

1291 Group on How to Build Wealth Solutions, Reputation, Partners and Clients Across Asia



1291 Group is a Swiss independent wealth planning and advisory firm that specialises in structuring tailor-made international insurance and wealth protection solutions. 1291 has a global network of professional partnerships including private banks, independent and external asset managers, family offices, wealth planners, tax advisors, and law firms to assist wealthy families with their wealth planning needs. The firm has in the past 20 years grown rapidly and today boasts a team of experienced lawyers, tax and insurance specialists, which combine to offer wealthy clients extensive expertise in wealth planning, international tax law, multi-jurisdictional or inbound planning and bespoke insurance solutions, with offices in 13 countries, including in Hong Kong and Singapore within Asia. 1291 is a leading worldwide proponent of Private Placement Life Insurance (PPLI), which the firm believes offers the ideal cocktail of credentials for wealthy individuals and families. Hubbis met up with Yannick Haeni, who in October 2017 relocated to Hong Kong as CEO of 1291 Group Asia.

1291 Group is now 20 years old and three years old in Asia. Founded as an insurance broker, and focussing heavily from the outset – and still today - on working with families with a US nexus, the group has been expanding its range of services and geographically, so there are now 13 offices spread all over Europe, Latin America and Asia. Hong Kong opened in 2017 and is licensed as an insurance broker, and Singapore opened in 2019, where 1291 operates as a licensed financial advisor under the Monetary Authority of Singapore.

1291 today is licensed in over 30 countries globally such as in Switzerland, Liechtenstein, all EU, US, as well as Hong Kong and Singapore.

SHINING LIGHT ON INSURANCE SOLUTIONS

Focusing on the insurance solutions, Haeni comments that 1291 ensures that every solution is always geared to meet the needs of the clients. “That might sound obvious,” Haeni begins, “but it is essential to assemble the optimal solutions through careful planning with requisite advice, the right structure and the right choice of insurer. That way, we can help the client achieve his goals, as well as increasing the net return through optimal structuring and tax efficiency.”

In its literature, the firm also highlights how it also acts as advisors and consultants to international insurance companies and other leading financial institutions on a variety of matters including cross-border issues, tailoring market-specific products and assisting with reclaim of withholding tax.

Haeni’s Three Key Priorities

A core focus during the lockdown and looking ahead, he reports, is to boost training, both internally and with external partners. “We have noticed people have considerably more capacity with attention,” he reports, “with people less distracted and not being on the road, they are able to absorb and retain information better, so this is a good time to be working on this.”

A second priority for what is effectively still a relatively new operator in Asia is to build brand awareness amongst partners and clients in the region. “It is important for our name to be more widely recognised amongst the private banks, asset managers, family offices, trustees, CPAs, lawyers and others whom we work with across the region, whose clients will benefit from the more sophisticated structures and solutions we assemble, thereby enhancing their own relationships with their clients. That is really where our sweet spot lies.”

He explains that there are many good reasons for partnering with 1291. “We are a leading insurance advisor and wealth solutions provider with decades of experience across multiple jurisdictions. We have a global team of experts with technical expertise and deep knowledge of regulatory frameworks, and we have a good understanding of the challenges and needs of all parties involved - the client, our business partners, the insurer and the advisors, and naturally we can structure the best solutions with our team of in-house attorneys and tax experts.”

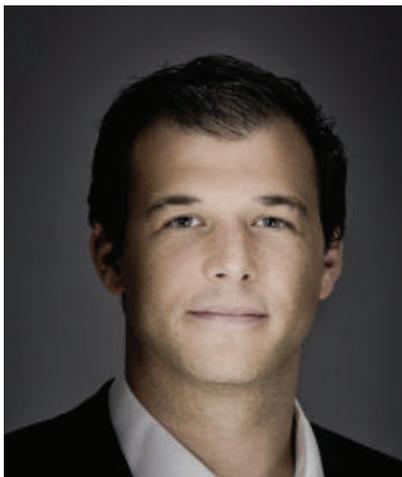
His third priority is to continually build the talent base at the firm. “We want to attract and retain the talent in both the Hong Kong and Singapore hubs,” he reports, “as well as consider opening new offices. We need top talent, experienced people who are in the market who share our values and capabilities and who are keen to work with us as a team.”

