

Developing the Right Solutions Estate & Legacy Planning in Malaysia's Wealth Market

Nor Fazlina Binti Mohd Ghouse is Chief Operating Officer at Maybank Trustees in Kuala Lumpur and, in this prominent role, is at the cutting edge of the evolution of effective estate and legacy solutions in Malaysia. She sat as one of our expert speakers on the estate & legacy planning panel discussion during our live Hubbis Malaysia Wealth Management Forum on April 13 and offered many valuable insights to those in attendance. She said there are many psychological and technical issues to overcome to achieve robust estate transition amongst the generations, but that if the clients focus on transparency and key a clear aim to maintain integrity and family values, that is at least half of the many challenges solved.

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NOR FAZLINA BINTI MOHD GHOUSE
Maybank

The panel focused its attention on the creation and then implementation of the right strategies and solutions to promote strong estate, succession and legacy structures that would stand up to both regulatory, legal, familial and even religious/cultural inspection. They discussed how bankers, lawyers, trustees and associated professional advisors are helping to inculcate a more dynamic and holistic approach amongst the wealth management community and amongst clients to these vital issues.

What was off-limits...

Nor Fazlina offered her comments from the business perspective, explaining that what was in the past a taboo subject around legacy planning had become much more mainstream, partly as a result of the changing times, partly as a result of more and more wealthy children educated overseas, and also as a result of the pandemic, and even tragedies such as the disappearance of flight MH370.

Don't wait and don't hesitate

"Eyes are wide open nowadays, and we have also seen through

the course of the virus how events can tragically affect any of us," she observed. "People now realise that these matters need addressing during their lifetimes, when they are sound of mind and body, and not when disaster strikes. It really is so very important that people realise that when you talk about estate planning, it is not just about distributing assets after your lifetime, but that the final legs of your journey through life are harmonious for everyone concerned."

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She also observed that Malaysia has a pre-eminent position in Islamic wealth management, and that Maybank is at the cutting edge, having made a major strategic thrust in this area in recent years.

Democratising smart planning

"The mission is not only for the wealthy clients, but for anyone, to help with robust estate and legacy planning in Shariah-compliant ways, for rich or the less well-off," she said. "Democratising asset and legacy planning is a very important mission for us."

She said that across all wealth categories, the risk of inaction is still great. She said she had burned her fair share of midnight oil when the testator suddenly passed away and

had seen first-hand how so many people, herself included, she said, procrastinate when it comes to estate planning.

What goes around comes around

"At the end of the day," she elaborated, "these are difficult topics, but when you want to talk about the completion of the wealth cycle, the circulation of the wealth, the wealth distribution, you have to tell the truth. It is our social responsibility towards the

community, being in the fiduciary business, to let clients know what we think is right, and what should be done to ensure that the family is being taken care of in the future."

Nor Fazlina also commented on priorities in estate planning, whether transmission of wealth to the next generations or for asset protection or perhaps to help optimise tax planning.

To answer that, she said many Malaysian parents send their children abroad for their secondary and tertiary education, if possible, despite the hefty costs. "They might expect them to come back and follow the family business or family office," she said, "but in reality, they have been educated in different ways, and

if they return, they will inevitably see things differently. They will have much more independence of thought and action. And all that can create the tug of war between these generations.”

Accepting the ramifications

Secondly, she said that she and any parents who send their offspring overseas actually initiated this journey, so they must all make sure they are adaptable and can solve

and manage conflicts, perhaps around the family business in the future and other matters related to legacy and succession planning.

She also observed that getting the right solutions and structures in place requires a commitment of time and money.

Values first; valuables will follow

“Nobody likes to talk about costs, but the mindset has to shift because

the cost is one thing, but the bigger issue here is striving to achieve the key goals. My advice to parents and owners is to not worry about the cost but to go about this properly. The greatest wealth that you want to pass down to your family members, especially your children, is your values. And when you have that in place, it’s actually easier to pass on your possessions and valuables to them. The transactional costs are then very much secondary to the mission you have achieved.” ■

