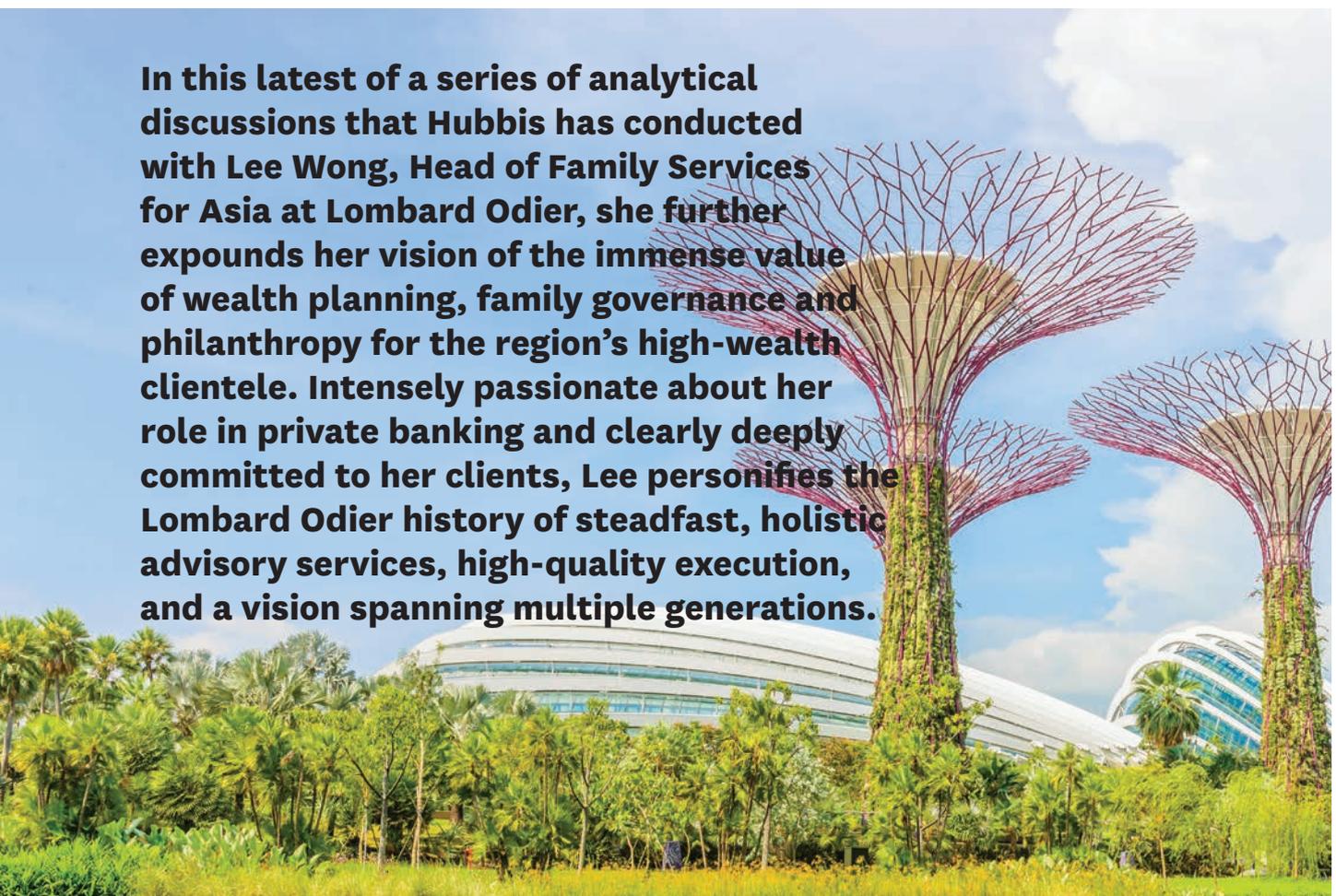


# Lombard Odier on Raising the Sights of HNWI Clients to Focus on Genuine Succession Planning

In this latest of a series of analytical discussions that Hubbis has conducted with Lee Wong, Head of Family Services for Asia at Lombard Odier, she further expounds her vision of the immense value of wealth planning, family governance and philanthropy for the region's high-wealth clientele. Intensely passionate about her role in private banking and clearly deeply committed to her clients, Lee personifies the Lombard Odier history of steadfast, holistic advisory services, high-quality execution, and a vision spanning multiple generations.



