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THE CUSTODIAN

ESTATE PLANNING AND WEALTH SUCCESSION NEWSLETTER

PreceptsGroup launches its latest book for industry practitioners

Retail: $50

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By Lee Chiwi
Chairman, Estate Planning Practitioners Limited (EPPL)

Chairman Message

With the roll-out in May 2021 of EPPL Digital's maiden trust solution, "ProviTrust", estate planning practitioners will now be able to provide a solution for clients to deal with their CPF savings.

ProviTrust is a special online trust solution catered for inter-generational distribution of CPF savings- bringing new ways of looking after your loved ones. With other solutions to be rolled out in later phases, it is anticipated that EPPL Digital will make a breakthrough in the estate planning industry with the enabling of digital trusts. There are vast opportunities in the largely under-served segment of the market requiring non-complex and affordable trust solutions. The coming months will see a myriad of marketing activities on this front and there are plans for a Virtual Forum on the theme of CPF and Retirement Planning in the second half of 2021.

The PreceptsGroup has now also published its new guide – "PreceptsGroup Succession and Trusts in Wealth Management" (4th Edition) which is ready for purchase.

Several Precepts Estate and Succession Practitioners (ESPs) were also acknowledged for their hard work and contributions at the Precepts' Kickstart 2021 event held at Amara Hotel in January. We felt heartened to see the drive and passion which led them to help their clients put in place their estate and trust plans despite Covid-19 challenges.

As always, we look forward to your continuing support and we wish everyone well.

Back by popular demand, PreceptsGroup has now published its latest book, "PreceptsGroup Succession and Trusts in Wealth Management" (4th Edition). You will find new content addressing recent developments and trends in estate and succession planning. This edition has expanded to 27 chapters and includes new topics such as the succession of digital assets, structuring of Family Offices and the Variable Capital Company in Singapore.

"With this fourth edition, the book continues to be an excellent resource that has its place on the desk of any professional adviser who provides services in trust structuring and wealth succession planning."- Goh Kok Yeow, De Souza Lim & Goh LLP

EPPL Estate Planning Practitioners Limited

LIQUIDITY PLANNING & TRUST STRUCTURE FOR HIGH-NET-WORTH INDIVIDUALS

As high-net-worth individuals (HNWIs) transition through their wealth cycle, they inevitably face numerous challenges relating to the creation, accumulation and preservation of their family wealth.

Most HNWIs are successful business owners who either inherited the family's business or started from scratch. Reality is success does not suddenly knock on one's door, it entails dedication, commitment, perseverance and determination of the entrepreneur to walk the journey of building a meaningful and fulfilling business. Against this backdrop, it is not uncommon to see HNWIs devoting 110% of their time focused on managing their business and reinvesting their profits back into their business because their attitude is, there is no other investment that could generate a better return than their own business. However, they sometimes forget that business has attendant commercial risks which are not always easy to fathom or hedge against in the longer term.

While focusing on one's business and reinvesting into it seemed logical, many HNWIs, tend to overlook the importance of allocating time and attention as to how best they can protect their wealth and family members during vulnerable and challenging times. Tying down their liquid funds in businesses and fixed assets such as properties may create inconvenience or even chaotic situations when adverse circumstances arise unexpectedly. As a result, the problem of "Asset Rich but Cash Poor", has become an inevitable phenomenon that some HNWIs would undoubtedly encounter.

To better illustrate the above scenario and provide a suitable liquidity planning and legacy planning solution, let us take a look at the following case study:-

Mr A, a Chinese entrepreneur, has been a client of ABC Financial Advisory firm in Singapore for over 5 years. In his mid-40s, he is the founder of a power generation company in China and another company that manufactures energy savings appliances for exports to North America and Europe.

Married with two young children aged 8 and 11, Mr A's wife is a homemaker. As Mr A's two children are currently studying in Singapore, Mrs A has been accompanying them whilst Mr A visits Singapore whenever he could prior to the COVID-19 pandemic, including travelling regularly to US and Europe to visit his customers.

Other than maintaining sufficient funds to meet his banking needs, Mr A often retains an extensive portion of his earnings in his businesses to cater for future expansions. He believes both of his businesses are extremely promising and felt since he is the owner of both companies, he can easily withdraw cash from the company's account for his personal use, if required.

