

The Lure of Singapore – An Attractive Destination for Single Family Offices

With rising affluence and wealth transfer comes a growing number of Ultra-High-Net-Worth (UHNW) families and individuals seeking professional help to manage and protect their wealth. With the average Assets Under Management (AUM) higher than ever before, it is no surprise families are looking for greater sophistication and personalisation looking beyond their immediate jurisdiction for their wealth management.

GET IN TOUCH

[View Alice Quek 's Profile](#)

[Find out more about Hawksford](#)

This article is intended for general information only and is not intended to apply to constitute legal advice. Hawksford accepts no liability for any errors or for any loss, of any nature, to any person by reliance on this article.

BY:

ALICE QUEK

Head of Private and Client Services in Asia
Hawksford

The globalisation of wealth creates countless opportunities for UHNW families to access tailor-made investment options from around the world that align with their wealth ambitions.

This is particularly true in Asia, where the majority of single family office (SFO) growth has taken place over the last decade, with locations such as Singapore and Hong Kong continuing to gain international popularity.

An evolving picture

Singapore is well established as one of the leading private banking and wealth management centres globally and holds a lot of gravitas within Asia.

Traditionally, Singapore was primarily seen as a destination of choice for Asian HNW families, but over the past decade, this has changed considerably. The origin of wealth owners setting up SFOs in Singapore is now distinctively more diverse, with a growing number of European families choosing the jurisdiction for their SFOs and family trusts.

Singapore has a strong track record as a robust and politically stable jurisdiction with a transparent legal system, along with a supportive and responsive government encouraging growth of the private wealth market. All these factors have helped build confidence among investors.

Boasting one of the most competitive tax regimes in the world, with no capital gains or estate tax, and a roster of incentive schemes to ensure the efficient wealth transfer and consolidation of investments of its SFOs has also attracted investors. The Republic's strong financial licensing frameworks with shared reporting standards, similar to that of the EU and US, along with its experienced, multi-lingual workforce provide a sense of familiarity appealing to many families.

What's next for Singapore?

Last year, Senior Minister Tharman Shanmugaratnam commented that the total AUM for SFOs in the Republic was estimated to be around US\$20 billion, and with more families entering the market that value will continue to grow creating jobs across the financial industry.



ALICE QUEK

Hawksford

As the need for family office experts grows, so will the need for independent trust companies, law firms and accounting firms, and it is more than likely that more senior private bankers will opt to work for an SFO, rather than a bank.

Most of Asia's family-owned businesses are in their first or second generation, meaning the majority of SFOs are now looking at their first transfer of wealth and how they can maintain harmony in the process.

Having an SFO and transition plan in place helps resolve many of the potential areas of conflict between family members.

Generally, not all members of a family would be involved in the family business, so typically points of conflict tend to emerge between the family members who run the business and those who hold an equity stake in the business.

The latter group often feels frustrated and left out, as the former could make decisions at the board level to their advantage. For instance, the board could approve a large bonus to the management team, thus favouring certain family members.

Intergenerational transfers of assets, especially linked to male-preference primogeniture, favouring the eldest born male over younger or female siblings, is another

contentious issue that families seek to avoid by establishing an SFO.

Historically wealth owners have found it difficult to start a conversation with an external party in fear of creating conflict and disharmony within the family. This mindset is however shifting, and there is now more confidence in seeking expertise and guidance to resolve concerns around transferring wealth to the next generation.

The needs of younger entrepreneurs and the second generation wealth holders have encouraged a healthy attitude shift into the market and are actively creating a precedent for best practice.

These individuals are already more internationally mobile, with many holding more than one passport or multiple tax residencies, truly embracing the benefits of globalisation and what it can offer their wealth. With the increased international mobility comes the need to consider the impact of FATCA and CRS on family structures to ensure international compliance – with many families now realising the value expert advice can provide.

Many of these young wealth holders are also much bolder in their investment philosophies, increasingly seeking sustainable investments and emerging entrepreneurial opportunities in the digital and alternative investment classes, including private equity, artificial intelligence and healthcare.

They recognise that wealth management is more sophisticated than before, and in the era of social media and public scrutiny there is less room to get things wrong, so investments need to be right the first time around.

Likewise, transparency around the governance of one's family wealth is becoming equally important, ensuring the right legal structures and experts are in place to support the family office. The notion of what success looks like is clearly changing as the younger generation of wealth owners step up to become more involved with the family office – and their impact is certainly being noticed.

SFOs are, like other areas of finance, becoming more conscious and seeking benefits beyond immediate or

long-term financial gain, realising the importance of reputation and the social and environmental impact of their wealth.

Their strategic impact and sophisticated approach to wealth is creating modern and forward-thinking SFOs, which are attracted by the lure of Singapore's equally ambitious and forward-thinking financial market.

Navigating challenges, now and for the future

COVID-19 has been a wake-up call for many SFOs, encouraging a shift of focus; from establishing new business ventures to protecting the family wealth. The risks of the pandemic have highlighted the need for having a robust succession plan in place and made families prioritise putting their plans to paper in order to avoid or mitigate any conflicts which may arise.

As a jurisdiction, Singapore has been able to provide plenty of expertise and stability on this front, receiving international recognition for the government's rapid and efficient response to the virus. The low infection numbers and deaths have been praised internationally as the country has been hailed a global leader for its approach.

This decisiveness has certainly built confidence in the government and in the stability of the country's business and financial sectors, which has largely been able to carry on with business as usual.

The pandemic has accentuated Singapore's appeal in a world where wealth owners value transparency, agility and stability, and are moving beyond the realms of a traditional single family office.

The jurisdiction's diverse and wide-ranging financial expertise, political and financial stability during the pandemic, paired with its competitive investment benefits are clearly starting to appeal to more UHNW families from around the world.

With the needs of wealth holders rapidly evolving, it's important to recognise innovative thinking and service, and this is where Singapore offers a competitive edge, enticing further families to seek its benefits for their SFOs. ■

Alice Quek is the Head of Private and Client Services in Asia for Hawksford Group. She supports UHNW individuals and families, and intermediaries across the region to support the efficient