

Trust structures and trustees – the right partner for a life choice

We live in a world of ever growing transparency and complexity, Aaron Mullins, managing director of Asiaciti Trust in Singapore, told the audience at the Asian Wealth Solutions event in Singapore on November 2. Clients should be careful and studious in selecting the trust advisers and trustees to ensure that the safety net they intend to create is well managed from each of regulatory, financial and personal perspectives.

FOR THE TRUSTEE ADVISER, there can be numerous frustrations - masses of paper-pushing, delays, endless administration and in the end the trust adviser needs to keep his or her head and not bow to the demands of the client. Because structuring correctly is the mission from which the adviser must not be diverted.

No magic wand

There is no 'one size fits all' approach to selecting a trustee. Individuals and families must evaluate what is important to them and by extension, what they are looking for in their trustees, their values and their approaches. This is espe-



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cially true for those who have not yet worked with trusts and trustees. It is essential, Mullis contends, for the client to consider a variety of key issues in advance, so that a calculated decision based on facts and good judgement can be made.

Does size matter? Legally, assets held by a trustee and trust cannot form part of the trustee's balance sheet. Trustees always need to have appropriate insurance cover, for example in the case of accounting or administration errors. In Singapore the Monetary Authority of Singapore issues and oversees the rules well, and in most major jurisdictions one can rely on a similar quality regulatory environment. However, my advice is take nothing for granted.

Pricing is always an issue to consider. Mullins explains that for his firm charging is based on 3 elements - risk, work and responsibility. "I would encourage everyone to en-

sure price quotations are complete, with details of any charges that are expected upfront, so they are all clear from the outset for the life of the structure. None of us has a crystal ball to know exactly what might be coming, so generally clients need to understand how a trustee is looking to price their services."

Managing conflicts of interest

Conflicts of interest can come in many shapes and sizes, so clients should satisfy themselves that the actions of the trustees are at arms' length and that if there are any such conflicts of interest they are clear at the outset, or as and when they might arise.

Clients should assess the key strengths and weaknesses of the trustee. For example, clients should consider the trustees niches, types of clients, jurisdictions covered,

special expertise such as taxation, and so forth. Succession planning structures are important, so the stability of the advisory company and trustee is very important.

Keeping the dialogue open

Regular contact is important as well. Meeting the actual person or team that will deal with the client is crucial to ensuring a positive and professional relationship. The trustee should take responsibility for important decisions and the clients should be very comfortable with the level of expertise and advice. Trustees have a major responsibility to protect the beneficiaries of any trust from any external interference.

Structured in the right way and managed by a professional trustee, the trust can be an excellent means of protecting assets and ensuring that, later, well managed wealth transition takes place. ■



-Warren Buffett



Someone's sitting in the shade today because someone planted a tree a long time ago.