

# The Opportunities and Challenges in Helping UHNW Families Transfer Businesses and Wealth to their Beneficiaries

The Hubbis Wealth Solutions Forum in Singapore on June 14 saw a group of experts assembled for the last panel discussion of the event, to debate the issues and opportunities around the great Asian wealth transfer, specifically in the context of UHNW clients and families. The experts, with combined decades of experience behind them, offered delegates some invaluable guidance and advice. They pondered the key ingredients of successful succession planning, the role of the wealth management advisory community, the gap between the missions and the structures, and that other vital ingredient, the individual and family wellbeing across the generations. Hubbis has extracted the views of Kimmis Pun, Managing Director of Family Office and senior advisor at HNW/UHNW fund management house Shenning Investments to highlight some of the more important elements of the debate.

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**KIMMIS PUN**  
Shenning Investments

**Kimmiss Pun is** a veteran private banker with several decades of experience in Asia, and is today the Managing Director of Fiduciary Asia Family office in Singapore as well as Senior Advisor of Shenning Investments, helping HNW and UHNW clients structure and plan their wealth, investment and succession. Prior to this Family Office appointment, she has held senior management positions at UBS, HSBC, Bank of America, BNP Paribas, Standard Chartered Bank, Maybank, VP Bank and EFG Bank, and has worked with clients across the Asia region.

### **A wealth of experience**

Kimmiss also plays a significant role in the financial planning and wealth planning industry. She was the ex-Board of Director of the US-based Financial Planning Standard Board & ex-President of the Financial Planning Association of Singapore. She is the current Chairman of the Wealth Planning Standard Board, that conducts research and promotes wealth structuring and planning.

Being a strong believer in philanthropy and life-long learning,

she speaks frequently at various international seminars and conventions, contributes articles to financial magazines, gives interviews to media, lectures in Singapore universities and many regional universities and conducts in-house training for leading financial institutions in the region.

### **Two hats and a 360-degree view**

She opened her comments by explaining that she has two hats now, one working for Fiduciary Asia, a cross-border tax advisor, and another working for the fund management company Shenning. "I now have the best of both worlds, both involved in the fund

management side and also in my advisory role," she quipped.

### **Drilling beneath the surface**

She told delegates that she had fairly recently conducted a survey for a thesis on succession planning and asset planning for UHNW families in Asia as part of a doctorate she was preparing for. She interviewed some 30 UHNW clients, each with at least USD30 million in liquid investments, aside from their businesses and other assets.

"A big question in the survey was at what age did they want to pass control of their businesses and wealth to the next generation, and

**"Across so many UHNW and family office clients, the patriarch or matriarch find it incredibly difficult not to have the final say; they do not let go. In light of this, I tell them to go and enjoy their lives and their leisure and pursuits outside their businesses and to truly enjoy their wealth."**





the answer came out surprisingly late at 70 to 80 years old. Some told me that at 40 to 50 years old their children were still young, but the reality is more that these founder-owners find it difficult to let go," she said.

### Let go, before it is too late

She continued: "Across so many UHNW and family office clients, the patriarch or matriarch find it incredibly difficult not to have the final say; they do not let go. In light of this, I tell them to go and enjoy their lives and their leisure and pursuits outside their businesses and to truly enjoy their wealth."

Kimmis told guests that she has her own 'tiny' family office, and had already passed some three-quarters of her wealth to that family office, which her only daughter manages. "My husband is a businessman, but my daughter does not want to take control of the business, so even small families like ours have issues. But the big question is always around control and letting go."

### Dealing with realities

Kimmis later on in the discussion offered her perspectives on

Greater China clients. She said her family comes from that region. In her experience, she finds that for quite a lot of the UHNW Chinese customers, their children have little or no interest in taking over family businesses that are older economy and that might lack the excitement and appeal of new economy businesses.

"In these cases, I like to understand the different generations and structure often in two layers, one involving the trust or maybe a PTC, a private trust company, to hold a fund with a layer of professional management," she explained. "In this way, the heirs, the children and their children, can continue to enjoy the economic benefits of those family businesses, but not need to be involved hands-on."

### To yourself be true

Kimmis extrapolated further into the dynamics of the family businesses, family wealth and future generations. "In my survey of these 30 UHNW families, we found that around 20% of them said their children do not want to inherit their businesses, indeed that nobody in the family wants to," she reported. "And that leads to another question, as to what they should do with the businesses. Some will sell, and some might go for a public listing and stay involved as figureheads only, or find other solutions."

But she said there are other families where the next or younger generations are squabbling to get their hands on the family businesses and wealth, meaning the founders need to ensure this does not become full-scale fighting.

### Fairness and transparency

"We need to talk to them about the estate equalisation in these cases," she explained. "But the big picture

story here is that families are different, each is unique and no one solution fits all. You really need to understand them and then look at dynamics and look at the family dynamics and try to push towards harmonious solutions."

Kimmis told delegates how she has a very rich Singapore client family in which the children are all fighting with each other to get a share of the inheritance, and it just plunged into the murky depths of a lawsuit.

### Take sound advice

"The earlier that professionals can get involved and appropriate structures and solutions can be devised, the greater the chance of avoiding these types of situations," she said. "Education in these matters is essential, as often these families will not know of the structures and solutions and vehicles out there that could help them or remediate older solutions. My message is certainly that seasoned professionals can significantly help these families."

### Keep doors open at all times

Kimmis then closed off her comments with some words of advice. "I always try to tell my clients to be open-hearted and to promote open communication, and also to think of their children and offspring as highly capable and deserving of responsibility," she said. "And it is vitally important to not let family members feel they are jeopardised and for unfairness to appear within these solutions. A robust and open two-way dialogue is essential to helping achieve the right outcomes and to avoid conflict today or in the future." ■