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**BELIEVE THAT OUR FAMILY SERVICES**

offering is not something that we

simply sell to our clients,” Wong begins, “but that it is a genuine and highly valuable service which helps clients think through their holistic needs and structure themselves optimally. We advise on a variety of vital areas that deeply affect their lives and the futures of their family and loved ones. This is an area in high demand amongst our clients and I am active on such cases across the length and breadth of Asia.”

Lee reminds us how she likes to draw deeply on her personal and professional experience of living and working in the region, where she knows that so much private wealth is so intimately connected to business wealth and entrepreneurialism.

This intricate, profound intertwining of corporate and family life in Asia makes it even more essential that families look far into the future to achieve structures and governance protocols that will help preserve their wealth and help their businesses endure, while also helping their families stay together, even across increasing numbers of generations.

Lee believes communication is the fundamental starting point for effective family wealth management and also for wealth transitioning, and that the family and their private bank advisers must therefore view and manage their family wealth holistically, with a wide-angle vision and a long-term outlook.

Accordingly, one core area of her family services practice is family governance, which Lee explains involves facilitating family discussion forums, building family governance frameworks, and pro-

viding guidance in crafting of family charters. “Family governance,” she observes, “is both founded on and also facilitates open communication and results in transparent decision making, thereby enabling the family to build trust.”

The second key area of Lee’s practice focuses on the broad landscape of wealth planning, which covers key elements such as succession planning, mobility planning, asset protection, structuring family business ownership succession, tax optimisation, and regulatory compliance.

For example, in terms of family business ownership, management and succession, splitting the financial benefit from management and control is often highly advisable. “It helps to avoid individuals’ personalities from getting in the way

of good decisions,” Lee reports, “and it helps to clarify and distinguish the relationships between family members and the business.”

Another area is philanthropy, which Wong reports is all about formulating parameters of philanthropic objectives, crafting a philanthropic roadmap, and building an appropriate philanthropic governance framework for impact assessment. “This is certainly rising in prominence for wealthy Asian families,” Wong elucidates, “as the concept of building a legacy beyond pure wealth spreads around the world.”

**Lombard Odier’s distinctive approach**

Lee had explained to Hubbis in an interview in 2018 how a distinctive characteristic of Lombard Odier is that the bank’s relationship managers (RMs) take what the bank calls a ‘pure advisory approach’, to help clients in a wide array of areas, from investment planning, to wealth transfer and also philanthropy.

The guidance a Lombard Odier RM gives should, she reminds us, also be offered only when the RM has complete confidence in it. “This is where the experience we have as a bank comes in,” she comments. “We believe we have that confidence founded on both commitment and experience to really add value to our clients.”

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**Style and substance**

Lee’s approach and her nature are both highly contemplative. She takes a step back from the professional world she inhabits day-to-day to look more philosophically at her mission and her clients’ aims. “In order to achieve our goals in our family services practice, we always try to have deep, often quite intimate conversations with our clients about what is happening in their lives today to focus on being as relevant as possible in our advice and proposed structures,” she reports.



LEE WONG  
Lombard Odier

“We also always seek to be as creative as possible,” she adds, “but of course we must temper that creativity with economic realities and rationale, as well as making sure we adapt to the various regulatory requirements of different jurisdictions. If there are grey areas, then legal advice will determine ultimately whether there are for example anti-avoidance rules that might prevent us from going in any particular direction.”

### Aligning advice to need

Lee observes that the more intense regulatory environment of today means that discussions on compliant structures are in fact far easier to hold today than ever before. “Actually,” she comments, “regulation is taken as a given these days, so the key concerns and discussions today are more centred on actual or potential family disputes, to ensure that the families stay together.”

So where does Lombard Odier fit in, as there are plenty of lawyers or bankers or others who can advise on these areas? “My view is that we have a powerful rationale,”

Lee claims, “as the client of today is often inundated with many different ideas from many quarters. Accordingly, there is a vital need for objectivity. They need someone who can take a step back, keep them calm, focused, and clear. They require someone who does not have a financial interest in the complexity of the structures, who is totally unbiased.”

And she adds that in offering this objectivity the clients can more adeptly navigate the difficult waters to position themselves and their families appropriately for the world that lies ahead of them. “I would characterise this as ‘alignment,’” Wong says, “which is all about making sure the family can

sensitivity to the broadest range of family constituents is essential.”