Mr A's financial advisor, Ms X has been servicing his account since its inception. Mr A has found Ms X responsive and responsible; hence, a good rapport has been built between them over the years. As Mr A's trusted advisor, Ms X feels that it is undesirable for Mr A to devote all his attention and financial resources to his businesses to the extent he does not realise he has to plan for long-term needs for his family. Ms X raised the subject of liquidity planning and Trust whenever the opportunity arose from time to time to raise Mr A's awareness it is imperative for him to have a structure that will provide his family with liquidity and protection. The rationale she presented to Mr A include :

1. He is the sole breadwinner of his young family. Should unexpected misfortunes happen to him, he would not be able to ensure the family's standard of living can be maintained.

2. Majority of his assets are relatively illiquid, e.g. his businesses in China, properties in China and Singapore. The asset investment portfolio with the financial advisory firm and other banks comprises an insignificant part of his total net worth.

3. Furthermore, Mr A's investment portfolios with the banks are leveraged, hence, a need to include a financial instrument with certainty in value. A life insurance policy is an appropriate asset class to add to Mr A's asset mix because the sum assured is determined at time of purchase. It allows for risk diversification and creates another asset class which has liquidity in his total portfolio.

4. Life insurance policy is an efficient way for HNWIs to create additional liquidity based on their gender, age, health and net worth.

With the disruption caused by the COVID-19 pandemic, Mr A's businesses was inevitably affected. Experiencing an unprecedented credit crunch in his businesses, he started to seriously evaluate Ms X's advice of "creating liquidity to protect his family".

Mr A agreed to Ms X's recommendation to consider exploring buying a life insurance policy to be held by Trust for smooth transition of wealth. He then proceeded for a medical check-up, arranged by Ms X. After many discussions with Ms X on the suite of life insurance products available to him, Mr A concluded that a life insurance policy with death benefit coverage of USD20 million was appropriate. This translated to an estimated distribution of USD6 million to each of Mr A's 2 children and his wife.

At the recommendation of Ms X, Mr A sets up a Trust administered by Precepts Trustee Limited (PTL), as trustees, to hold the life insurance policy with Mr A as the insured. PTL will liaise with Ms X and Mr A to fulfill the premium payment obligations for the insurance policy purchased. As the insurance policy owner, PTL will claim the insurance proceeds from the relevant insurer upon Mr A's demise. Upon receipt of the insurance proceeds and in accordance with the Letter of Wishes, PTL will distribute the proceeds to Mr A's beneficiaries including his children at a certain age or triggering event as stipulated by Mr A during his lifetime. This is an important protective measure especially if the beneficiaries are minors or lack the experience and competence to manage a large sum of money to avoid risk of depleting their inheritance within a short period of time. For Mrs A, Mr A's wish is for her to receive her share of the trust fund in a lump sum.

Creating the right wealth structure based on each HNWI's circumstances is of crucial importance. Regardless of events such as the COVID-19 pandemic, HNWIs should recognize the need to create liquidity to combat unforeseen adverse situations. For advisors focusing in this segment of the market, we highly recommend regular dialogue and review of the HNW clients' needs and recommend appropriate structures to cater for evolving circumstances.

Written by:
Esther Fung
HOD Private Clients
PreceptsGroup International

Working with Protector & Family To Protect Vulnerable Beneficiary From Financial Abuse

Tan Soo Luan, Trust Administrator,
Precepts Trustee Ltd.

What should a trust officer do when the settlor who is also the named discretionary beneficiary called to request for an ad-hoc lump sum distribution of $25,000 in addition to the monthly allowance he receives? The settlor claimed that he wanted to use the money for a Fixed Deposit placement with a bank, and he has promised the Relationship Manager to make the placement.

In normal circumstances, a trustee will accept the instruction in the above request, especially if the settlor has reserved some powers (such as revocation) under the trust. However, in this case, the settlor is in his late seventies, and the Trust officer who knows the settlor well, could sense that he was in a distressed state during their telephone conversation. In addition, the trust officer was certain that the settlor was unlikely to have the need to request for such a distribution in view of his financial situation.

The trust officer decided to further investigate the matter and called the settlor's contact persons under the Trust. The matter turned out to be more complicated than imagined and the trust officer contacted the protector and the family members for discussion.

The Protector

The protector, who played a crucial role in setting up the Trust for the settlor, re-emphasized that the Trust was set up to finance the settlor's retirement needs and the Trust fund should only be used for that purpose. However, the protector agreed to review the monthly allowance to identity any gaps.

The Trust Officer

The trust officer did her due diligence to alert the protector and the close family members on the situation while waiting for a decision to be made. In the meantime, the settlor persistently contacted the trust officer requesting for distributions of different amounts, citing different reasons each time. Suspecting the settlor may be subjected to financial abuse from specified persons, the trust officer skillfully turned down each request while maintaining a close communication with the settlor through telephone calls, emails and home visits to offer support. "I know that he is under tremendous amount of stress. I care about his emotional well-being", said the trust officer.

During one of the home visits, the trust officer reviewed the settlor's monthly expenses and determined that the monthly allowance distribution from the Trust was more than sufficient to meet his needs. From the interview with his family members, they shared that the settlor has showed signs of gradual cognitive decline and poor appetite. They observed that he was uncooperative, easily agitated, unable to recall accurate details of recent conversations and display social avoidance.

Further to that, the trust officer also reached out to a lawyer experienced in mental capacity matters for further advice. According to the lawyer, because of his deteriorating mental capacity,the settlor may be in the situation where he does not know how to draw boundaries as part of aging and deteriorating mental capacity. As a result, the settlor does not know how to say "No" to people whom he knows. The family can submit a case to the court to prohibit "specified people" to be in touch with the settlor, if required.

The Family Members

The family members were asked:

1. to identify and gather evidence of "specified persons" who may be taking advantage of the settlor, and
2. to obtain medical assessment on the settlor's mental incapacity regarding his financial decision-making ability and his mental and emotional well-being.

Upon investigations, they confirmed that the settlor had made multiple transactions to transfer his money to a few specified persons. They had clearly taken advantage of his vulnerability over a long period of time before he had to turn to the Trustee to request for additional funds.

According to the clinical Neuropsychologist, the settlor reflected significant memory impairment, inflexibility in mental processing and reduced thinking agility. The clinical and cognitive evidence suggests that the settlor lacks decision-making capacity in managing complex financial transactions and may be vulnerable to financial abuse or cognitive errors of judgement and reasoning of complex financial transactions. The clinical Neuropsychologist further concluded that the client would benefit from supported financial decision-making by his appointed donees.

Conclusion

Having assessed the situations, the Trustee had to decline further distribution to the settlor but continued to work closely with the settlor, the protector and the family members to ensure the well-being of the settlor.

It is true that one cannot go back and change the beginning, but one can start where he is and change the ending. Currently, the settlor is living with a close family member and is shielded from unwanted interactions with people who may be taking further advantage of him.

The Trustee team is very proud of the trust officer who has managed to work closely with protector and the family members to protect the settlor, not just financially, but mentally and emotionally. A huge kudos to our trust officer for her professionalism and the great work done!

MAKING ESTATE PLANNING PART OF YOUR FINANCIAL GOALS FOR 2021

By Irene Yee,
Senior Estate and Succession Practitioner

As a wealth manager who has helped clients and their families manage and plan their personal and family finances, I would highlight estate or legacy planning in addition to retirement planning as two areas for setting your financial life goals.

Estate planning

Plan for incapacity. While many focus on their young and elderly dependents when they think of estate planning, I would suggest that incapacity planning for oneself should take a higher priority. Mental incapacity planning involves setting up arrangements or structures such as trusts to prepare for any unfortunate event of mental incapacitation. When dementia or Alzheimer's strikes, your pre-designated decision makers will kick in and take over the management of your finances.

This type of planning involves drawing up a Lasting Power of Attorney (LPA) while you are still healthy. You may also appoint a corporate trustee as your professional LPA done to ensure the proper usage of funds for your living needs when you are mentally and physically incapacitated.

When you have a trust that is triggered only in the event of your incapacity, your trustee can access your financial resources for your benefit. Think of it this way: If you have to be in intensive care or a long-term care facility, who will pay for your bills and manage your assets? When you fund your Trust, the trustee can do that. Without a trustee, your family would have to turn to the courts to appoint a professional to oversee your assets. This is a lengthy process and could cost you more than $5,000. For many business owners and investors, delays or an inability to enter into legal contracts may disrupt your business or investments.

Providing for dependents when you are no longer around

Another important area of estate planning is leaving at least enough for your loved ones when you pass on. To do so, estimate the amount each dependent would need in his or her lifetime. Ensure that your estate — which is made up of the assets you leave behind — is sufficient to provide for each dependent. Include non-day-to-day expenses such as educational expenses for your young dependents and potentially large medical bills for all of your dependents. Remember to cater for caregiving expenses and ageing-related expenditure for your older dependents, such as home-nursing or nursing-home costs.

If you have family members with special needs, you should also supplement your SNTC Trust (which you may have had set up with the Special Needs Trust Company) with a suitable private Trust.

I have found that insurance solutions are probably one of the most cost-effective ways to provide the estate amount that your dependents would need to carry on with their lives with as little lifestyle disruption as possible. Life insurance creates an immediate estate when you, as the insured, passes on. Depending on the type of insurance and coverage structure, this can result in a deceased's estate valuing a few times more than his net worth while he is alive.

