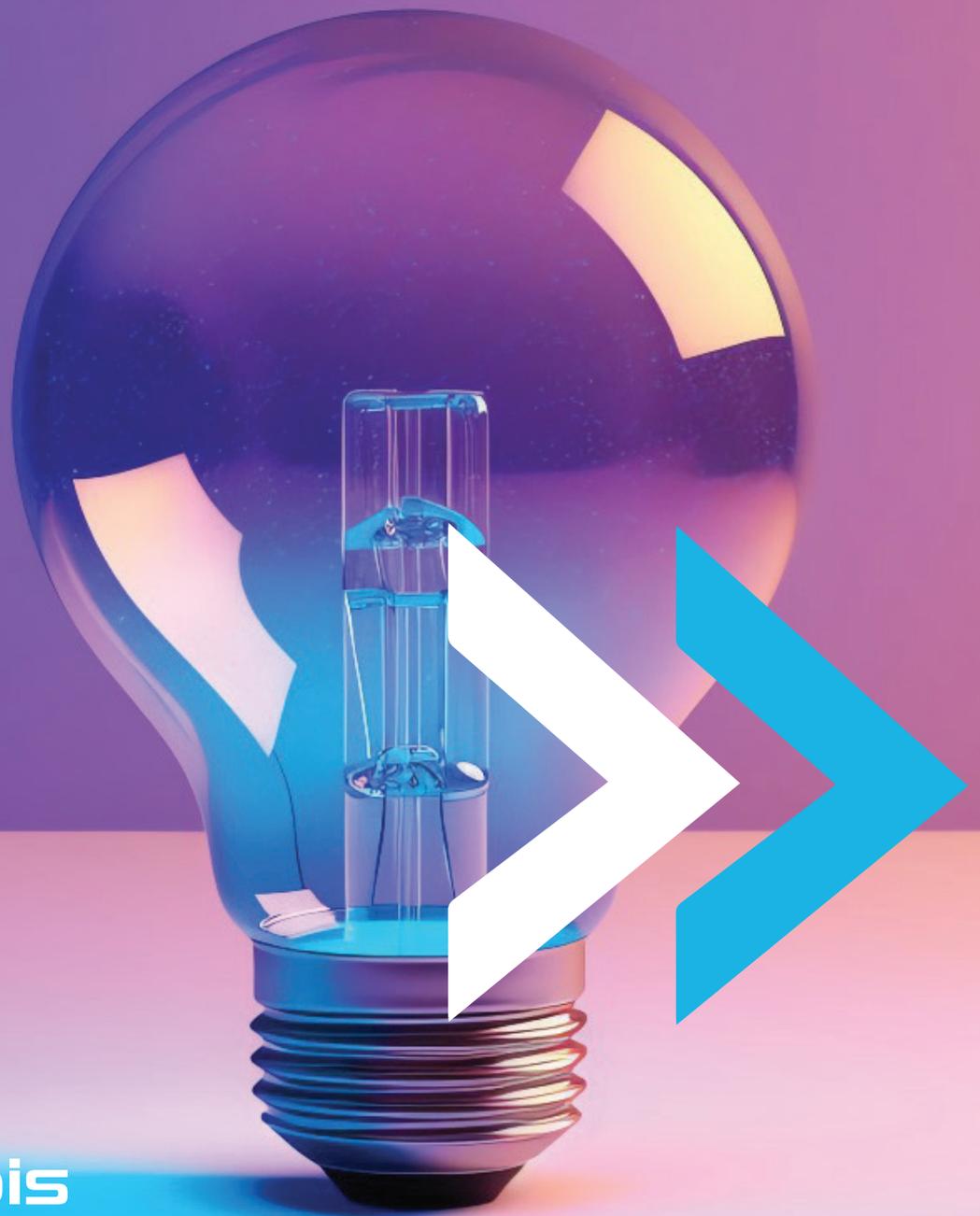


**DEVELOPMENTS IN WEALTH  
PLANNING, STRUCTURING**

**AND FAMILY SUCCESSION  
IN ASIA**



# SUMMARY

■ *Estate, succession and legacy planning and structuring are of increasing importance across Asia, where wealth management practices, professionalism and more holistic solutions are improving apace. Moreover, as a generalisation, the founder generations are ageing, and the second generation and often also the third generations (both often armed with their Western educations and perspectives) are inheriting vast investment wealth and taking control of numerous family enterprises or even family offices. The mission for the panel of experts at the Hubbis Digital Dialogue of November 23 was to highlight the key trends taking place in Asia and to articulate how estate and wealth structuring is developing to help the region’s HNW and UHNW families plan appropriately for their collective futures. A fascinating discussion took place, and a detailed post-event survey of delegates added to the value input, from all of which we have carved out many valuable insights and words of advice for the wealth management community.*

## SPEAKERS



**HENGKA (HENRY) JI**  
Zhong Lun Law Firm



**HANNAH BISSON**  
Trident Trust



**LEE SLEIGHT**  
Lombard International Assurance



**PAUL KNOX**  
J.P. Morgan Private Bank



**JOHN SHOEMAKER**  
Butler Snow

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### Setting the Scene

Estate and legacy planning properly is central to peace of mind and longevity of wealth and the family unit, especially when those HNW and UHNW families become so diverse in terms of different generations and jurisdictions, and also less homogeneous as to cultures and even ethnicities.

There are some very encouraging developments taking place in the region that are facilitating a more active wealth structuring and estate planning ecosystem in Asia, and in order for wealth management to live up to its potential, there is no doubt that both the availability and the quality of advice on investments, wealth structuring, and estate planning is improving, and is set to advance further.

Indeed, there is a groundswell of activity and enthusiasm - there is a growing emphasis on both the professionalisation and related expansion of the products and solutions the wealth industry can offer in order to keep their private clients engaged and to build or retain relationships amongst the next generations of clients. This is also entirely true for the lawyers, consultants and fiduciary service providers who help these families articulate and execute their wealth structuring and succession planning objectives in detail and fine print.