As the original founder-creator patriarchs and matriarchs in Asia age and pass assets to direct and extended family members, transition planning for ultra-wealthy Asian families and their family businesses is an area that can cause considerable anxiety and is often misunderstood.

“This,” says Lee, “is why it is so vitally important to have an experienced private banker from a bank with a long-term perspective assist in this type of complex and sensitive process. At Lombard Odier, we believe in the value of the relationship, and we have a long history of offering a client-centric philosophy

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### Successful succession

Addressing the question more directly of how patriarchs or matriarchs should handle wealth succession, Lee advises fair and transparent distribution among family members as well as ensuring continuity of the business. “But to achieve this requires a balanced, considered approach,” she notes, “so thorough planning, careful execution and considerable

that focuses not only on making money in this generation, but on building a long-lasting platform for the family and its wealth to endure generation after generation.”

### Dialogue translating to charters

Lee adds further detail, explaining that there are numerous issues to consider, especially as a family gets larger and larger the further the generations extend far beyond the founder patriarchs and matriarchs. This is where family constitutions are so important.

“In short,” she observes, “again we know that the families increas-

ingly need facilitators and dispassionate advisers who truly understand all the many issues they do or might face in their businesses, their future business control, so they can plan appropriately, draft their constitutions effectively and organise structures that are viable for today and the years ahead.”

Lee also explains that there is an increasing risk of trust structures being challenged in an ever-more litigious world, generally speaking by certain family members who might feel disgruntled as they perceive that they have not been fairly treated.

Lee therefore maintains that it is important that the dialogue should focus on the reasons who a patriarch might have established a trust structure in a certain way and why certain distributions are intended to be made.

“If this is done openly and in a timely manner when the patriarch

or founder is healthy and lucid,” she comments, “it is less likely there will be challenges from family members after that founder passes away. Assumptions can be made by different family members that are actually often much more negative than the truth.”

“Accordingly,” she says, “many of my discussions with families these days are about having open dialogues, precisely because they need to take into consideration the broadest range of family members’ perspectives, in order to demonstrate that there is fair process and fairness in relation to how and what decisions are made. Hence it is vital to be transparent in how decisions are made, to be open with information and to show the logic behind the choices made.”

#### **Easier said than done**

Nevertheless, Lee concedes that it is not easy to achieve this level of

dialogue. “We are currently working on some such discussions,” she reports, “but it is an ongoing process which is challenging for many families. We often find that some members embrace the process, but others do not and I have to admit it can be hard work trying to drag the cart along on your own.”

Lee says Singapore is an ideal base from which to operate for this type of family-focused wealth management initiative. “Singapore done a lot to boost its relevance and its engagement to wealth families in this region,” she observes. “It is a centre of excellence and the various tax incentives surrounding boosting the appeal of Singapore to institutional fund managers - for example 13X, 13R and 13CA - have significantly improved the appeal of the jurisdiction for family offices to come here and manage family and other assets.”



### Singapore's growing appeal

Additionally, she notes that the family office initiative can also be linked with the Economic Development Board's global investor programme to help people move to Singapore and become resident or achieve permanent resident status.

"In this world of transparency and tax efficiency of today," she remarks, "people are increasingly keen to find locations like Singapore which are benign from a tax perspective, robust in terms and legal and financial infrastructure and attractive from lifestyle perspective. Younger generations can build a life and create a base where they are managing a pool of funds for the family in a very tax effective way."

Lee notes that Singapore has therefore attracted considerable flows of assets from China, from Indonesia, Thailand, and elsewhere, people building family offices, managing assets, with one, two or more generations of family involved as well as professional staff and employees. And at the same time, they are obtaining tax incentives to do so.

She adds that if those families come from high tax countries, this type of move could help the families build a new and separate source of wealth for the next generations. "Moreover," she reports, "aside from this, Singapore also announced the new variable capital company legislation at the beginning of this year which offers

additional ammunition in the fund management space to compete with places like Luxembourg, where you can create fund structures that facilitates use of double tax treaties."

Singapore's particular brand of success is in fact as Lee explained in bringing offshore wealth onshore, along with family members, as in the case of a family office structure staffed by different generations of those families and combined with professional support from people and advisory and service firms here. Wong's family services practice is therefore not only dedicated to serving a growing and vital need amongst Asia's HNWIs, but is situated in Asia's most ideal jurisdiction for this endeavour. ■

