

# The Rising Importance of Wealth Solutions and Planning for Asia's HNWIs

*There is a need to plan years, even decades ahead, and incorporate flexible structures that allow adaptation to further regulatory changes, as well as the needs of the younger generations who will inherit so much of Asia's vast, and rapidly growing, private wealth. Trust, professionalism, and empathy in building out wealth planning conversations and constructing viable and compliant succession planning is essential. Which is always easy with the Asia clientele who have historically held their cards close to their chests.*

**These were the topics discussed:**

- What challenges do Asian families face in wealth and legacy planning, and how is that changing?
- Are they and their advisers ready for the inter-generational wealth transfer?
- What are the effects of regulatory change and future-focused compliance?
- Are private banks and advisers making the most of the opportunities?
- How are insurance solutions being structured and developed to fit this type of initiative?
- What other opportunities are being presented as wealth planning moves centre stage?
- How well has Singapore positioned itself to be the go-to centre for wealth planning for Asia's HNWIs and their families?

## PANEL SPEAKERS

- **Richard Nunn**, Head of Business Development, Jersey Finance
- **Sean Coughlan**, Managing Director, Trident Trust
- **Lee Wong**, Head of Family Services, Asia, Lombard Odier
- **Harry Ng**, Head of Wealth Planning Strategy & Solutions, Asia ex-Japan, Nomura
- **Woon Shiu Lee**, Managing Director & Regional Head of Wealth Planning Family Office & Insurance Solutions, DBS Private Banking
- **Cara Williams**, Senior Partner, Global Leader for Financial Intermediaries & Family Offices, Mercer
- **Lim Cho Peng**, CEO, IPG Financial Services



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## THE KEY TAKEAWAYS

### Vast opportunity awaits

Wealth management experts report a proliferation of interest amongst Asia's HNWIs and their families in the right structures and governance to transit their businesses and personal assets, to the next generation. As one panel remarked, the opportunities for the wealth management industry are indeed enormous.

### Challenges open doors

Amongst the most pressing challenges is the quest for family harmony in this process. However, this can be addressed with robust structuring, with appropriate business and family governance and open communication. As this takes place, wealth advisers have greater opportunities to build out their relationships across their client generations.

### Transparency and complexity

Transparency and complexity are both key drivers for change in the wealth planning universe in Asia. No longer can the old go-to structures such as BVIs address these many issues, more sophisticated and transparently compliant structures must be put in place. To achieve this, wealth managers involving themselves in this space needs to be rigorously professional to order to be adept and professional.

### The IFC in the spotlight

As the global regulatory noose tightens, some of the IFCs that have less worthy reputations are likely to be passed over in favour of those IFCs that place sophistication, global connectivity, and transparency at the core of their proposition.

### Tax - last but not least

All wealth planning should have tax in mind, but the final approval for structures should come from tax experts, not from the wealth management advisers themselves. Whatever structures are proposed need to be tried and tested for transparency and compliance, and also on a forward-thinking basis.

### Insurance works

Liquidity is always important, but at the time of a family's stress, such as the death of a key member, liquidity is essential to manage liabilities and keep the family afloat through a difficult period while all is resolved. There are many insurance solutions that the sophisticated wealth adviser should highlight and then work with the appropriate experts to ensure the right outcomes. The conversation is no longer about why should a client should have life insurance, it is now more about what kind of life insurance, and are those life insurance policies tax compliant.



**Think differently**

There is also a trend towards passing on wealth gradually rather than at one time, on a client's demise. If this approach is followed, it helps the younger generations learn to manage wealth rather than suddenly have huge wealth arriving at one time.

**Multi-generational engagement**

According to one guest, only 13% of the third generation of an HNWI or ultra-HNWI family actually stays with the family bank. This highlights the vital importance of wealth managers building relationships across the generations.

**Open doors...**

An expert encouraged the advisers to help engender open communication amongst family members to address complex personal, family and other issues that are often swept under the carpet.

**Advice on advice**

Wealth management professionals should work within an ecosystem of excellence, and be able to recommend external advisers such as lawyers, accountants, trustees, custodians and others to their clients, who might not know the best-in-class service providers.

**Keeping the record straight**

Families must first build records of their global assets and then ownership structures before a wealth manager can devise the best structures for them. This is often a difficult process and must then be followed up by rigorous updating.

**Beware of secrecy**

Wealth management professionals should be aware that Asian clients, in particular, are not disposed to revealing all their details to a single adviser, so building trust and openness are essential to achieving the optimal results.





CARA WILLIAMS  
Mercer

**A** LEADING LIGHT IN THE AREA OF WEALTH PLANNING gave their insights. “It is very clear that so many professionals in this room, and financial institutions and law firms, all of you, are seeing more and more clients who are preparing the next generation, they are looking for ways to transit the ownership as well as the management of their businesses and their assets to the next generation. Simply, the opportunities for us are huge.”

And as to challenges, they highlighted the difficulty of achieving family harmony. “We talk a lot about structuring in relation to assets, but there is also the governance piece that needs to be looked at to ensure that family members are aligned to their value system, this governance process to ensure they make good decisions together. But even these challenges are opportunities for us, as we build relationships as advisers to help families over very difficult hurdles.”

**Two key drivers**

Another expert added that there are two key features which make the current environment so attractive for wealth planning. “One is transparency,” she said, “and the other is complexity. In the old days, it was ‘ok, so we will just have a BVI and sweep everything under the carpet’. But with transparency and complexity, you must be more connected to regulations and local environments, in short, you have to be on all sides of knowing everything. Moreover, it must be



HARRY NG  
Nomura

done at speed and in advance, for example ahead of changes to tax laws perhaps in China, or Taiwan, or wherever. We need to be complete professionals, to know enough about what is happening onshore so that your offshore advice becomes relevant and becomes precise and accurate.”

An expert addressed the current role of the international financial centre. “If we wind the clock forward five or 10 years, we will probably reflect back on the recent few years as really pivotal years in the world of offshore, in the world of IFCs, because there is a real line in the sand that’s forming now for finance centres that can keep up, that can manage the complexity referred to, that can lead the way to transparency. In a decade, perhaps, we will have a tighter cluster of IFCs that will dominate the way.”

**Real solutions, please**

Another guest remarked that the younger generations of the HNWI families no longer want updates that they can see on the financial news channels or websites. “They want real solutions and advice, we must be prepared for different conversations when we go into any meeting nowadays, even on the wealth planning side.”

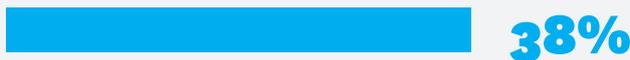
Tax advice is always the last, and vital step to any planning, said another expert, especially with so much cross-border wealth across so many jurisdictions. “There are so many cross-border complications and issues that need to be resolved before you can actually finalise a structure and get somebody to sign on the dotted line,” he remarked.



LIM CHO PENG  
IPG Financial Services

**IS THERE GROWING INTEREST IN DPM?**

Yes



No



Source: Asian Wealth Management Forum 2019 - Singapore

**Insurance solutions**

Insurance structuring is vital for the provision of liquidity. “A lot of our clients are asset rich and cash poor,” said one guest. “Liquidity cannot be ignored in a conversation, so we, for example, work closely with the key private banks in Asia. For those RMs and bankers who are not so confident in bringing this up, I think naturally you should go to your wealth planners and get them to help them with this subject, because if you are not having that conversation, someone, else some other banks will have that conversation.”

They added that the conversation is no longer about why should a client should have life insurance, it is now more about what kind of life insurance, and are those life insurance policies tax compliant. “These are real conversations these days, no more sweeping under the carpet, real questions addressing real issues for the clients and beneficiaries,” they noted.

Another guest added that the insurers should work closely with the banks and wealth management advisers. “These days there are solutions such as variable universal life insurance solutions, there are private placement life insurance solutions and others, and as we know, the world we are living in is getting ever more complex. You can no longer simply create a structure, that doesn’t cut it because you need to really balance it with other solutions like insurance solutions, maybe family governance, before the entire jigsaw puzzle is complete.”



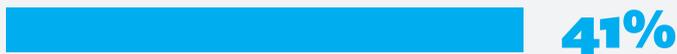
LEE WONG  
Lombard Odier



LEE WOON SHIU  
DBS Private Banking

**AS THE YEAR AHEAD APPEARS TO BE MORE CHALLENGING, WILL YOU BE MORE FOCUSED ON HNWI INSURANCE?**

Yes



No



Source: Asian Wealth Management Forum 2019 - Singapore

They added that insurance has really become more dynamic in terms of investment types. “It is no longer just about insuring yourself and the family, it now spans tax, alternative assets, and has become much more complex, so you need the support of a larger team to help guide the client through these areas. You need to be the conductor of the orchestra of experts. And you must have the wherewithal to say: ‘I don’t know everything, but I know what I don’t know and what my client needs to know’.”

**Consider the alternatives**

An expert added that new ideas have emerged as well. “Rather than passing on wealth in a lump sum,” he said, “clients think about ideas such as whole of life income plans; instead of passing over lump sums, they pass on income on the annual basis which is more manageable for some of these younger beneficiaries who may not be able to manage their wealth so well. The conversation has definitely evolved in the last 10 to 15 years.”

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Another perspective was offered by a guest who highlighted that only 13% of the third generation actually stays with the family bank. “So that shows clearly why it is so important for the private banks to engage with the second and third generations,” they commented. “those generations are typically looking for very different types of investments and solutions from the patriarch or matriarch of that family. And the third generation, for example, you might be



SEAN COUGHLAN  
Trident Trust

coming across not only online investments, but crowdsourcing, impact investing, philanthropic investments, so we need to understand what they are passionate about, what returns they seek and how much they are prepared to forgo for doing the right thing in their eyes.”

A guest encouraged the advisers to help engender open communication amongst family members to address complex personal, family and other issues.

Another panellist advised that the bankers should be able to guide clients towards the best external advisers for different disciplines, in order to help manage the complexities, for example trustees, or tax advisers and others. “We often comb through a huge spectrum of

advisers to find the right one,” she said. “That is not an easy exercise, but it is where you can add value, because clients depend on you for their connectivity, they depend on you for their resource because the clients will not have access to all these advisers. Being able to facilitate the best in class from your network of advisers across all the markets where you do business is central to giving the best advice to them.”

**Keeping the record straight**

For the families to know exactly what they own and to have complete detail on the ownership details is another vital step in effective wealth planning.

“In most first meetings,” said one expert, “I have I tell the client that, unfortunately, they have to do some homework. Before I start providing a solution, I need to know what I’m dealing with. They must have a clear view of what assets they own today, how or where they are owned, and when it comes to the investment piece, we often talk to our clients also about asset consolidation as well as a reporting. When you look at the family office space today, very often it is required because they have come to this level of complexity and this level of asset holding that they want to reorganise and to rationalise what they own and how they manage it. Often it is all over the place, so we talk to them about using technology to consider consolidating as the first step.”



RICHARD NUNN  
Jersey Finance

**Remember the Asian predilection...**

A guest added that there is a cultural disinclination in Asia to tell one person about all the assets they have, even if they happen to know what they all are. “They prefer to dribble out the information to various bankers intentionally, so it often makes it tough for any banker to try to actually holistically help them with portfolio management or wealth planning. All you can do is really continue to reiterate the importance and that trust relationship is just so critical that they believe that they can tell that one banker everything that they have so that one banker can actually provide any kind of value.” ■