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**« Expert Opinion - Lee Sleight, Head of Business Development, Asia, Lombard International Assurance: "Addressing the need for tailored solutions I would say that far from curbing it, the current geopolitical tensions and economic environment are only intensifying the demand for bespoke wealth planning solutions in Asia. Wealth preservation requires flexible solutions capable of adapting to the evolving needs of families spread over multiple jurisdictions – advisors recognise that they need to broaden their offering and advice to reflect the diverse and constantly and increasingly sophisticated requirements of their clients." »**

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The panel of experts not only reviewed the state of the wealth management industry, and in particular, the evolution of carefully planned and well-executed wealth, estate and succession planning and structuring, but looked at it from a nuanced perspective, analysing the engagement with the client base and the nurturing of the right types of discussions around these important subjects.

The mission was to help unravel the subtleties of the right approaches, and how the wealth industry and associated advisors can encourage private clients in the region to adopt the best products, solutions and structures to safeguard and build their investible wealth in their lifetimes as well as to help facilitate the transition of their estates to their loved ones later on.

They also looked at the regulatory infrastructure and environments in the region to determine what regulations need to be addressed and what liberalisation might be taking place that will help more of the advice and solutions to be expedited within Asia. This is especially important for both Singapore and Hong Kong, both of which are evolving from asset management centres to offer far more comprehensive and holistic coverage for their clients. As part of all this, they also discussed what talent, experience and expertise are required in the region, as well as how the client-facing advisors and professionals should most effectively approach and communicate with these clients.

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**« Expert Opinion - Hannah Bisson, Director of Business Development, Trident Trust: "The significance of our role as advisors to UHNW families continues to be as important as ever to ensure that families are being provided with solutions over products. Families have complex and differing requirements, and we should expect to see a combination of succession and wealth planning tools used together in order to achieve the right solution to their needs." »**

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### THE PANEL'S KEY OBSERVATIONS AT A GLANCE

- » The ability to expedite robust estate and legacy planning lies in understanding the client and their situations and then bridging the gap between a client's intentions and the complexities of legal, tax, and succession systems. Solutions should always involve a will and should be multi-faceted to address the increasing globalisation of the assets, individuals and the expectations and inclinations of the different generations in these HNW and UHNW families.
- » There is a visible evolution of family behaviour and decision-making in wealthy Asian families. The shift from a single decision-maker to a more democratic approach in family decision-making is taking place. Open communication, especially between different generations, is crucial to prevent disputes, and advisors play a key role in facilitating this dialogue.
- » Subtle, empathetic and nuanced conversations about the level of control required by founders or other family members, about structures and solutions, and involving the next generations are essential to ensure understanding, the right outcomes, the effective implementation of intentions, and lower risk of fallouts amongst the families.
- » Transparency and communication are vital. Open conversations with clients about their goals and desires are crucial, with wealth advisors playing a vital role in facilitating these discussions as trusted advisors and often playing a key role in orchestrating the other specialist compliance and tax lawyers, trustees and other parties that might, or rather should become involved.
- » When seeking to understand and address family dynamics, advisors need awareness and expertise to navigate the complexities of these families and then tailor advice to each family's unique situation.
- » Trusts remain popular for succession planning, and it is important to work through professionally licensed, independent trustees in well-regulated jurisdictions. Stability, independence, and experience are key qualities for trustees.
- » We live in a world demanding immense compliance. Regulation is central to the motivation for robust planning and structuring, as families aim to be compliant with local, country-specific, and global rules.
- » Use all the tools at your disposal - trusts, family offices, foundations, and insurance solutions are all key tools to address challenges in wealth planning. So too, clients and advisors should select the right jurisdictions to work in and through. Gone are the days of offshore companies solving all issues. Those are reputational accidents waiting to happen in many cases.
- » Hand in hand with the jurisdiction is choosing the right service provider before selecting a jurisdiction. Traditional offshore options differ from mid-shore jurisdictions, and the choice should align with geographic convenience, local services, quality/reputation, and a global perspective.
- » There is strong growth in the adoption of family offices. And there is a shift in the articulation of those family offices away from just fund management and towards a holistic approach, incorporating regulatory control, family governance, comprehensive suites of solutions, and advanced technologies.
- » Chinese clients present unique challenges and opportunities. Family governance and passing down control among Mainland Chinese families present unique challenges, with the strong history of central power held by one key founder or patriarch (sometimes and increasingly a matriarch). Yet Chinese families are becoming more receptive to the concepts of astute structuring, to the realities of living in a global world of intensifying regulation, and to taking on board more professional advice, considering global options and solutions.
- » Life insurance solutions, particularly as one panellist advised, private placement life insurance (PPLI), are crucial for internationally spread families. PPLI offers flexibility, portability (vital for increasingly globalised families), key reporting advantages, and tax deferral benefits, and therefore serves as a key element in robust estate and legacy planning. Asian clients are learning more and more about the value of life solutions as an integral element of robust estate and legacy planning.

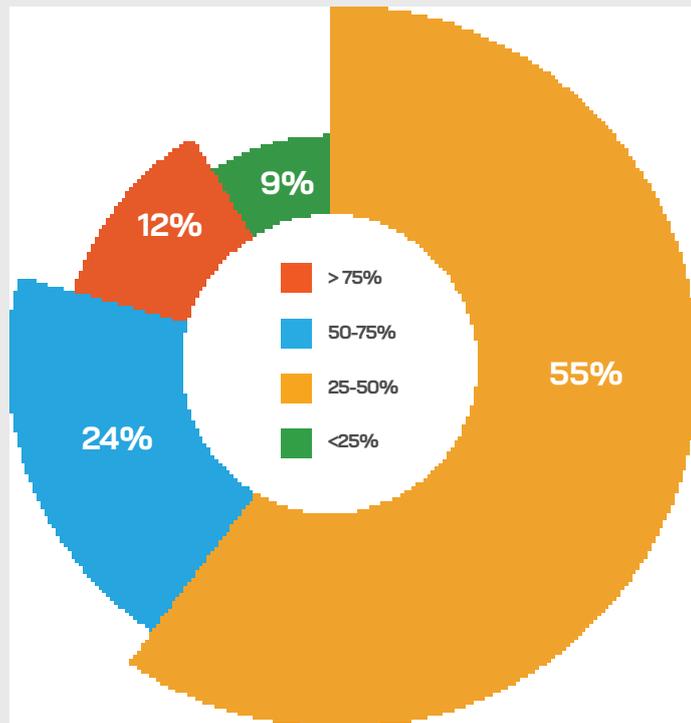
**There are plenty of key drivers and key cogs in the thrust towards the articulation of more robust wealth and legacy planning**

Opening the conversation, a guest addressed fundamental questions as to why family wealth and succession planning matters. He explained that the relevance of family succession planning lies in bridging the gap between a client’s intentions and the complexities of legal, tax, and succession systems. He highlighted the significance of a will as a crucial document to avoid crises, where the state might then have to decide the distribution of assets, and expressed his surprise as to how many clients still do not have wills while acknowledging that things are improving.

