a facilitated Membership directory

HNW Advisory & Litigation Partners:

