Asian Wealth Solutions Forum 2019 Exclusive Insights

At the Hubbis Independent Wealth Management Forum 2019 in Singapore on November 7th, we asked leading industry experts for their exclusive and incisive insights

We hope you enjoy this summary – it's packed with content from the forum. Click on the Speakers Name to view their BIO. You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

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Who did we interview?

Joe Moynihan
Chief Executive Officer
Jersey Finance

Mark Smallwood
CEO
Rapier Consulting

Lee Wong
Head of Family Services, Asia
Lombard Odier

Lee Woon Shiu
Managing Director & Regional Head of Wealth Planning Family Office & Insurance Solutions
DBS Private Banking

Edmund Leow
Senior Partner
Dentons

Naomi Rive
Group Director and Head of Family Office
Highvern Trustees

Michael Olesnicky
Senior Consultant, Tax & Wealth Management
Baker & McKenzie

Max Ezerins
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John Shoemaker
Registered Foreign Lawyer
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Anuj Kagalwala
Partner, Asset & Wealth Management Tax, Leader
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Tan Woon Hum
Partner, Head of Trust, Asset & Wealth Management Practice
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Ivan Grech
Chief Operations Officer
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Kevin Lee
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Stephenson Harwood

Ian Black
Head of Financial Planning and Wealth Solutions
AAM Advisory

Ian Kloss
Head of Region, Southeast Asia & Chief Executive Officer, Singapore
Old Mutual International

Thomas von Rueti
Chief Commercial Officer
Singlife

David MacDonald
Head of Business Development
AAM Advisory

Joe Moynihan
Chief Executive Officer
Jersey Finance

When clients (professional services providers & UHNW families) in Asia are deciding which IFC (International Finance Centre) to choose, what should be their main considerations?
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There are a number of things that one needs to consider. Certainly, top of the list would be the expertise to be able to deliver what the customer requires. And really, you need professionals to be able to do that. You need people with experience, you need people with the professional support to be able to do it. In terms of the jurisdiction, you want to look to a jurisdiction that has a good reputation, because you don't want to be dealing with an international finance centre that doesn't have a good reputation, because that can reflect on the users of the centre. We think that that is increasingly important. And for us as a jurisdiction, we believe that we're very much at the top of the quality spectrum from a regulatory perspective. It's not just a saying it, we've been internationally recognised by the assessors and the standard setters, and most recently by the EU, who confirmed the Jersey was deemed to be a good quality jurisdiction and deemed to be compliant and transparent from a tax exchange of information perspective. So, these are really important issues for clients.

How would you explain the opportunity that the growth in wealth in Asia represents to Jersey Finance?
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Asia, to us, is a very much a growth market. A lot of wealth being created here, and a lot of that wealth is being internationalised now. And as a consequence, people need to deal with international finance centres that can deal with assets in multiple jurisdictions, and that's certainly one of our key strengths. So, we have clients in Asia, we have clients in the US, and everything in between. And those clients invariably are invested in multiple jurisdictions.

You're in Asia this week to celebrate 10 years since Jersey Finance opened an office in Hong Kong. What can we expect from the next 10 years?
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For us, Jersey Finance has always viewed Asia as a long-term opportunity, and we've been in Hong Kong now for 10 years, traveling in and out, and are very excited about progress. And we have a lot of support from our industry, so a lot more of our member firms are invested in this region. It continues to present good opportunities for us as a jurisdiction, so we're very excited about it. As has been mentioned, we're 10 years in Hong Kong. We've launched a series of white papers with Hubbis providing good information for our members on the requirements of the region, to proceed future requirements of clients in the region, and how we can adapt our offering and our services specifically to look after the needs of those clients.

Mark Smallwood
CEO
Rapier Consulting

Are banks able to attract clients to fee-based advisory mandates?
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In Asia, generally speaking, it's still very much a transactional relationship with private clients through the private banking platforms. Whilst there's been a big emphasis on introducing discretionary portfolio management mandates to the clients, I think it's going to become

essential for the private banks to deliver fee-based wealth advisory mandates, which incorporate a sort of wrapped fee basis. And this will provide the sort of transparency that's needed in the new environment and will allow the wealth manager or the relationship manager to generate a more, sort of, steady flow of revenue from the client whilst providing it in a transparent manner and maintaining a long-term relationship with that client.

How much can a bank's wealth planner do directly, and how much of the role involves co-ordination with external advisors? How can the wealth planner be compensated for this?
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So the wealth planners in the private banks need to have a significant degree of flexibility to deal both within the platform, in terms of the wealth management or wealth structuring solutions that may be available within their platform, but they also need to be able to operate on an open architecture basis. So, we need to see the banks becoming more flexible in that approach. And combined with that, in this transparent world that we live in, the wealth planner needs to

be able to give some form of tax advice because the client needs to understand the implications of what they're doing, particularly when they're not resident in the booking centre of the relationship, so that they're ensuring that the management of their portfolios is consistent with the requirements of the jurisdictions in which they are resident, and that they're using product that is suitable for those jurisdictions. And finally, that they're delivering the necessary tax information for reporting purposes.

Lee Wong
Head of Family Services, Asia
Lombard Odier

What role should robust family and family business governance play, and why?
Watch Video

Every family is comprised of many individuals, and every individual would have their own respec-tive perspective of things and assumptions of how things are being played out within a family. Without a robust family governance framework, it will be impossible to make good decisions to-gether; there may be conflicts and perception of unfairness in a family. Family governance is im-portant to ensure that there is harmony within the family and a common alignment of value sys-tems, mission and vision for the family to walk the same path in the direction ahead. As for family business governance, when you have a family business, the dynamics of a family and a business are different. Having a governance framework to manage that process in itself allows a family busi-ness to be run in a more optimal fashion.

Are the NextGens prepared for wealth and family business transition?
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The next generation today are a lot more sophisticated and educated. They're curious. They want to learn. They're more in touch with the environment around them and they have a view. Having said that, in relation to being prepared for wealth transition and business transition, my personal feeling is they're on the way there, but they're not prepared enough. There's generally a challenge in getting the current generation to let go, to give them space, to express their voice, to make mis-takes, to fail in their presence, so that they are better prepared for the

transition process. On that front, it is still something we're trying to assist the families to walk the same journey together.

Lee Woon Shiu
Managing Director & Regional Head of Wealth Planning Family Office & Insurance Solutions
DBS Private Banking

Why are there more and more SFOs (Single-Family Offices) and MFOs (Multi-Family Offices) and which jurisdiction is winning their favours, why and how?
Watch Video

There's a trend globally of more and more families awakening to the idea that planning doesn't just involve trust and foundations. They can go deeper and go broader in what they do for planning, and family offices have actually taken up that space. So in terms of Asian clients, we see Singapore taking up, actually, a lot of attention in the eyes of ultra-high net worth families, and because Sin-gapore has one of the most attractive regimes for family offices to be established. We had the good fortune that we have both the EDB and MAS, both collaborating to form a family office de-velopment team to make sure that the legalities, the legislation, and the ecosystem for family of-fices in Singapore is enhanced year after year. So, suffice to say that that was the contributing fac-tor in allowing family offices throughout the last three years to increase by four times. And also, MAS just announced that there'll be four initiatives that they will introduce to make this even more attractive. It will have a family office circle, or network, for family offices to be based in Singapore and to network with each other. That's number one. Number two, they will have deal Fridays where they will introduce private equity deals to these families. That also comes from a very, very detailed understanding by the MAS that families in Asia, when they start family offices, they are looking not just at plain vanilla investment solutions, but more at opportunities for private equity investments and VC investments. And providing that sort of deal for the platform is also another reason why MAS, EDB is able to attract more families to Singapore. Number three, MAS and EDB also are working very hard to make sure that they upskill the entire profession. So they have an-nounced that, come 2020, there will be a family office professional's upskilling committee where they will look at the skill sets required of family office, preferably before they can practice, and that's something which they're looking at in a very, very extensive way right now, and we are in-volved in that discussion with them as well. And number four, MAS, EDB is also doing the network-ing overseas. They've been very actively accompanying, not just banks, but also going to confer-ences in other countries like Europe and US to speak to family offices which are more mature and attract them to come to Singapore to set up satellite family offices. So, all of that rim of activities and initiatives is really making Singapore the go to jurisdiction for family offices that stays in Asia.

Is Singapore becoming the 'go-to' centre in Asia for HNWIs and ultra-HNW families?
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If the results of the Deloitte International Wealth Management Centre 2018 is anything to go by, it would appear that Singapore is emerging as a front runner in this space. We are second only to Switzerland in this area, and I think we increasingly see Singapore play a more active role because of four factors. Stability. So, this is key for ultra-high-net-worth families. So before in the past in 2018, Hong Kong was the fastest mover in terms of the growth, but we see that come 2019, for this reason, Singapore may score higher in that front. That's number one. Number two, in second ma-trix of tax and regulations, Singapore, because

of the tax exemption benefits that offers to family offices, is also fast gaining ground for that reason. And number three, the ecosystem. I think Sin-gapore is also really becoming more and more robust, with more and more advisors across the en-tire suite of family office solutions. Not just in terms of advisors for tax and law, but also platform providers and builders, which come into Singapore to build a platform of family offices. So, all of that is contributing towards Singapore becoming the go-to jurisdiction for family offices and ultra-high-net-worth families in this part of the world.

Edmund Leow
Senior Partner
Dentons

What is the impact of the new Economic Substance regime on clients, on structures, on the IFCs?
Watch Video

The biggest impact that we have seen so far is that clients are re-looking at first, how they put sub-stance in their offshore entities. And secondly, if they are not able to put substance in their off-shore entities, then they're starting to look at whether they need to shift out from the offshore jurisdictions and shift to onshore jurisdictions such as Singapore, Hong Kong, and so on. So, I mean, we're seeing a lot of work on that. It's driven by, obviously, the OECD trends, but clearly it has a global impact.

Are trusts, private trust companies, offshore corporate structures or fund-related structures in favour?
Watch Video

Structures have always been used for decades. And the reality

is that people will still need to use structures of some sort. But if clients find that offshore jurisdictions can no longer be used, wheth-er it's because of economic substance, or because of CRS, or because of registers or beneficial owners or any other reasons, then they will find that they may need to shift. And that's when they start looking at offshore jurisdictions. And in a country like Singapore, we are obviously seeing a lot of that impact, because lots of clients are actually coming to us in order to make comparisons be-tween Singapore and offshore jurisdictions that they are currently using. And some of them are then deciding that maybe they need to shift.

Naomi Rive
Group Director and Head of Family Office
Highvern Trustees

Are Enforcers and Protectors aware of their roles and responsibilities and kept up to date with the core family situational developments?
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When it comes to enforcers or protectors, we tend to work with two different types of families. We work with those that have professionalised themselves, and then they tend to have profes-sional paid advisors in the roles of enforcer or protector, and then we work with those families that haven't yet really professionalised their family governance. And for them, it tends to be more family members who aren't as remunerated. They don't tend to be as committed as those families who've got professionals. So, I think for us, as trustees, it's really better if we can have a profes-sional onboard wherever possible.

What role should robust family and family business governance play, and why?
Watch Video

In mature trust jurisdictions, such as Jersey, we tend to work with families not only on putting wealth structures in place, but also ensuring that we integrate family governance into those struc-tures. One typical structure that we would use to do that is a private trust company structure. And private trust company structures lend themselves extremely well to incorporating family govern-ance through the use of family protector committees, incorporating charters and constitutions. That's perhaps an area that Singapore and Asia haven't seen so much of yet. At the moment, trusts still seem to be more product orientated in this market. And I think

that's a really great area where jurisdictions such as Jersey and Singapore could work together to complement each other's ser-vices for the benefit of the clients.

Michael Olesnicky
Senior Consultant, Tax & Wealth Management
Baker & McKenzie

What pressure will the Mandatory Disclosure Rules that the OECD has published impose?
Watch Video

This mandatory disclosure initiative was one of the 15 action plays that the OECD came up with as part of its BEPS initiative. And the idea is that the OECD is encouraging countries to enact laws to require taxpayers to mandatorily disclose their aggressive tax planning positions. As far as the OECD's concerned, the only example where that has so far been stipulated is in the case of CRS planning. They are requiring people who have taken CRS advise to disclose that to their local tax authority. And that raises a lot of concern about legal privilege, etc. And this is in addition to what the EU is doing about mandatory disclosure of aggressive tax planning positions, as well.

How did the EU initiatives on minimum tax impact private wealth structures?
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What we've seen is the EU was very concerned about tax competition, and so in order to prevent capital flying off to the no tax or low tax jurisdictions, the EU is now coming up with this concept of a minimum rate of taxation, and that is also what the OECD is pushing as part of its BEPS 2.0 initiative. So what that means is for the low tax jurisdictions that have just gone through this whole economic substance regulation, it's a two pronged attack because even if a client does comply with the economic substance rules and puts all their substance into the BBI or Guernsey or Jersey, the reality is that additional tax will still be imposed by the EU and OECD countries with which that company dues. And so therefore it's a double pronged attack on the tax havens, the off-shore financial jurisdictions, because suddenly the tax benefit of being able to operate in those jurisdictions is going to dissipate.

Max Ezerins
Legal Consultant
Sovereign

Is the wealth industry doing enough to educate Asian clients on structure and legacy planning?
Watch Video

They certainly are. There's definitely a focus now, these days, for advisors in all aspects to provide education to their clients, because clients are more well versed in all aspects these days. So we need to be a part of that, and we need to ensure that we're helping with matters like family governance, succession planning, and education is the first step in that process.

John Shoemaker
Registered Foreign Lawyer
Butler Snow

What new structures are in favour, and how are clients simplifying their existing structures?
Watch Video

Clients are becoming more aware of fiduciary structures; that could be trusts, it could be

foundations, in the European space. So they're becoming more aware of those and they have more legitimacy in the age of transparency. Because FATCA and CRS have acknowledged these as legitimate entities, there is a lot of client interest in the separation of legal ownership and beneficial ownership. Having said that, we also see a trend towards simplification. In the past we saw multiple layers of uses of trusts and companies offshore. Multiple jurisdictions. With transparency comes regulatory complication; we can no longer just look at banking secrecy and hide things, and so clients may challenge why they are so diversified. Instead of being in seven or eight different jurisdictions, maybe we consolidate that down to two or three so that we have an efficiency of travel, an efficiency of access to excellent advisors, and at the end of the day, it's always about return. Keep fees low and try to show a good return that's not complicated by multiple levels of basis points being taken off or additional legal adviser fees that aren't necessary.

Anuj Kagalwala
Partner, Asset & Wealth Management Tax, Leader
PwC

Is Singapore becoming the 'go-to' centre in Asia for HNWIs and ultra-HNW families?
Watch Video

So the short answer to that is yes. Let's explain why that is happening. So before we even compare Singapore with our competitor, Hong Kong, let's just look at what's happening globally around on-shorisation of funds. So traditionally we used to set up funds, or even families used to set

up their PIC's, in Cayman Islands, BVI. But over the last decade or so, we have seen that move towards on-shorisation. So families are preferring simpler structures. They want to have their investment hold-ing companies in locations where their private bankers are there, service providers are there, fund managers, investment team, etc. The second reason is they see costs lower to be if they are locat-ed in an onshore jurisdiction. So, if you look at setting up offshore, you need a separate set of board of directors, you have some travel costs, an additional layer of advisers and so on and so forth. So, what has happened is, as a result of that, we are seeing a lot of funds, private compa-nies, PICs, locating themselves in the locations where the investment teams are, where the private bankers are. And in that sphere, if you look at Asia, there's only two real jurisdictions where you can have that, which is Singapore and Hong Kong. So really, between the two, maybe we get 50/50, but I would say we get 80/20, primarily because the tax and legal framework here (in Singa-pore) is perhaps more suitable for private clients.

Is the Singapore Variable Capital Company (VACC) a game-changer?
Watch Video

Singapore Variable Capital Company is a new legal framework that's available to set up investment vehicles. Now, I don't think that itself is a game changer in the private client's space, but it's defi-nitely an additional option that clients will have when they want to set up their holding structures in Singapore. So, let's consider what are the advantages of a VCC, as we call it. The first advantage is that there's confidentiality; the shareholder names, the financial statements of a VCC are not publicly available. In addition to that, there are some flexibilities in terms of repatriation of capital, and also the segregation of the VCC into various sub-funds. So there are advantages, but I say even without the VCC, Singapore is going through a significant growth in the sector, and the VCC we will just further that growth.

Tan Woon Hum
Partner, Head of Trust, Asset & Wealth Management Practice
Shook Lin & Bok

How do you steer family wealth planning towards a multi-generational vision?
Watch Video

Intrinsically, it's about the DNA and the philosophy of the patriarch/matriarch about what they want to do with the wealth, with the power, with the responsibility, and with the money, as well. So, it all ties in together; how the

patriarch/matriarch wants to pass on that wealth and their decision-making powers to the next generation. So it goes beyond looking after the money, to protect the money and grow the money. It actually looks beyond five years, as well. So it's actually im-portant for the patriarch/matriarch and the key decision makers in the next generation, and per-haps even the third generation, with the advisers, to sit down together to chart it out for the next 30 to 50 years.

Are bank RMs and others in this industry sufficiently knowledgeable and sensitive to service these clients?
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Increasingly the banks and the RMs are better trained today. I would say that they are more knowledgeable. But unfortunately, I also hear from the clients themselves, their families, they're still being fairly disappointed at times that the RMs, the bankers do not really understand what the family's needs are before they start giving advice or telling them where to put their money. So un-fortunately, especially Asian money, takes a longer-term view. They want to get to know the RMs, get to trust them and get the RMs to know them and their family and their children, to know what their philosophy, their thinking, their needs, their objectives are before they actually take the ad-vice to do more long-term planning.

Marcus Leese
Partner
Ogier

Are clients seeking to make their structures simpler or more complex? Why?
Watch Video

In some respects, we are certainly seeing clients with structures that are simpler than in the past. And a large part of the reason for that is we are seeing, in some cases, less number of vehicles used, because issues of transparency are much more important and fewer vehicles often assist in the transparency issue. But in another very important sense, we're seeing structures which are more complex than ever before. And that's because the regulatory environment is more challenging and clients are, in many cases, much more sophisticated and therefore have greater level of demands, which require a degree of complexity in their documentation. They often have competing demands, whether it be for issues with control versus asset protection, and that adds, in many cases, to the complexity.

What motivates a client today to have a 'structure' in an IFC (International Finance Centre)? Succession planning? Diversification? Asset protection? Privacy?
Watch Video

In our experience, what motivates a client to have a structure in an IFC has changed over time. In the past, it was highly dominated by tax and privacy. Today, the motivators have moved on. Tax is still relevant but is not the principal, or the sole driver. Rather, issues around succession planning, around asset protection, and around legitimate privacy are the principle drivers, motivators for clients to establish offshore structures in international financial centres.

Sebastien Hayoz
Managing Director
Asiaciti Trust

Is the idea of midshoring gathering momentum?
Watch Video

Midshoring is definitely gathering momentum. Couple of things I believe, of course tax incentive scheme; a lot of jurisdictions and a lot of international financial centres are looking to expand this or to grow this. Look at Singapore, which we knew, the tax incentive scheme available at the end of March this year. Switzerland recently published, as well, new legislation for trust companies. That also means that the regulation and environments is different, so they want to attract clients and they want to be perceived as a mature, even onshore, proper jurisdiction. Really the other reason, again linked to the point that I made about the economic substance, is

about the bureau-cracy and the fees related to all these changes in the offshore jurisdiction.
The clients start to real-ise that basically what was attractive from a fee point of view in the offshore jurisdiction is not necessarily the case anymore, because when you add up then all the costs to comply with the re-newal regulation in the offshore jurisdiction, you end up almost being in the same situation that using an onshore jurisdiction.

What is the impact of the new Economic Substance regimes on clients, on structures, on the IFCs?
Watch Video

The impact is more the related bureaucracy that is around this new economic substance legislation, or the new regulation in the IFC, because I don't believe that it will dramatically or significantly im-pact, when you look exactly at the wording of the economic substance legislation, significantly im-pact the majority of the offshore business.
The majority of the offshore business might be exclud-ed from the definition or not being considered as a relevant activity, so that will be outside of the scope. But the impact is really on the bureaucracy. The impact is on the paperwork that is required, and the impact is, of course, on the knowledge and experience of the people dealing with the IFC, that will have to step up and that will have to understand the concepts very quickly. Me included, of course.

Ivan Grech
Chief Operations Officer
FinanceMalta

What are the most important factors in selecting an IFC? Are your Asian clients sufficiently inquis-itive about the quality and integrity of the IFCs they use?
Watch Video

One needs to consider a number of factors when considering the choice of an International Finan-cial Service centre. One of the things, definitely, is the availability of the infrastructure, and the ecosystem that exists within that that IFC. Another is the costs that are involved. I can say that in that, in this respect, for example, Malta is very well placed. Because first of all, Malta is an EU juris-diction, so with all the advantages that comes with being an EU jurisdiction, and all the passporting rights into the rest of the European countries.
If you look at costs as well, for example, Malta offers some very, pretty good advantages in that respect when compared to the more established juris-dictions.
There's also the fact, for example, that all legislation in Malta is written in English and Mal-tese, which is the local language.
But one advantage over there is that the English language takes precedence over the Maltese in the courts of law. So that gives clarity and perspective to whoever's setting up in the jurisdiction. Another issue is, for example, the closeness of the regula-tor to the industry. So, I think that's another advantage that Malta has, in the sense that it has one single regulator for all the financial services and a very approachable regulator, very business ori-ented, very, very tough and strict. But at the same time, very approachable. And that's another important aspect.

Kevin Lee
Partner
Stephenson Harwood

What motivates a client today to have a 'structure' in an IFC (International Finance Centre)? Succession planning? Diversification? Asset protection? Privacy?
Watch Video

Our clients continue to be interested in International Financial Centres. A lot of them are trying to diversify their assets and their goals. Succession planning is a key. A lot of clients have multi-jurisdictional families now. How do they best support these families and ensure continuity in face of global issues? And the IFC they choose for their structure would be crucial to how this proceeds. Given that there are economic substance needs, and that with different tax laws applying, I think that they'll have to rethink how they use IFC's though. They cannot simply just

set up a company somewhere. And so today we might actually see families moving to some of these IFC's, which could drive the move to more midshore jurisdictions.

Ian Black
Head of Financial Planning and Wealth Solutions
AAM Advisory

Are professional advisors (law firms, etc.) too transactional in their approach to solutions? Do they need to be more holistic in their approach to the pricing, delivery and ongoing management of solutions?
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Historically, the answer to that question would be a resounding yes to both. There is a decided movement to long-term relationships. And certainly, ourselves as a firm, we are building relationships with clients, which lasts for the long-term. We work with clients on an ongoing retainer basis, and should we cease to add value or the client's needs change, then the relationship can evolve or cease. But, the need to kill something to eat today should never be part of wealth management. It's inappropriate and it really is about the long term.