He did, however, note that even with a will, there can be challenges, such as the expensive and time-consuming probate process. He emphasized the importance of having a plan and an open conversation with clients about their goals and desires in plain, frank language. He said wealth advisors can play an important role in facilitating the realization of these objectives.

The Hubbis Post-Event Survey

**APPROXIMATELY WHAT PERCENTAGE OF YOUR PRIVATE CLIENTS IN YOUR MARKETS TODAY HAVE WELL-ORGANISED WEALTH AND ESTATE PLANNING IN PLACE?**



Comment: The majority of private clients (55%) have only moderately well-organized wealth and estate planning, signalling room for improvement in comprehensive financial strategies.

**Hengka (Henry) Ji, Partner, Zhong Lun Law Firm:**

**« “An exemplary succession planning is like playing a relay race, the family cannot win the wealth succession race without passing the “baton” to a good “anchor”. Therefore, the next generation should always be prepared and get involved early in the estate and succession planning or else they don’t know how to take the rod.” »»**

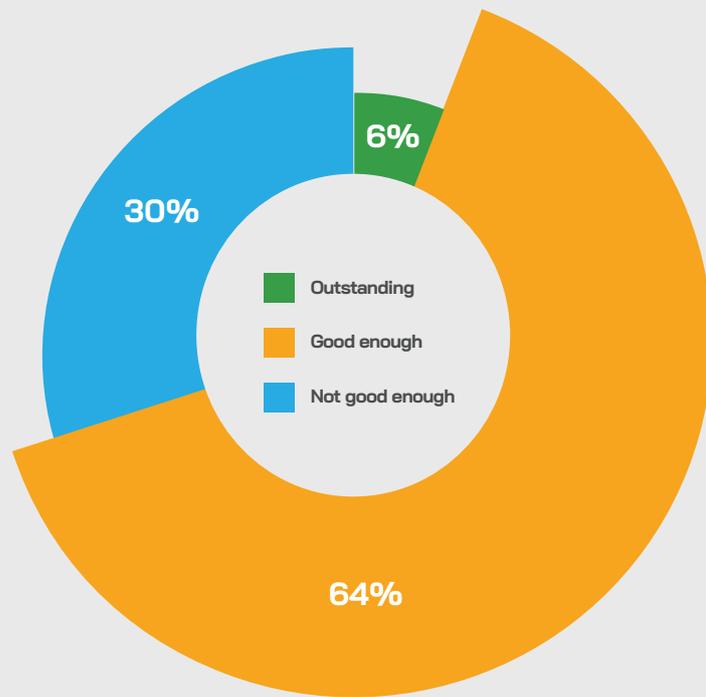
Regulation is central to the motivation, as families seek to be as compliant as possible with a set of local, country-specific and global rules.

He underscored the importance of a nuanced conversation about the level of control the client will have and the necessity of discussing these matters with the next generations. John encourages advisors to engage in frank discussions to ensure that the client's intentions are understood, documented, and implemented effectively, minimizing the risk of disputes or unintended outcomes in the future.

To address some of these challenges, he proposed advisors and clients consider trusts, family offices, foundations, and insurance products, layered in depending on the client's goals.

He elaborated on the growing interest in family offices, with a shift from a purely investment focus to a more comprehensive and holistic approach to family wealth and longevity, including regulatory control, better application of technologies, and greater in-house expertise.

**HOW WOULD YOU DESCRIBE THE QUALITY AND PRACTICALITY OF THE CURRENT WEALTH AND LEGACY STRUCTURES AND PLANNING AMONGST YOUR PRIVATE CLIENTS?**



Comment: A significant 64% perceive the quality of existing wealth and legacy structures as "Good enough," indicating a satisfactory but not exceptional state of affairs. However, with only 6% described as outstanding and 30% downright not good enough, it is clear that much progress is needed

**Hannah Bisson, Director of Business Development, Trident Trust:**

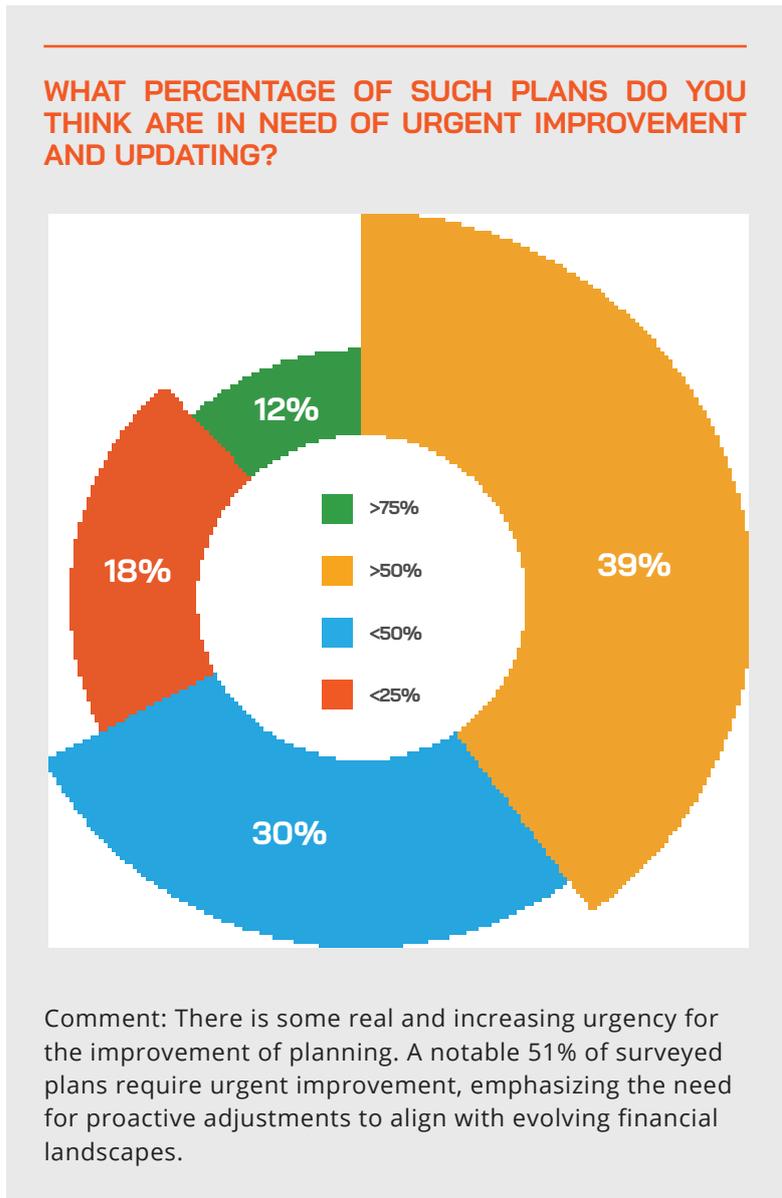
**« "When selecting a trustee, key qualities for families to look for in their prospective trustee are independence, stability and experience. I would also suggest choosing a trustee who is prepared to remain involved and be proactive, to keep up with changing family circumstances and dynamics over time." »**

