

Plugging a gap for long-term structuring advice

Nigel Rivers has been inspired by a lack of real advice in navigating today's complex regulatory, asset structuring and succession planning landscape. He expects his new firm, Capital Solutions, to fill a hole in finding the right solutions for each client.

Despite the economic challenges and general slowdown globally since 2008, Asia's wealthy have seen continued growth in their personal wealth. And in turn, they have increasingly sought geographic diversification and a wider array of asset classes.

Yet in the face of these families' growing needs to manage business and personal wealth, service providers don't seem to have made as much of this opportunity as they might have – given that they typically operate in silos.

For instance, explains Nigel Rivers, founder of newly-formed Capital Solutions, private banks and the new breed of multi-family offices tend to mainly focus on bankable AUM. However, most family wealth resides in less liquid assets, such as the family business or in real estate.

When it comes to tax and legal advisers, while they have increased in number as

well as quality, the roles they play are still very transactional. They charge a fee for a specific service, but have little, if any, ongoing involvement.

Meanwhile, insurance companies tend to provide a product offering related to estate planning, mostly still focused on universal life.

And independent trust companies often only provide a relatively limited scope of services.

As a result, there is a role for an adviser who is genuinely independent rather than product specific, but who also has sufficient knowledge and experience of all the tools available to families.

"Families need someone who can provide advice and guidance on what is best for them and their specific profile," he adds, "and can ensure this is properly implemented in a rational, consistent and independent way."



NIGEL RIVERS

Capital Solutions

CATERING TO REAL NEEDS

Rivers has his sights on opportunities in both North and South Asia. Out of his office in Hong Kong, he will service

local clients, as well as those from mainland China and Taiwan. His Singapore office expects to work with clients from countries like the Philippines, Indonesia, Thailand and Malaysia.

He is confident that the independence of his new firm will mean he can help clients to identify those professional services firms which are best-of-breed technically, and also aligned in the way they work, to the specific needs of each client. "It's advisory, first and foremost," he stresses.

This covers a range of services, including wealth asset structuring, succession planning, family business governance, compliance and reporting, and family office architecture.

For example, broadly across South-east Asia, he sees a big difference in terms of the current wealth owner being older. As a result, they are more likely to be at the point where they are transitioning the ownership of the family business and their wealth to the next generation.

and decide who should participate in management, while at the same time making sure the family gets a fair distribution of the income the business makes when the patriarch dies.

Further, the solution must also ensure that money is fairly distributed to all family members, regardless of whether they are in the business or not. "You need to be independent to help in these cases," says Rivers. "It requires knowledge and experience of these issues, but also the ability to offer different solutions for discussion, so that the family can decide what suits them best."

Another reason a truly independent approach is essential in today's environment is tied to the complex compliance regime. For instance, wealthy families want to invest in assets in other geographies, so must understand how to do this and be compliant, given the financial and reputational consequences otherwise.

So if a family wants to buy real estate in the US, for example, which structure is

"They need to do this before the patriarch or matriarch dies, or are no longer able to make rational decisions, or before family members get disgruntled and start fighting," he explains.

NETWORKED MODEL

A big part of the value that someone like Rivers can provide wealthy families in Asia is to ensure they can access the right professionals. "They shouldn't rely just on their private banker for this, nor even the advisers to their business. However good their advice has been in relation to their specific field, there are special dynamics to creating and managing an infrastructure for legacy wealth. It is important that the family gets the best help," he adds.

Instead, it is vital that families are able to look at the big picture and explore their options, and ensure they are acting in the most effective and optimised way.

"While we are small, we have the credibility that's required by the people who recommend us to their clients in the first place," says Rivers. "Clients are able to tell the difference between someone who can genuinely offer advice in a common sense and independent way."

By getting this type of offering right, the relationship with the client can also become a bit stickier. In turn, it will enable him to charge for his service. "Historically there has been an aversion in Asia to paying fees for advice. But I think that's been changing in the last few years, and I believe people are much more prepared to do this if they see the value," he explains.

The fact that there is growth in family offices around the region, especially in China, is proof for Rivers of this change in mind-set towards advisory. ■

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In such a situation, the business might have been built up 40 years ago or more, and there are often a number of children, some of whom work in the business, others don't.

Some of the common issues that need to be addressed, therefore, include how to transition the business ownership

appropriate, and what reporting they must be aware of (in the US and at home), are essential elements to know.

Helping families avoid making mistakes during these and other situations is also a critical role for Rivers' new firm to take. These often happen because families don't consider the options early enough.