Are Asian clients prepared to pay for the services and advice of banks and wealth managers?
Watch Video

It's interesting. I hear many, many people tell me that Asian clients will not pay fees. Our experience is, Asian clients will pay fees, but only if they understand what the fee is for, and what that will actually deliver for them. It's about value, and when the client then begins to understand that a fee means that inappropriate investment transactions do not have to take place in order for the wealth manager to be paid and stay around, they become more comfortable, because they know investment recommendations are purely based on investment need and not fee generation.

Ian Kloss
Head of Region, Southeast Asia & Chief Executive Officer, Singapore
Old Mutual International

What product innovation are we seeing in High Net Worth Insurance?
Watch Video

When you look at innovation, you've got two parts to that question. You've got product, and then you've got how the products are used. I think a lot of the time, innovation is looked at simply from a structural or an infrastructure perspective. And there needs to be more development around that. If you look at VUL, I would argue that where we are now with that product, it's been a few years out, it represents a comparable solution outside of UL. I think it hasn't fully evolved into what it needs to be in the industry, and I think there's some opportunities for that product to continually evolve. But I'd say the biggest opportunity for evolution and innovation is really in the quality of the advice and how these solutions are recommended, and a general understanding of how they can be used in a financial planning context. And that's where the real innovation needs to happen moving forward.

Thomas von Rueti
Chief Commercial Officer
Singlife

What's the level of interest and demand from your clients in using insurance products and solutions - to either transfer wealth and / or optimise tax?
Watch Video

The interest in life insurance as a wealth planning tool to facilitate the transfer of wealth from one generation to the next continues to be one of the top solutions. I think the simplicity of the prod-uct, which is understandable by clients, understandable by regulators and understandable by advi-sors, is one of the key ingredients. Clients want to have instruments which allow a transfer in a simple manner. They

don't want to have the transfer being too conditional, maybe too many inter-ferences; they want to have it documented in a wise way. Insurance allows you exactly that.

When you consider all the options - UL VUL PPLI etc. - what most relevant today? For you? Your clients?
Watch Video

From the different solutions currently used in the high net worth space, talking about traditional Universal Life, talking about Variable Universal Life, or PPLI, Universal Life still is the dominating force. That's most likely driven by the simplicity of the product and by the guarantees embedded. When clients talk about legacy planning, the guarantee is a much more important element than when they're investing. While on the investment side they are willing to take significant risk, they struggle with the same thing on the legacy plan. So that's why I believe instruments like Universal Life will continue to play a key role. Variable Universal Life definitely has its space when you talk about clients with a higher risk appetite or auto-structuring needs. PPLI, as an alternative maybe to a trust or foundation, will continue to grow, but we will see much more clean structure than we maybe have seen in the past.

David MacDonald
Head of Business Development
AAM Advisory

What are the criteria you must consider when discussing insurance High Net Worth Life Insurance with your clients?
Watch Video

The subject matter, the focus of the ideas that I will share today is around wealth solutions, wealth planning. The importance of them, obviously, are quite clear. The subject matter, however, for many is sometimes more difficult to broach with clients. Obviously, arguably it's far easier to talk about how to invest a lump sum of the client's money and talk about the returns on that and the risk of that, the timing of that. Talking about things which involve more delicate matters, such as business succession, or family succession, estate planning, legacies, that's a far more in-depth discussion that's required and perhaps a more challenging discussion to have, a more challenging discussion to initiate with your client no matter the length of term that you've been dealing with their investments for instance. So, sharing ideas today with people on perhaps how to bring it to the fore more often and have the self-confidence to be able to raise the subject and deal with it successfully. ■