Another expert concurred, highlighting the diverse purposes that family offices can serve, evolving from back-office support for family businesses to managing the wealth of the founder and eventually expanding into various functions including a more holistic approach to wealth and legacy planning. He emphasised that the label ‘family office’ is less important than understanding the office’s role in serving the founder and family and providing value across the different branches and generations of those families.

**It is essential to work with the right trusted advisors and the right specialists, as well as the right vehicles and jurisdictions in order to ensure that the ingredients vital for success are all layered in at the right time and achieve the right balance**

Another guest emphasised the importance of choosing a service provider before selecting a jurisdiction. Trust, confidence, and faith in the provider are key considerations. The choice of jurisdiction should align with geographic convenience or the provider’s ability to offer local services, as well as an international, even global perspective.

He noted that traditional offshore jurisdictions like the Caymans and the BVIs of this world differ from mid-shore jurisdictions such as Hong Kong, Singapore, Switzerland, and Luxembourg. While offshore options may attract clients due to lower costs, these are rising as pressure mounts for greater transparency.



Meanwhile, mid-shore jurisdictions tend to have more regulations and higher operational expenses but offer a more robust jurisdiction centre for the articulation of smart and robust structures. Overall, clients are urged to carefully assess the implications and administration demands of their chosen jurisdiction when setting up financial structures.

Hong Kong and Singapore have spun their tale around the investment management

aspects for wealthy clients but are increasingly seen as sensible centres through which to seek advice and create the right wealth and legacy planning.

**There is still very strong demand, indeed rising interest, in creating the right trusts and working with the right trustees**

A panellist discussed key trends in the trust space, emphasising the enduring popularity of trusts

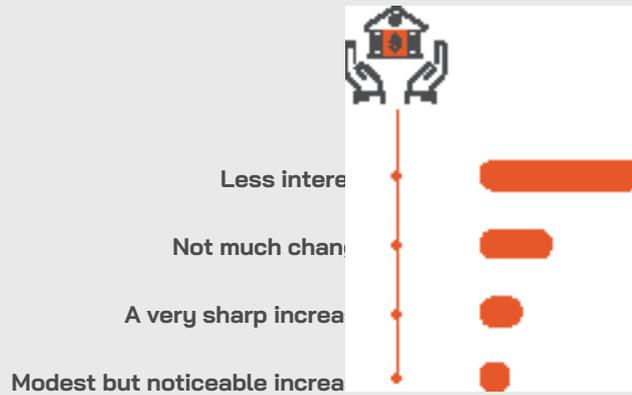
for succession planning due to their tried-and-tested nature.

While the general principles of trusts remain stable, she stressed how vital it is to work through professionally licensed trustees, preferably independent (away from the possible interference of the bank owners) in a well-regulated jurisdiction.

Clients should look for key qualities such as stability, independence, and experience, emphasizing the importance of a trustee willing to make difficult decisions and engage in ongoing open communication with the family to ensure the trust's effectiveness over time.

She pointed to three main aspects for clients to consider when deciding on jurisdictions: the location of the trustee or advisor, the governing law of the trust or structure, and where the clients want to invest or park their assets.

**TO WHAT EXTENT HAVE HNW/UHNW PRIVATE CLIENTS BEEN INCREASING THEIR USE OF LIFE INSURANCE SOLUTIONS AS PART OF THEIR WEALTH AND ESTATE PLANNING IN THE PAST FEW YEARS?**



Comment: A substantial 85% of replies acknowledged a rise in the use of life insurance solutions, showcasing a heightened recognition of their role in contemporary wealth and estate planning.

