NFE11

PURPOSE AND OPTIONS FOR THE STRUCTURING OF ASSETS: I

Key Takeaways

- Look at what your objectives are for your wealth:
  - Whether they are multiple objectives for a single pool of wealth or single objectives for multiple pools of wealth
- Next, turn those objectives into practical structuring that can control the wealth in a particular way
- The first step in understanding the right approach for asset structuring using best practices is to understand what you want to do with the wealth and why
- Secondly choose a vehicle which is best suited for that purpose.
- There is a whole array of vehicles that you can choose that will allow you to achieve your objectives as cost effectively as possible
- Decide on how that vehicle is going to be administered, how decisions are going to be made, and what you're going to do in the future to make sure that you have is good advisors in the future as you doing the present
- How asset structures are run can be as important as which structures you choose
- Which jurisdiction are you going to be operating?
- Trust can be governed by strict rules contained in the trust document and influence by a letter of which is which is a non-binding letter which gives the trustee advice on certain things
- There's a lot of complexity, hence a real need for expert advice in terms of structuring, the jurisdictional choice, the administration, and the drafting of the documents, but a real opportunity to structure, protect, and transfer your wealth the way you'd like to see it managed at the present time and for as long as you want in the future.

Questions to Consider:

- How will you structure your family assets?
- Would setting up a trust be beneficial to your family?

Guidance

In this module discussing asset structuring, we will be looking at your objectives for your wealth (whether it be multiple objectives for a single pool of wealth, for single objective for multiple pools), using those objectives to create practical structuring, and how to use that structure as a risk management device that deals of external factors such as taxes, and how it can be incorporated into a generational transition,

When determining asset structuring using best practices it is important to understand what you want to do with the wealth and why. It is also important to understand what vehicle will be used to accomplish this goal.

Some examples of asset structuring vehicles are:

- A Trust
  - A Trust is an agreement between a settler, a beneficiary, and a trustee
- Foundation
- Company
- LLC
- LLP
- FLP
- FIHC
- Fund
- Insurance Policy

Once the vehicle has been chosen, it is important to determine how the vehicle is going to be administered, what decisions are going to be made, and how advisers are going to be chosen for the assets. It is important to choose the proper vehicle to manage wealth but finding the right people to oversee it is just as important.

Some examples of oversight management are:

- Trustee
- Trust Company
- PTC- Private Trust Co
- Protectors / Enforcers
  - People who make sure directors fulfill their duties properly
- Directors
- Employees
- GP / LP Fund

Once you have decided what vehicle to use and how oversight is going to be managed, the next step is to choose what jurisdiction the assets will be structured under.

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Somve examples of jurisdiction are:

- Priorities
- Quality
- Tax / dual tax
- Remote distribution
- Disclosure
- Time zone / access
- Diversification
- Cost
- Flexibility
- Fit

Trusts are one common method of asset structuring. A trust is not an entity like a corporation, it is an agreement between:

- A Settler
  - The individual who originally had the asset, and wants to give control of it on behalf of a beneficiary
- A Beneficiary
  - The person who receives the asset in the future
- A Trustee
  - The individual who takes on the responsibility of the asset

That trust can be governed by a strict set of rules placed by the initial agreement and influenced by a letter of wishes which is a non-binding document that gives the trustee advice on certain things. The trustee has to be the owner of the asset and needs to have the freedom to act as he or she thinks is appropriate for the asset, *always* acting in the best interest of the beneficiary.

Structuring the assets of a family business can be highly technical and complex, require expert implementation, but will allow you to structure, protect, and transfer your wealth effectively. Structure gives you control over the future and allows you to decide what will happen to the wealth into the future.