KEEPING THE FOCUS

Haeni explains that the Group Chairman and CEO, Marc Sola, who is a lawyer by background, realised back in the late 1990s that it would be beneficial to offer wealth planning solutions independent of investment management services, hence the creation of 1291, which still maintains a focus on US-connected clients, but has expanded far beyond them and

into a broader range of wealth planning services.

Haeni explains that 1291 was the historic year in which Switzerland was said to be founded when three Swiss cantons combined to protect themselves against their enemies and became a more formidable defensive force, after which other cantons joined what is Switzerland today.



YANNICK HAENI
1291 Group

“With our core roots as an insurance broker,” Haeni reports, “we are still licensed as an insurance broker in many jurisdictions today, but we don’t see ourselves as a ‘normal’ broker because we are mainly experts in legal and tax matters, so we advise clients on insurance solutions within the overall context of far broader wealth planning, including succession planning, tax planning and asset protection.”

WORKING WITH PARTNERS

1291, he says, therefore works very closely with trustees and service providers to devise optimal solutions. “We want to ensure that the investment managers we work with on behalf of the clients can then take the best investment decisions without having to worry about tax consequences for those clients and their next generations,” he elucidates. “In short, it is utilising insurance solutions to realise an optimal structure that we strive to achieve.”

ASIAN MARKET EVOLVES

Haeni offers his insights into life insurance solutions for the Asian market, noting that the past several

Getting Personal with Yannick Haeni

Haeni hails from Winterthur, a canton of Zurich in Switzerland, where he was educated right through to completing his bachelor’s degree in Business Law, and he then concluded his Master’s in International Tax Law from the University of Liechtenstein.

His nearly 18-year career to date has centred entirely on the insurance sector, beginning in general life insurance in the retail sector, and then moving into the HNW sector doing PPLI some 12 years ago for an insurance group based in Liechtenstein. He then joined 1291 in 2014, a decision he describes as an ideal move at the time both in terms of the solutions he focuses on, as well as the culture, values and commitment of the 1291 group.

“We are a family-style and family-driven company,” he explains, “with colleagues all working in a collegiate manner together, and that is exactly how we treat our clients, focusing on core values, quality and transparency. I can genuinely say I am truly proud to be one of the team members here in 1291.”

He has a great love of music, spending a lot of his spare time going to concerts, at least during more normalised global conditions. He enjoys a variety of genres of music, from classical music to rock, and has seen over 200 musicals and concerts live. He also thoroughly enjoys playing tennis and table tennis at home, and enjoys the lifestyle of Asia, at least in more normalised non-pandemic conditions.

years have seen considerable changes. “Two or three years ago, Universal Life (UL) dominated,” he reports, “effectively meaning a guaranteed interest product with a high death benefit, and with increasing awareness of the ever-changing global regulatory landscape, opening the door to new products such as Variable UL, and also private placement life insurance, PPLI, which is what we really specialise in. Compliance in structuring is critically essential, as governments have implemented many new anti-tax avoidance regulations. Asia was lightly regulated before, but now things have evolved, thereby making it more interesting for us as

specialists to bring our expertise and knowhow into the picture.”

He adds that with interest rates so low today and still falling, premium financing is again becoming appealing for clients, and for certain currencies, such as the Euro, Swiss Francs and Japanese Yen the rate is even negative.

“And clients are now able and willing to obtain financing, not just as premium financing but also to have financing within the policy, wherein it is linked to the actual investments, which can make it even more interesting, although with major volatility this must be approached cautiously. Clearly,

we want to create a long-term, enduring structure for the client which should also benefit the next generation, so risk management is vital.”

EXPERTISE IN ASIA

Haeni has been in Asia for three years, joining the firm from a PPLI insurance carrier at the very outset of that niche within the life market, when the product was hardly heard of at all.

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“Then we left as a team to join 1291 in 2014, and since then we have not looked back,” he explains. “We wanted to become independent and to fully realise the potential of this segment. And then, of course, we opened the office in Hong Kong, further bolstering our activities, and we were getting more excited by the potential for VUL and PPLI in a new tax compliant regime globally, and their important roles in structuring and estate planning.”