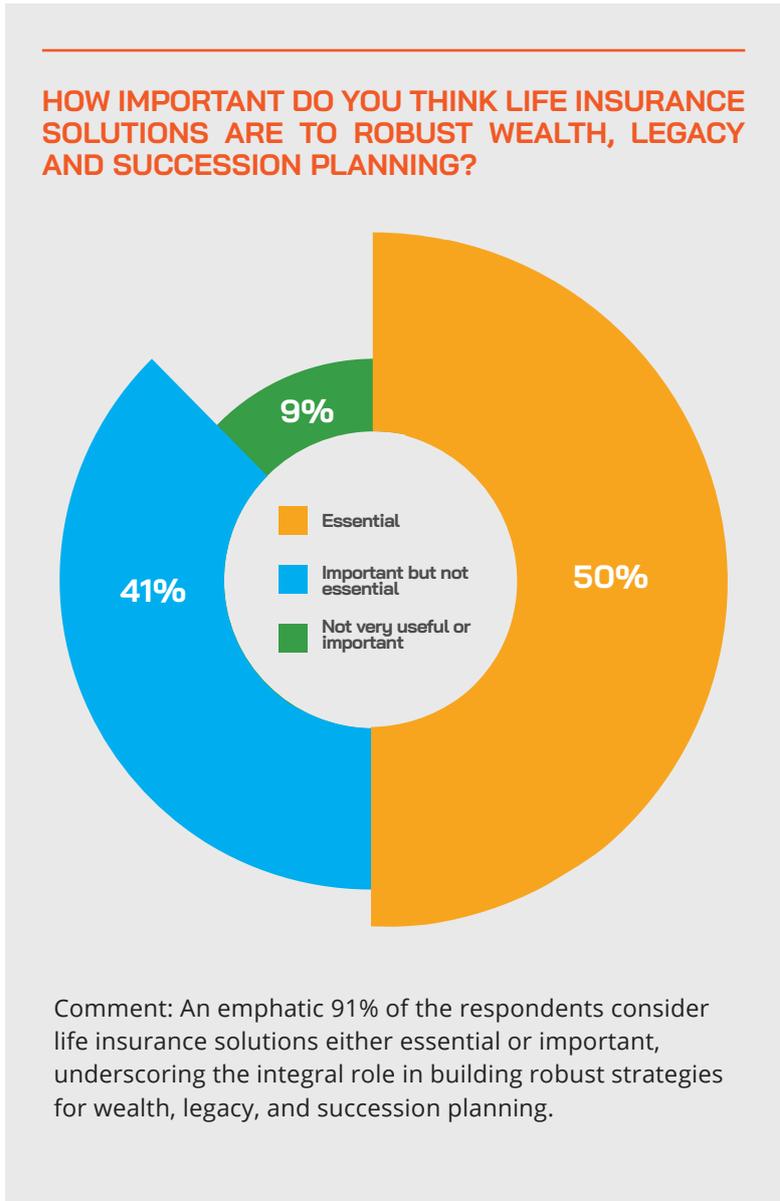
**Hannah Bisson, Director of Business Development, Trident Trust:**

**« “Advisors are in a unique position where we can encourage and facilitate more open communication between the first and successive generations. With any family, conflict can arise after the first generation passes on, particularly if there is a mismatch between what the second generation expects and what they receive. I would encourage any discussions that give a space for concerns to be raised, expectations to be managed and also for us, as advisors, to get to know the needs and aspirations of the younger generations.” »**

She emphasized the importance of stability, reputation, and convenience to their location when choosing a trustee jurisdiction. For governing law, considerations include the client’s objectives, trust law nuances, case law, and the availability of the best and most suitable advisors. She agreed that clients are increasingly often choosing Singapore or Hong Kong for trustee locations due to their stability and transparency. Clients might combine those centres with offshore structures for additional flexibility and efficacy.

**There are many subtleties and nuances around wealth and legacy planning and the delivery of sound advice**

Another panellist discussed the crucial difference between awareness and expertise when advising high-net-worth and ultra-high-net-worth families. He emphasizes that advisors need enough awareness to avoid common traps, such as understanding differences in tax systems and variations in terminology like trusts and life insurance policies across jurisdictions.



**Hengka (Henry) Ji, Partner, Zhong Lun Law Firm:**

« *“The UHNW families should always understand their family needs first before choosing a professional trustee. A competent trustee should give holistic advice based on an in-depth understanding of the overall family situation and family needs. This means it is critical to have open dialogues to the family histories and secrets.”* »

He stressed the importance of advisors developing a stable of experts and recognizing when to involve specialists, whether jurisdiction-specific or experts in certain structures or investments. He accentuated the need for baseline knowledge that enables issue spotting while acknowledging the complexity of certain situations.

He warned against commoditizing advice based on what other families are doing, as each family's situation is unique and may not benefit from a one-size-fits-all approach. The ability to discern the distinct needs of each complex family is crucial to avoid significant pitfalls in advising high-net-worth and ultra-high-net-worth individuals.

Another panellist highlighted the significance of emotional intelligence and the ability to use skills, partnerships, and a global team to convince the first generation to relax their guard somewhat, and to think seriously and rationally about the long-term sustainability of family wealth and governance.

**A family is not only the founder, the matriarch or the patriarch, it is the sum of all its elements and across its generations**

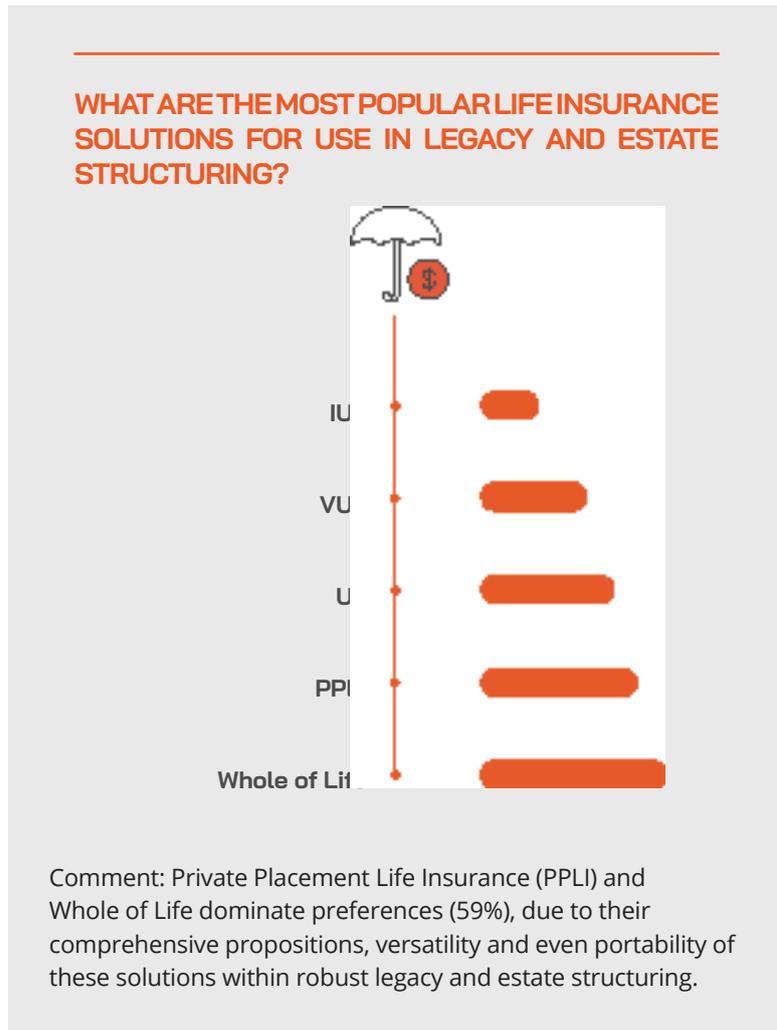
In the older days of Asia, the father, usually the business founder, was the lynchpin and sole decision maker, perhaps with his spouse. But times have changed, and the democratisation of decision-making within families and greater transparency of approaches and policies are all adding up to estate and legacy structuring that is increasingly comprehensive as to

the many different family members and generations.

