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Embracing a transparent and complex world

Lee Woon Shiu, Managing Director and head of Wealth Planning (Trust and Insurance), Bank of Singapore, discusses how wealth solutions is becoming a more important part of the wealth management mix.

BECAUSE OF THE CHANGING MACRO-ENVIRONMENT and the changing demographics of client profiles, clients must have a more in depth understanding of rules that will apply to them because of the new changes in tax reporting regimes surrounding their assets, and also be more familiar with what steps they can take to comply to these rules and enhance their succession transfer strategies in a systematic way.

Lee says that one mistake to avoid is “rushing to get passports” to optimise tax. Under the new Common Reporting Standards (CRS) rules, what matters is where

you live from a tax residency perspective. The mere acquisition of a passport from a third country may not ultimately help the client in any way. For example, in Taiwan if you do not relinquish your health card, you will always remain a Taiwan tax resident, and these facts must be clearly appreciated by the client.

The importance of realising the tax and legal consequences associated with change in residency is critical due to obvious shifts of the 2nd generation moving to western countries. These changes bring resultant consequences to tax and legal status, which could negatively impact on asset safety and security. Lee also recommends potential spouse disputes should be addressed prior to any marriage. It's prudent that families put in place pre-nups or some structure that minimises the negative consequences on family wealth arising from divorce.

When questioned about the tools in the toolkit, Lee says we need to enhance the conversation with clients and be prepared to offer the right solution for their needs. Insurance is a good example where Lee works with different manufacturers to explore onshore / offshore insurance solutions to optimise the solution for the specific client's requirement. This is more complicated than in the past.

When addressing the ‘how to scale’ question - Lee states emphatically that “Enhancing training for everyone working in the industry is very important”. The constant upgrading of skillsets is crucial for any player to remain relevant in this industry and this market.

Further, the industry must be committed to educating the client about the granular changes affecting their assets. It's not just about investment sales, hunting the last revenue from insurance solutions. But about being committed to educating clients and the Next Gen so there is longevity and continuity to what we offer the family as a whole. ■



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