Write a Will or set up a Testamentary or living Trust

Suppose you have not written a Will or have written one without including at least a substitute executor and a substitute group of beneficiaries. It is time then, to write your Will or rewrite one that includes these substitutes. An estate with a valid Will but without an executor is deemed as a "Letters of Administration" case. The court would need to select an administrator to handle your estate. This process delays estate distribution and involves legal fees that easily amount to a few thousand dollars.

If you have young or elderly dependents, staggered rather than lump sum distributions of inheritance is advisable. Use testamentary trusts or living trusts, depending on the circumstances. Discuss the suitability of these in your estate plan with a qualified financial advisor who has practical and professional experience with both wills and trusts.

Doing this would safeguard your young vulnerable dependents from financial predators and investment scams, or their own reckless spending. Instalment distributions can help them avoid spending the whole sum immediately and as a result develop irresponsible money habits during their less-mature life phase.

A special note to business owners: Put in place a succession plan and structure for your business to carry on without you. Alternatively, prepare arrangements for you to exit your business in the event of your disability or passing. Involve experienced qualified professionals such as financial advisors who specialize in estate planning and Trusts in the process.

Many well-known business families fail to do so and pay the price. These include Singapore's one-time iconic Teochew restaurant Swatow and Hong Kong's famous roast goose specialist Yung Kee Restaurant. These families have seen their family wealth decimate either by distressed sale of business assets or by bitter feuds among family members.

With these strategies as part of your financial goal setting, you will brace the year with a greater peace of mind.

Irene Yee
Senior Estate and Succession Practitioner
Certified Financial Planner, MBus
Affiliate of Society of Trust and Estate Practitioners (STEP)

Irene Yee is an award-winning estate planning financial advisor with more than 20 years of practical experience in financial advisory, including banking. As an Affiliate of Society of Trust and Estate Practitioners (STEP), her integrated solutions in estate planning for clients include the use of Wills, Trusts and the Lasting Power of Attorney (LPA) and funding solutions such as insurances. Irene's forum letter to the Straits Times in 2006 contributed to the legislation of the Lasting Power of Attorney (LPA) through the Mental Capacity Act in 2008; the letter highlighted Singapore's need for the LPA in our ageing society before the LPA existed here. She is a Certified Financial Planner who has also published articles in retirement planning, including "The Mental Capacity Act, You and Your Retirement Planning" in the FPAS* Journal (December 2019). Other wealth advisory articles she had written were also published in "Her World", "Simply Her", "Young Parents", "Today's Parents" and "ExpatLiving Singapore".

CREATING THE BIG BANG IN TRUSTS

ProviTrust

EPPL Digital

Ooi Sen Tee
Relationship Manager
Precepts Trustee Ltd (PTL)/
Estate Planning Practitioners Limited (EPPL)

Traditionally, the trust is perceived as the sole province of wealthy people and perceived as costly and complex. This is not always the case as the trust is a good tool for any individual and can be utilised in other situations as illustrated in this article.

EPPL (Estate Planning Practitioners Limited), part of the PreceptsGroup, is making a breakthrough in the estate planning industry, by enabling digital trusts. Its new business unit, EPPL Digital is formed to spearhead digitised estate planning and trust services using state-of-the-art technology. This opens vast opportunities in the largely under-served segment of the market looking at non-complex trust solutions. This platform will enable anyone wanting to create a trust conveniently and at low costs through an entirely digitised process, where he appoints his preferred trustee to perform the role.

The present unprecedented pandemic has significantly impacted many aspects in our lives. With this new platform, financial practitioners can look forward to provide even more estate planning solutions for their existing clients.

The first of these solutions by EPPL Digital will be launched in May 2021, namely the ProviTrust. It is a revocable trust designed for the purpose of receiving one's Central Provident Fund (CPF) savings upon his demise, for the purpose of planning the distributions to his beneficiaries. It can be a fixed or discretionary trust and the CPF account holder (settlor) can either appoint an individual trustee or a professional trustee to hold the CPF savings for the benefit of the beneficiaries. It is easy and affordable to set up. Via the digital platform, the trust deed and letter of wishes will be stored digitally for easy retrieval.

With a growing emphasis in retirement planning in Singapore, the CPF Board is multiplying its efforts in educating and creating awareness on the importance of CPF accumulations to enhance retirement funds. An individual can accumulate substantial amounts in his CPF account during his working life. While the minimum Basic Retirement Sum stands at $93,000 in 2021, it is likely that many account holders will have accumulated much more savings than that by the time he is 65.