He explains that the team began without an Asian base, and he was flying into Asia regularly from 2014 onwards, but seeing the potential and the rewards, he and other 1291 partners took the leap of setting up in Hong Kong and Singapore in 2017 and 2019 respectively. “They were good decisions,” he reports, “the timing was excellent, and today there continues to be growing interest in VUL and PPLI, so it’s a good moment for us. We

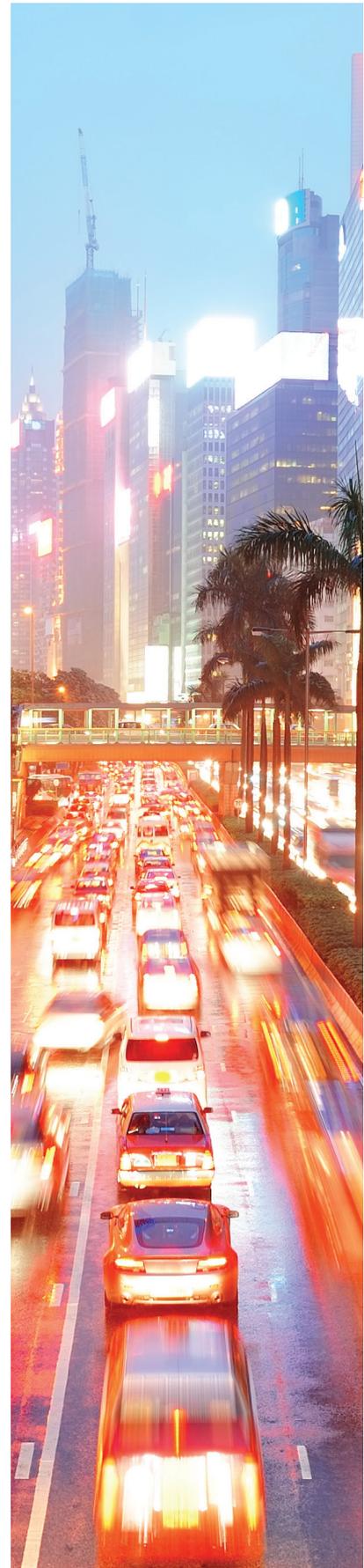
have been especially busy helping HNW and particularly UHNW clients in Asia with US nexus, leveraging our strong expertise in working with US connected families. We have been helping families where the first generation might be what we can describe as ‘fully’ Asian, where they might have already set up a foreign grantor trust, but where the grantor might now be in his 60s, 70s, or 80s and basically needs to be planning for the non-grantor status.”

CLEVER SOLUTIONS

He explains that while there are different strategies to do that, very often with the US standby trust, 1291 offers an alternative strategy of a US compliant policy structured within the foreign grantor trust. Therefore, when the grantor passes away and the trust goes into non-grantor status, there is no concern about exposure to UNI, DNI and throwback rules, which also allows much more flexibility on the investments level.

“We aim for a simple structure which still retains all the benefits the client would have had before, but with a much stronger focus on the next generations, who are fully involved and aware of the whole solution and planning rationale,” he reports, “and thereby solving many key issues early on.”

Another example might be for a client in a high inheritance tax



(IHT) regime, such as Japan, where it was typical for Japanese clients to buy high death benefit policies, perhaps with premium financing, with plentiful liquidity but without the right structuring which resulted in all such liquidity being taxed at the punitive IHT rate of 55% or even worse, if structured through non-compliant offshore holding vehicles.

liquidity for the next generation in a compliant and tax efficient manner. By bringing the next generation in early, they can understand the solution which solves potential future issues, and also help the advisors and bankers and asset managers get closer to those clients as they are part of a broader estate planning solution.”