A guest tackled this topic by indicating that the approach depends on the party being addressed, whether the current, next or third generation. For the current generation, he recommended that advisors act as an advocate for the second or third generation, prompting considerations about how decisions might affect the heirs and encouraging communication. He emphasized the importance of discussing matters like wills and wealth distribution to prevent future disputes.

If dealing with the frustrations of the second and third generation, who so often feel excluded from major family business decisions, he counselled facilitating constructive dialogue with the 'encumbered' generation.

He acknowledged that there may often be situations where the current generation is resistant to involving the subsequent generations. He cited the example of the British royal family, noting that sometimes individuals need to wait their turn and there are often differing perspectives on what is right or wrong, and the best policies to adopt, especially as younger generations have

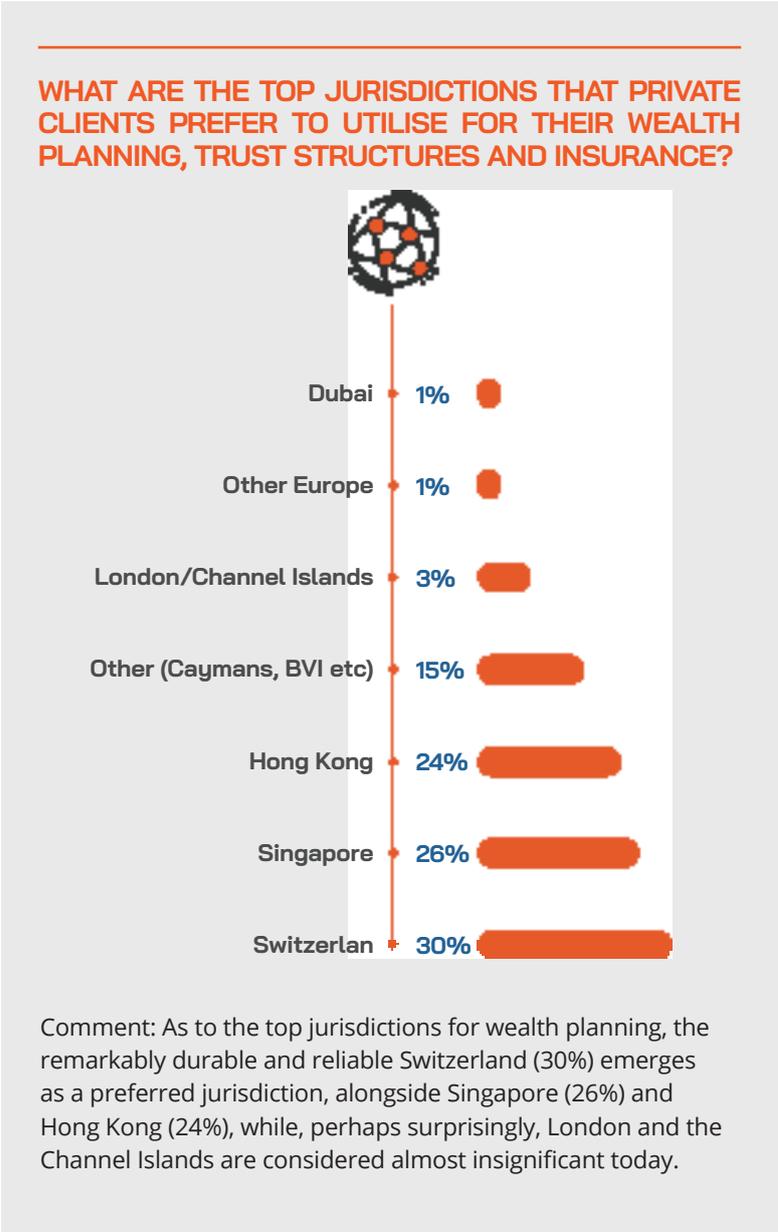


potentially very different views on many issues.

A vital key, he suggested, is helping the next and younger generations demonstrate their readiness for responsibility and participation while acknowledging that solutions need to be tailored to specific circumstances. He said that the more the founder or older generations can offer trust and responsibility, the better the chance of positive outcomes and minimal misunderstanding or even conflict.

Another guest pointed to the diverse age range in Asian families, with the second generation potentially being even in their 70s, and the third generation potentially in their 40s. She reiterated the vital need for encouraging open communication between these generations, whilst acknowledging that it may not always be possible.

She advised advisors to play key roles in facilitating communication, organising annual review meetings with the family, involving specialists such as trustees, wealth managers, lawyers and others to clarify, address concerns and manage expectations. Building relationships with the



**Lee Sleight, Head of Business Development, Asia, Lombard International Assurance:**

**« “Thinking about the importance of education, we continue to support wealth advisers in educating them on how these solutions work and the benefits they bring, so in turn advisers are in a position to educate their clients and guide them on the suitability of each solution to meet their planning needs.” »**

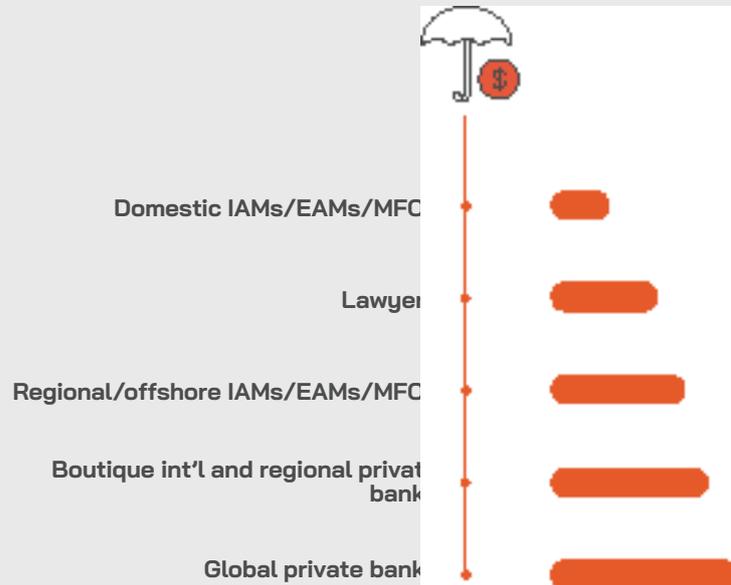
next generation allows all these advisors to understand their needs and aspirations, guiding planning accordingly.

She emphasised the importance of collaboration among professional advisors in creating the best types of customised solutions. Advisors must also all understand and align with the family values of the clients they serve.

China is sometimes a whole other ball game and advisors in major centres such as Singapore or Hong Kong should cater with empathy and subtlety to Chinese and other Asia cultures and carefully address their nuanced approaches and needs

A speaker discussed family governance in China, highlighting that it is less well-known compared to Western countries. In Chinese families, one key member often holds central power and plans succession based on their needs. Understanding clients' preferences, tendencies, and interests is crucial

**WHICH BANKS, FIRMS OR ADVISORS ARE ASIA'S PRIVATE CLIENTS WORKING WITH TO ACHIEVE THEIR WEALTH AND LEGACY STRUCTURING?**



Comment: Private Placement Life Insurance (PPLI) and Whole of Life dominate preferences (59%), due to their comprehensive propositions, versatility and even portability of these solutions within robust legacy and estate structuring.

**Lee Sleight, Head of Business Development, Asia, Lombard International Assurance:**

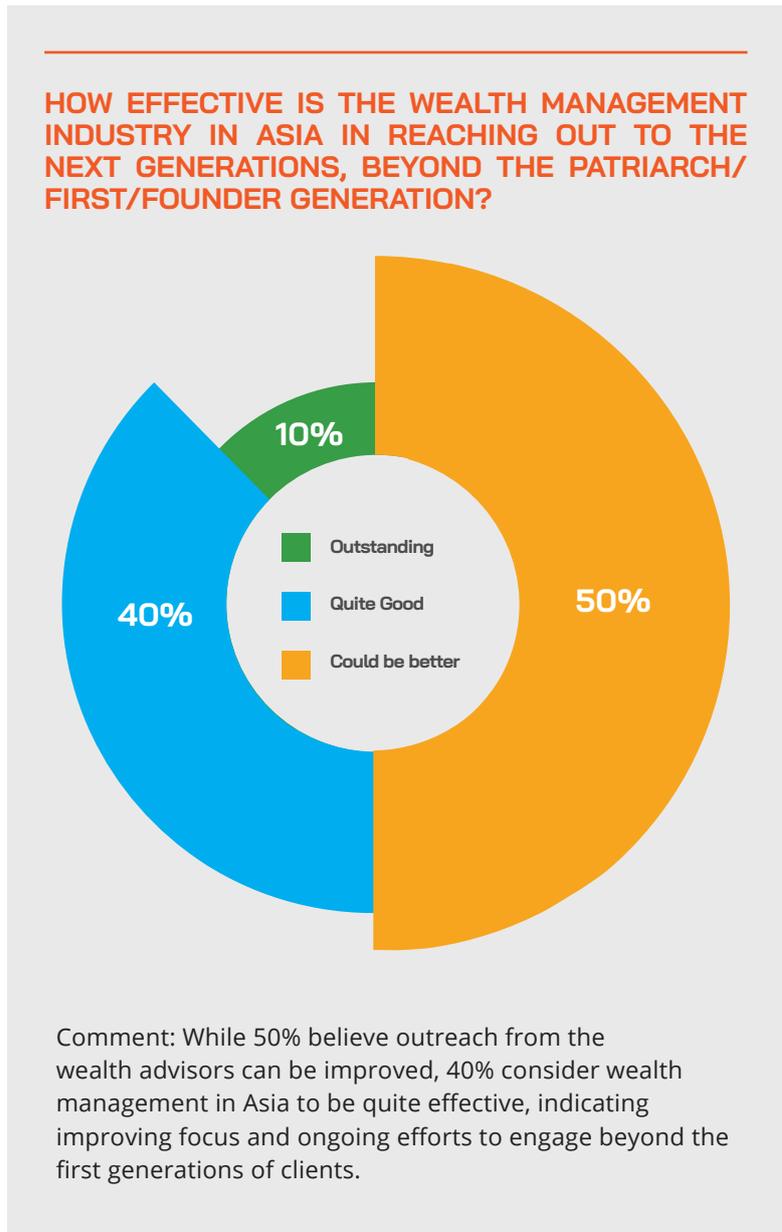
**« “Complex solutions capable of catering to complex needs are central to this business. To navigate increasing complexities in an unpredictable global economy, HNW families are increasingly seeking advice from their trusted advisers. Customised solutions may have many moving parts, all of which can be fine-tuned to work well together to achieve the specific aim of legacy and succession planning in a compliant structure. In a perennially complex environment, HNW families want simplicity and flexibility. This is where PPLI comes in.” »**

for gaining their trust.

The globalization of Chinese families presents challenges, especially when dealing with assets and relatives in different countries. This panellist recounted a case where a Chinese wife with assets in the US, UK, and Cyprus sought assistance in estate planning. The complexity of such cases underscores the need for a global team to address global issues. The rising use of family offices, trusts, and Private Trust Companies (PTCs) reflects Chinese rich families' interest in more effective tools to retain power and ensure the desired flow of family interests.

He offered further perspectives on dealing with wealthy Chinese families across different age groups, considering the cultural nuances and sensitivities involved. He acknowledged the differences in preferences, habits, and communication styles across generations and emphasised the importance of team play.

He noted that Chinese wealthy families are evolving, becoming more willing to receive professional advice and support to keep their families energetic in challenging times.



