

Specialists to thrive as clients seek compliance

Tax compliance is a necessity for HNW clients – and no longer a nice-to-have – as more and more countries sew-up disclosure agreements and the aftermath of the Panama Papers is felt around the world, says Aaron Mullins of Asiaciti Trust.

The wealth advisory industry seems to have been caught off guard by the wave of regulatory and tax measures impacting the disclosure and reporting of HNW client assets.

including our neighbours in South-east Asia,” says Aaron Mullins, managing director of Asiaciti Trust in Singapore. “But in 20 years working in this field, I have not seen enough clients from

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One of the biggest concerns at the moment, for instance, is a lack of preparedness in general.

“Singapore has already signed treaties with around 20 countries, and it is only a matter of time before we reach more,

this region doing holistic tax and succession planning.”

Yet things are now changing, he adds.

“In the last couple of years, clients in Asia have had to start thinking about



AARON MULLINS

Asiaciti Trust

what they need to do with these types of structures – offshore structures.” This even applies to patriarchs in Asia, who are not known for changing their ways.

They realise that passing on a messy inheritance – such as one tied up in legal hurdles or family disputes – to the next generation may not be the best idea, adds Mullins.

EXPERTISE COUNTS

In short, legal, tax-compliant structures are the only way forward.

And, as a result, the region needs to rapidly groom enough advisers and other professionals capable of coping with new and constantly evolving regulatory environments.

people. Getting the people with the right skill-set is essential, he explains. This covers the whole spectrum from looking for fresh university graduates with the requisite skills, through to enhanced training of already-experienced professionals.

WORKING CLOSELY TOGETHER

A critical characteristic which these individuals will need to have is the ability to listen to their clients' needs or woes. At the same time, they need to complement these soft skills with the type of technical knowledge befitting

around as solid structures for HNW clients, although they are not a solution for everyone.

Other structures, meanwhile, such as private funds and insurance wrappers, are gaining ground on the periphery.

However, the priority for Asiatic Trust, which also sets up private trust companies for multi-generational families, is to help in the transfer of wealth across generations.

To deliver on these needs, the advisory industry must also learn to work closely with the relevant financial intermediaries across all jurisdictions.

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Agreements such as FATCA and CRS, and the fallout of the Panama leaks, mean advisers have to ensure that HNW clients are compliant in all countries where they have financial dealings, businesses or assets, explains Mullins.

But more specifically, they need to have the right skills and knowledge to tackle the challenges they face today.

a highly-trained professional so as to not be afraid to steer the conversation where it needs to go.

“Many didn’t expect CRS to happen so quickly. So I would say that the industry is not quite ready,” says Mullins. “The number of skilled advisers and professionals is way too low.”

The right mix is vital, as individual advisers and family offices must confront the challenge of having to help clients who have traditionally sailed ‘too close to the wind’.

Further, although wealth management firms previously employed advisers who were more generalists, he believes it is now the era of specialists.

Accepting the client is most certainly not always right, advisers need to be confident enough to explain this to them in an understanding but professional manner. This might mean a range of solutions. Mullins, for example, feels trusts will always be

This requires a combination of banks, law firms, insurance companies and trust businesses to work together in their respective fields of expertise.

“The bank provides the security and platform that clients look for, but advisers also have to work with the tax, legal and structuring specialists to perfect the offering,” says Mullins.

He certainly sees room for all kinds of professionals to play a role. “This explains why so many of the foreign law firms are in Singapore.

Any international law firm with an interest in wealth management in Asia is here, or coming here.” ■