

# Life Insurance Solutions and their Role in Estate & Legacy Planning for HNW Clients in Asia

Hubbis organised a private discussion with selected Asia-based wealth management market experts on February 15 in Hong Kong on the evolution of estate & legacy planning for wealthy clients in Asia, and the importance of life insurance solutions to such structuring. Attendees included a selection of decision-makers from amongst the private bank and independent wealth management industry, mostly based in Hong Kong, and including well-known specialists in estate & legacy planning. The two Lombard International Assurance hosts were Lee Sleight, Head of Business Development for Asia, and Danni Geng, Relationship Manager at the firm. Hubbis has summarised some of the group's key insights, observations and nuggets of advice from what was a very lively and informative discussion.

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**Exclusive Partner****LOMBARD  
INTERNATIONAL  
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- » What are the 'new' trends in legacy and estate planning?
- » What are the 'tools' you use today and how is this changing?
- » What are the most common concerns of HNW and UHNW clients and how are expectations evolving?
- » Wealth and succession planning: enhance or reshape?
- » How are you helping clients facilitate effective wealth transfer to the next generation?
- » Is there a need for portable solutions as wealthy families become increasingly mobile?
- » Finding the best advisory services and solutions – how do you maximise partnerships with the right specialists?
- » What specific trends are we seeing from mainland Chinese clients?
- » What can Hong Kong do to retain its competitive edge as a key wealth hub in Asia?







**Is Hong Kong a good base today for wealth management and advisory? Yes, say some of the biggest in the business globally, hence the growth of family offices**

A leading private banker from a global brand bank conceded that Hong Kong has had its share of troubles and reputational issues in recent years, but as China and Hong Kong reopen fully, their bank remains positive and they noted how most people they speak too are also highly optimistic about its future.

“A major topic currently is family offices, with the Hong Kong family office tax exemptions and incentives coming through soon,” they reported. “This will certainly provide Singapore with a lot more competition. Yes, Singapore has really taken the limelight in recent years, but as people see what Hong Kong has to offer they will see the advantages here, including the accessibility to China as a major plus for many families in the same way as it might be a big negative for other families. The narrative will change.”

They said their discussions over the next year are likely to be increasingly around family

**Estate & Legacy planning is core to the proposition for many wealth management leaders today**

Whereas a decade or two ago, private banks and independent wealth management businesses (EAMs) paid only little attention to estate, succession and legacy planning for their clients and focused almost exclusively on investments, today such advice around robust planning has become more front and centre of their propositions. Is it a profit centre in itself today? Perhaps not, but it is increasingly considered essential to a more complete or holistic engagement with HNW and UHNW clients, as well as a portal to a broader relationship with the family and the next generations.

As one guest at a successful firm reported: “Planning is really a core part of what we do as a multifamily office and EAM. We have seen our US and European clients requiring more such advice and support and we are seeing very strong demand from families now in Asia, including a focus on succession, the next generations, retirement, tax, legacy, philanthropy, and so forth.

It is now far less common to find clients who just want their money managed. Yes, planning advisory and support is labour intensive, and work on investments is much more profitable, but planning advisory is actually incredibly powerful in terms of relationships.”

They told guests how via planning support their firm had achieved considerable success adding families as clients and adding extended members and arms of those family clients. “Many of those conversations are really not about money, and more about legacy, solutions, helping set realisable goals, and having then some peace of mind.”





Lee Sleight  
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offices in Hong Kong. “And such discussions will also involve a lot more conversations around wealth and legacy planning here in Hong Kong,” they reported.

### **When working with the wealthier and more complex families, you need a multi-jurisdictional perspective today**

A lawyer in attendance highlighted the increasingly global nature of very wealthy families, their assets, properties, and family members. He said that especially for the bigger families a multi-jurisdictional perspective, planning and structuring is increasingly valuable, or more realistically necessary.

Another guest agreed, noting that the families themselves are increasingly complex, and along with their global asset dispersion, this means highly sophisticated reporting and regulatory compliance.

“These days, there are increasingly difficult, even frustrating reporting regimes that are tiresome but a reality of life today,” they said. “The theme that we are seeing is therefore this increased level of

external complexity juxtaposed with many families wanting simplicity and flexibility. The new Hong Kong family office tax exemption will really help in terms of sort of simplifying all this, families can achieve tax protection and substance here; I am therefore hopeful around these new developments.”

### **In a world of increasing complexity and specialisation, the role of the private banker and EAM is to guide clients towards optimal outcomes**

A veteran private banker explained that their RMs and advisors are well capable of having the right conversations on planning with clients but agreed that the issues have become so complex and so complicated that they simply cannot handle the whole legacy discussion.