**Hengka (Henry) Ji, Partner, Zhong Lun Law Firm:**

« **“Family governance is far less well-known in China than the business governance during the estate, succession, and legacy planning process of UHNW families and UHNWIs. A typical Chinese family operates like a small nucleus where one key family member retains the central power and plans the succession around his needs.”** »

This expert shared a recent case where a 50-year-old client actively involved his child in business decision-making processes, seeking generational education. Through open discussions, trust was built with both the older and younger generations.

He observed that the younger generations are increasingly well informed and smart. He shared another example where the son challenged the fairness of the earnout arrangement for the father and proposed legal improvements, showcasing the impressive thinking of the younger generation, many of whom have studied in Europe or more likely the US.

He said this all adds up to a significant change in the past two to three years. This can be seen clearly in Singapore, with many Chinese UHNWIs moving there to set up single-family offices, and Singapore remains a significant business hub for Chinese families. However, he said that these types of Chinese families now have a longer-term view, and their choices are evolving apace. For example, while they may choose Singapore for their children's high school private education, they might opt for other jurisdictions like the UK, US, UAE, Switzerland, or Cyprus for college and further education.

He also said that Chinese families are reconsidering Hong Kong as a next step, attracted by new policies and efforts by the Hong Kong government to attract wealthy families. He noted that geopolitical factors, and regulatory demands such as FATCA and CRS, are influencing some families to set up parallel family offices in Singapore and Hong Kong

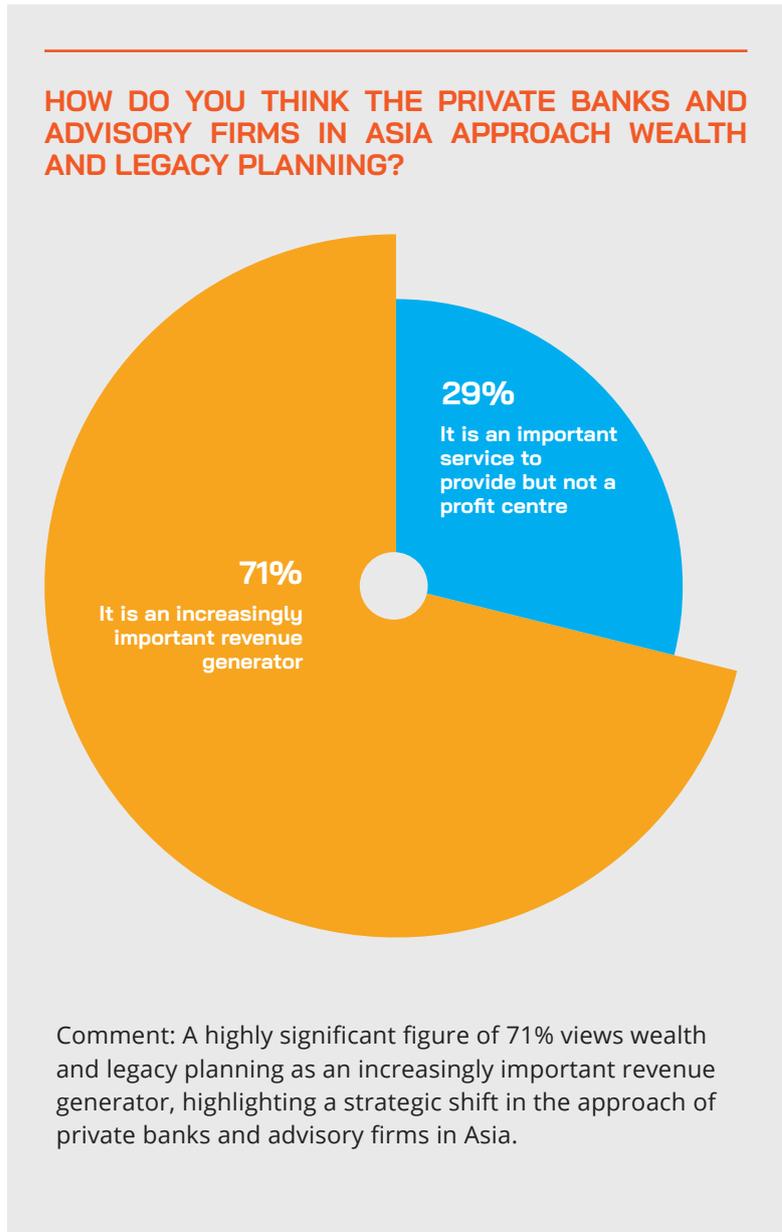
alongside perhaps Switzerland as a strongly preferred jurisdiction.

The vital importance of life insurance solutions as a key element in robust estate and legacy planning

Life insurance solutions are increasingly seen as vital in the context of international families, especially as globalisation has resulted in more and more family members spread across different countries.

While trusts are a common planning tool in Asia, the speaker notes that they may not on their own always be as efficient for families with international ties. Insurance, particularly private placement life insurance (PPLI), is an ideal and complementary solution.

But before proposing solutions, advisors need to understand the client's situation and needs, only then determining whether insurance or trusts are more



suitable, or possibly advising on a combination approach.

An expert said that insurance can enhance existing structures, because it is described as a stable and recognized product that can benefit clients not only in planning but also in managing their underlying assets and do so with transparency and tax efficiency.

The flexibility of insurance and its potential combination with existing structures underscore the importance of understanding clients and tailoring solutions to their specific needs.

This expert said that life insurance is a solution more than just a product. To arrive at the right solution, he reiterated how vital it is to understand client needs and tailor the conversations and advice accordingly. He said the solution must be viewed as part of a comprehensive approach, and the best outcomes involve various professionals, such as trust companies, lawyers, and investment managers, wealth planning advisors and others to identify exactly where and how insurance contracts can bring advantages.

He explained that advisors must be fair and diligent – with requisite transparency and openness,

advisors can also tell clients when insurance may not be the most efficient solution. He underscored the value of educating clients, particularly in regions like Asia where certain insurance solutions might be less familiar.

The key theme throughout is therefore being solution providers through a deep understanding of client needs, with advisors then demonstrating how insurance solutions fit in, and providing clear value propositions. The conversation highlighted the need for a tailored approach, acknowledging that different clients have unique needs and motivations. ■

