

Exploring Wealth Solutions Amidst Shifting Horizons with Appleby Partner Richard Grasby

In the penultimate panel discussion at the early October Hubbis Wealth Solutions Forum in Hong Kong, experts discussed global trends in wealth structuring and their relevance to Asian markets, with a spotlight on Hong Kong's role as a regional and global wealth management hub. One of these professionals was Richard Grasby, Partner, Private Client & Trusts at leading offshore legal services provider Appleby. The panellists discussed a host of topics, including the government initiatives to enhance Hong Kong's wealth management competitive position. They reviewed the different wealth structuring needs and preferences between Mainland China and Hong Kong, and they considered the potential new Beneficial Ownership regulations in the British Overseas Territories. They looked at the trust laws of Hong Kong and other jurisdictions along with Family Governance, and optimised wealth transfer strategies. They also touched on the rivalry between Hong Kong and Singapore for Family Offices, the role of HNWI/UHNW life insurance for planning, and the emerging emphasis on philanthropy among North Asia clients. Clearly Richard did not have the time to comment on all these matters, but we have managed to extract some of his insights on a number of these issues and key trends.

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RICHARD GRASBY

Appleby

Opening the discussion,

Richard Grasby highlighted the challenges wealthy clients from Greater China face in wealth planning related to geopolitical concerns. He said clients from the region are cognisant of potential sanctions or regulatory issues, so they are increasingly focused on the location of their assets and of themselves and family members. “

“What happens if relationships between their countries and certain parts of the world deteriorate and they have assets located there?”

regulation, enhanced compliance demands, greater transparency, and rising challenges around privacy in wealth management. Richard mentioned the potential ‘shock to the system’ for some clients due to stricter scrutiny on source of wealth and longer setup times for structures because of rigorous compliance checks. He cautioned that these issues could cause a loss of focus among clients, overshadowing the original wealth structuring and planning objectives and early enthusiasm.

Capitalising on Constructive Dialogue

Shifting his focus towards Mainland China in particular, Richard highlighted an intriguing scenario where a significant portion of wealth remains with the generation that created it, marking a contrast to families based in more mature economies, such as Hong Kong. He said this intergenerational wealth transfer and legacy planning represented a new

encouraging their senior family members to engage in wealth planning conversations.

“The second generation has to find a way of letting the first generation know why this is important to them.” He suggested seeking professional advice to handle these discussions effectively, recognizing the complex family dynamics involved. Richard stressed how vital it is to bridge these types of generational differences. “To expedite a well-structured wealth transition plan requires proactive planning as the foundation of such accomplishments,” he said.

Richard, who has lived and worked in Hong Kong since 2009, then focused on the allure of Hong Kong for ultra-high-net-worth families, underscoring the city’s safety, robust infrastructure, low tax regime, and the depth of reputable educational institutions as just some of the appealing factors. However, he acknowledged the allure of other global hubs like Singapore, Dubai, and Switzerland, each with its unique offerings.

« **“The second generation has to find a way of letting the first generation know why this is important to them.”** »

he pondered “To mitigate these exposures, we see a growing inclination towards diversifying their wealth and family members across different jurisdictions, much the same as a smart investor might formulate a well-diversified investment portfolio.”

Geopolitical Concerns and Wealth Diversification

The conversation also touched on the global shift towards intensifying

challenge for many families in China, as they recognise the need for and get to grips with the rather novel concepts around wealth transition and planning.

With the discussion turning toward the nature of the crucial conversations to be had between generations, Richard stressed the importance of a constructive and proactive approach, particularly in the context of the fact that it is usually the younger individuals

“Hong Kong continues to tick a lot of boxes from both a lifestyle, and a practical, wealth planning perspective, he said. “But so do Singapore, Dubai, Switzerland, and so forth. It ultimately depends on your personal preference.”

Enhancing Advisor Education for Effective Wealth Management

A significant point raised was the need for enhanced education among advisors, including lawyers

and bankers, to guide clients effectively in utilising financial structures. This was highlighted by a situation where misinformation spread on WeChat, causing doubts about the efficacy of offshore trusts. Richard made a point of mentioning that the key issue in such a case is not that of the misunderstanding of the solutions available by clients or prospective clients, but rather that it is the role of advisors to help develop an understanding of their value, and the considerations pertinent to the practical implementation of wealth solutions which ultimately offer

potentially vast benefit to HNW and UHNW individuals.

“It’s just an educational issue for new markets,” he remarked, indicating a prevalent misunderstanding among clients who anticipate straightforward solutions without acknowledging the inherent complexities. The discussion accentuated the necessity for a practical approach and improved education among advisors to ensure trusts are adeptly structured and managed, aligning with intended purposes and governing laws. This educational

advancement thereby empowers advisors to address clients’ concerns or misunderstandings.

Bringing his contribution to a close, Richard highlighted the importance of discernment in choosing knowledgeable advisors. “You can tell the advisors that get it and the advisors that don’t,” he notes. The key takeaway he left attendees with is that of the importance of having well-informed advisors who can guide clients in making decisions that lead to meaningful and beneficial outcomes, rather than merely adhering to what is permissible. ■

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