

Revisiting Family Governance

Stephanie Almeida, Trust Manager at Hawksford gave a fascinating insight into family governance and family wealth preservation to delegates at the Hubbis Vietnam Wealth Management Forum. In her talk, which was subtitled ‘Will your family destroy your wealth, or will your wealth destroy your family?’, Almeida highlighted how the wealthy families that plan ahead and institute the right practices and strategies are far better positioned to retain that wealth through the generations.

FAMILY DYNAMICS SHOULD ALWAYS BE CONSIDERED BY wealth advisers when structuring a wealth succession plan. In her presentation Almeida considered relevant family issues surrounding the succession of wealth, be it family governance, the family constitution, the impact of divorce, second marriages, balancing the expectations of children or the effects on family wealth of living longer.

“Unfortunately,” Almeida began with a note of warning, “no family is immune to the dangers that wealth can generate, so wealth owners must constantly challenge themselves to really understand not only their spouses but there are so many other types of challenges, for example family relationships, your wider family.”

To offset these risks, she advised the audience to help their clients focus on family governance. Aided by a detailed but also easy to read slide show, Almeida pointed out the that family governance is all about relationship, communication and understanding between the family, the family businesses and the shareholders.”

Almeida then focused on the challenges wealthy families typically face. In this segment of the talk, she focused on planning for generations, for example protecting individuals from wealth, determining who gets what, how and when, and educating the next generations on the responsibilities that come with wealth.

She centred on succession of assets, to help families preventing disputes over multinational assets and issues that may occur with conflicting laws. She looked at the governance



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of the family businesses, to help families avoid arguments at shareholder level as well as management level.

She also of course focused on wealth preservation and asset protection, advising delegates to help families think about strategic allocation in markets, variations of asset classes and liquidity, risk appetite changes and the appropriate monitoring the performance of these on a regular basis.

She also highlighted the importance of smart management and administration, noting that all too often back office functions don't talk to each other, that there is often confusion over business goals and family goals.

She remarked that family members living abroad also cause complexities that arise when moving between jurisdictions. These might include global tax and reporting/compliance issues, and therefore the need to keep up with regulations around the world. And she addressed other issues such as maintain the

family's privacy, and even how the family can express its family members' varying philanthropic motivations and wishes.

Almeida zoomed in on the issues that often arise from family members living abroad. "This is something that we see quite commonly at Hawksford," she remarked, "so we often see the first generation in Asia and second and third generations moving to the US or UK by way of education or business, perhaps setting up their own companies. And as a result there are lots of elements that we all need to think about particularly with regard to residence, tax compliance, and so forth."

Almeida then offered the audience insights into the Hawksford toolkit for wealth structuring and solutions, which may bring together some or all of a host of different elements, including: Wills, Lasting Power of Attorney, the Company, the Trust, the Foundation, Residence Planning, the Family Constitution,

the Family Committee and the Family Office. "We at Hawksford use a combination of these tools to help the families we work with achieve the optimal wealth structuring and solutions," she stated.

She closed her presentation with some insights into a well-known divorce in Vietnam, which captured the attention of people locally. It involved tales of corporate skulduggery, and some salacious accusations between the husband and wife of a well-known consumer company that had divorced some years ago.

"I highlight this case," Almeida said on closing, "so you can see the typical case of a wealthy family and how quickly wealth destruction can happen. And also, so you can see that the origins of the crisis were in the wrong structures at the outset. My message in short is that entrepreneurs know how to make their money but not all know how to keep it for the long term, and that's perhaps where Hawksford can help." ■

Hawksford - Thriving in Asia

Hawksford is a Jersey-headquartered international private client, corporate and fund services group that in Asia operates from both Singapore and Hong Kong, providing advice on more sophisticated and holistic structuring around a family's needs, with family governance being a vital element of that dialogue.

Hawksford has a more than 60-year heritage in private client services, but in its current form it dates back to the 2008 management buyout of the trust and private client arm of Rathbone Trust Co Jersey from Rathbone Brothers Plc, a UK-listed wealth management and investment services firm, where it had been a successful business division for decades. UK private equity group Dunde-din LLP was the buyer and remains the controlling shareholder to this day.

The Hawksford HQ for Asia is in Singapore, which is an ideal strategic hub for the rapidly growing wealth management and corporate markets of the region. Singapore became Hawksford's Asia hub when in 2014 the firm made its first significant acquisition, buying the Singapore-based corporate services business in Asia named Janus, which also served clients in Hong Kong. Then in 2016, Hawksford was granted its full trust licence by the Monetary Authority of Singapore.

The company made a further major leap forward in the region early in 2018 when it acquired People & Projects Ltd (P&P). This was part of the firm's strategic expansion in Asia and brought into the group a dynamic, full-service corporate services business with a strong track record of supporting international corporates.

The deal was considered transformation for Hawksford's presence in the region, as P&P operated out of Singapore and Hong Kong, as well through several offices in mainland China. Its arrival also nearly doubled the global headcount, with fifty per cent of Hawksford's manpower now based in Asia.

Hawksford has been rapidly expanding its business in the region, working to build more and more HNWI relationships through connections to lawyers, accountants, private bankers, IFAs, external asset managers, family offices and other non-competing advisers and intermediaries in the region.