“In the old days, it used to be just a trust or BVI or both to solve these matters, but today you need to have a much more multidisciplinary approach, bringing in the experts from the ecosystem – the tax specialists, lawyers, trustees, asset managers,

the insurance specialists, the investment migration expert and so forth. You need to work with a preferred ecosystem that will ensure the family attains its objectives safely.”

They added that in Asia the patriarch or founder view often holds the families together, and after he or she passes away, the families can all too often be at conflict over wealth and control. “After the demise of the patriarch this can often lead to all kinds of family issues, but if you are careful to guide them earlier towards a better structure and process with all the stakeholders involved, you have a much higher quality and more robust end result.”

And they also said that in their view, many private bank RMs have a genuine interest in attaining the best possible solutions for their clients. “The majority of the banks, and I concede there are always exceptions, as in any field of endeavour, in general provide their clients with a genuine level of sincerity and objectivity.”

Another representative from a bank agreed, adding that they and their small team are judged not on revenues, but on the quality of



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their ‘conversations’ with private clients around all these issues on wealth planning, the family office setup, family governance issues. “We are not necessarily tied to the revenue and net new money of the client,” noting that today there are other metrics to value their roles. And another planning specialist from a global bank noted that objectivity was essential to their roles.

**The family office as the hub for maintaining wealth, for robust planning and just as importantly, for family cohesiveness**

The head of the family office advisory practice in Asia for a major global bank with a powerful presence in Asia explained that they are a strong believer in the family office to facilitate in astute planning and intergenerational wealth transfer.

Another guest agreed, adding that for control, coordination, for next generation involvement, for more transparency and better communi-

cation, the family office stands out as an excellent vehicle.

A guest from a leading boutique Swiss private bank said the family office allied to strong family governance was an ideal combination.

“Many clients in Asia are most concerned about the unity of the family, and long-term planning for their wealth, and making sure the family sustains itself, not so much financially as they are very wealthy, but in terms of communication and cohesiveness,” they explained.

They said the family office is really a platform which allows the family members to participate and contribute in different ways. It helps with coordination of the family businesses, the assets and investments, for ease of compliance, for family governance, and more generally for preserving the belief and culture of the family, as well as for philanthropy for some of the wealthier families. “We talk to clients from that angle rather than

trying to push them in any specific direction,” they said.

Another expert added that the family office is also the ideal vehicle for nurturing the next generations and for enhancing their skills and gradually divesting control to them as the founders age and want to take more of a back seat.

“For the kind of work we do, and the care we provide to families, we consider it takes years to train people properly,” they said. “Our view is you need at least a 10-year runway to develop the next generation for your businesses and assets, to make sure they integrate into your culture, that they develop the skills they need.”

They said it was the same for their firm, and that they made a great effort to nurture the right skillsets internally to help manage their HNW and UHNW clients. “We cannot just hire bankers in and expect them to be able to help with these issues,” they said. “They have to



understand the vision and your values. They must fit, to be part of who we are, the need to live and breathe the culture and the care for clients.”

### The value of linking life insurance solutions to robust, astute estate and legacy planning and structures

A speaker turned to the appeals of PPLI as a key element for robust wealth structuring. They said PPLI is internationally recognised for trustees in most jurisdictions around the world, it can hold a wide variety of listed and private investments from bankable assets. It is available for clients as individuals or via entities. It works well with trusts, and it works well with offshore companies as well.

It is portable and helps ensure tax deferred and tax efficient distribution to beneficiaries in multiple jurisdictions, on other words wherever they might be at the time of the policyholder’s death. PPLI also provides liquidity at those difficult moments for families.

They said what is somewhat different about PPLI from other life solutions is the open architecture, allowing the existing relationships that the client may have with their banks, with family offices, and generally with their advisors to be maintained,” he explained. Assets are in custody with the clients’ bank and fully segregated from other accounts. The RMs do not lose their clients if they are recommending them to take up PPLI, in other words they can retain that AUM.

They told guests that PPLI combined with existing structures will thereby enhance them, and achieve a variety of other key objectives, including the tax efficient holding of those assets during the policy’s lifetime, and later the seamless transfer of those assets upon death, to nominated beneficiaries who can also be changed during the policy.

“If you are looking at how you can transfer wealth on to the next generations in an efficient and swift manner, and in the meanwhile hold those assets in a compliant and also portable structure, PPLI is a solution that people should be considering,” they stated. “It is also transparent as to the fee structure involved.” ■