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“But as that was all under the first generation, this meant those solutions were two steps forward, one step back,” Haeni explains. “We have a formal collaboration with one of the top law firms in Japan to set up a structure which allows for the creation of

KEEPING THE ENGINE RUNNING

Haeni closes the main part of the discussion by explaining that he and his colleagues have been striving to overcome the key challenges of maintaining business flows during the lockdown. “The

inability to conduct medical checks, sign documents and other restrictions are clearly hurdles that exist today, and that might persist for some time to come,” he notes, so we clearly have to be more digital in our connections in this situation, and with travel likely to be impaired for some time ahead, we must work within the solutions available, and adapt ourselves accordingly.”

Haeni’s final comment is that the 1291 brand is gradually becoming better known across the Asian region and that despite the inability to travel, the firm is intent on building its reputation and its reach across the wealth management markets of Asia Pacific. “Armed with PPLI as our core expertise, and supported by our experience and in-house expertise, we strongly believe that PPLI is an ideal solution for Asia, especially in these regulated and transparent times,” he concludes. ■



1291 and Private Placement Life Insurance

Life insurance solutions are increasingly vital for wealth planning for the world's high-net-worth individuals, especially in a world of intense and proliferating regulation and compliance. The days of secrecy are gone, so the best that clients and their advisors can hope for is some degree of privacy. Gone, too, are the days of simple wealth protection through clandestine offshore entities and jurisdictions. Compliant and transparent wealth planning, structures and solutions aligned to a multi-generational family perspective are no longer a luxury; they are necessities. And for all those reasons, 1291 has always focused HNW and UHNW clients on Private Placement Life Insurance (PPLI) and Variable Universal Life (VUL).

PPLI is an attractive wealth planning structure, as it is a holding structure for all kinds of assets, both bankable and non-bankable, but at the same time offering a lot of advantages compared to classic asset structuring tools, such as confidentiality, asset protection and preservation of influence over the assets.

"PPLI as a structure is completely tax compliant in almost all jurisdictions around the world, and therefore has great international portability," Haeni reports. "For us working in the Asian markets, this is an ideal solution for our very wealthy clients, and the clients of the partner banks and lawyers and others we work with regularly out here."

He explains that PPLI is very tax-efficient, because it offers full tax deferral on all capital income generated by the assets held within the policy, so there is no ongoing taxation on capital gains, dividends, interest income during the lifetime of the insurance policy.

Additionally, the PPLI solution realises a 'true' transfer of wealth from the clients to the insurance policy, and as such, all the assets are held in the name of the insurance company.

And at the insurance company level, there is, of course, KYC checks and due diligence are required of the client, but the transfer of wealth that is effected has the additional advantage of asset protection because assets are held in the name of the insurance company.

And a major advantage compared to other wealth planning tools is that the client does not actually lose the power of control; they can continue to have influence over the assets, thanks to the contractual relationship he has with the insurance company. "PPLI also offers advantages in terms of consolidated reporting, helping risk management for the individual and their families, as well as forward planning as a holistic view of family wealth is afforded," he explains.

Haeni reports that 1291 emphasises these features under the acronym PATEC, standing for privacy protection, asset protection, tax optimisation, estate planning and cash/liquidity. "All these facets should be in place for the client to achieve the best solution," Haeni comments.

Regarding privacy protection, for example, the insurance company legally becomes the beneficial owner of the assets, so the nationality of the policyholder is no longer relevant with regard to the freedom of investment and access to the underlying assets of the policy. And for asset protection, if the policy is correctly set up, the policyholder benefits from the seizure and bankruptcy protection of the policy.

Depending on the tax domicile of the policyholder, the taxation of the policy assets may be postponed until the policy's expiration or disbursement, and in many cases, tax exemptions may even apply. Due to the free choice of beneficiaries, assets can be regulated outside the ordinary estate, and disbursement in the event of death does not require a will or a certificate of inheritance and takes place within thirty days after presentation of the death certificate.

Finally, the policy can be surrendered or borrowed against at any time, and a rapid provision of liquidity in the event of death is guaranteed; usually, Haeni explains, this is within thirty days.

He adds that 1291 works with insurers in various jurisdictions, including United States, Bermuda, Hong Kong, Ireland, Isle of Man, Liechtenstein, Luxembourg, Switzerland, and Singapore. "Each jurisdiction offers advantages from which our customers can benefit," he reports, "so we always analyse the alternatives forensically to ensure we make the right choices."