As CPF funds are not covered by a Will, it is crucial for anyone with a CPF account to make his CPF nomination to ensure that his CPF savings will go to the intended nominees. ProviTrust gives all CPF account holders the option of nominating their CPF savings into a Trust, by the appointment of his trustee to hold the CPF funds that is paid out on demise. The trustee is empowered to distribute the moneys periodically, whether monthly, quarterly, half-yearly or yearly as the settlor thinks desirable.

To highlight some of the benefits of ProviTrust:

1. Main and Substitute group of beneficiaries

You may prioritize your beneficiaries in a main group and have an option to add in a substitute group. If the main group of beneficiaries pass on before you, your funds will be distributed to the substitute group. The substitute group can also include a charity for a good cause, if all the main group of beneficiaries do not survive you.

2. Protect against beneficiary's creditors

ProviTrust can ensure the continual protection of your CPF funds for your loved ones upon your demise. In the unfortunate event where any of your beneficiaries is bankrupt or is faced with potential creditor claims, further distributions to them can be withheld and will not be subject to claims from the Official Assignee when a discretionary trust is set up. The trustee can have the discretion to give an amount periodically, for the living maintenance needs of the bankrupt beneficiary.

3. Protecting minor beneficiaries

For minor beneficiaries, ProviTrust can provide for their basic needs, living maintenance, education, and medical costs. The trustee can hold the funds and distribute them according to your instructions in a manner that is suitable for the circumstances of the young beneficiary. This is better off compared to young beneficiaries receiving significant lump sums which may result in them being distracted in their studies or their potential squandering and misuse of the funds. ProviTrust can be a viable solution, to mitigate this risk by setting a later vesting age to receive the funds.

4. Protecting mentally incapacitated or aged beneficiaries

Leaving lump sums of your accumulated savings to beneficiaries who may be in old age or even mentally incapacitated, will surely be detrimental. Such elderly beneficiaries may lose the capability to manage their own finances and fall prey to scammers who could rip away their retirement funds, including the funds that you give from your CPF savings. With the ProviTrust, you can provide for your elderly beneficiaries' basic needs, by having a trustee hold the funds for their benefit.

There are many other benefits to set up the ProviTrust. More information can be found at digital.epplasia.com.

These are the simple steps to set up the ProviTrust:

Steps to Set Up Your ProviTrust

STEP 01
Identify your Beneficiaries & collect their personal particulars

STEP 02
Identify your Trustee Collect your Trustee's personal particulars if you choose to appoint an individual trustee

STEP 03
Decide on the distribution Decide on the %, frequency of distribution and vesting age for beneficiaries

STEP 04
Prepare your SINGPASS credentials & log in to the ProviTrust Portal

STEP 05
Follow the steps in the portal to record your distribution intentions

STEP 06
Make payment and submit the application

STEP 07
Inform your appointed individual trustee (If applicable). Precepts Trustee (PTL) will take a week to process the application

STEP 08
Once PTL approves the application, an email notification will be sent to you and your Trustee to sign the Trust Deed within 5 business days.

STEP 09
After signing, the Trust Deed and Letter of Wishes (if any) will be made available in ProviTrust Portal

STEP 10
Follow the instructions in the email sent to you after signing the Trust Deed and make your CPF Nomination to your Trustee

NB: EPPL Digital is an introducer of PTL. As a licensed trust company, PTL is licensed to set up trusts for clients introduced to it. This is not a CPF Board initiative.

A COMPLETE GUIDE TO INCORPORATING A COMPANY IN SINGAPORE

By Pardeep Singh,
Head of Department Precepts Corporate Services Pte Ltd

Ranked in the world as the second-best nation in the world to do business, Singapore is a land of lucrative opportunities for investment. Let Precepts Corporate Services guide you, step by step, on how to incorporate your own business in Singapore.

Who Can Incorporate a Company in Singapore?

Provided you meet the required criteria, anyone can register a company in Singapore with relative ease. If you are a foreign investor, you will need to use a registered Singapore company incorporation, such as Precepts Corporate services to comply with the Singapore Accounting and Corporate Regulatory Authority (ACRA).

Incorporating a Company in Singapore as a Foreign Individual

A Foreign Individual requires a local Singapore resident as a director to comply with ACRA. However, after you have incorporated your business in Singapore, you can own 100% of the company shares, while being a foreign director.

In order to proceed, the due diligence documents required will be:

- Copy of your passport
- Residential proof of overseas address
- Business profile

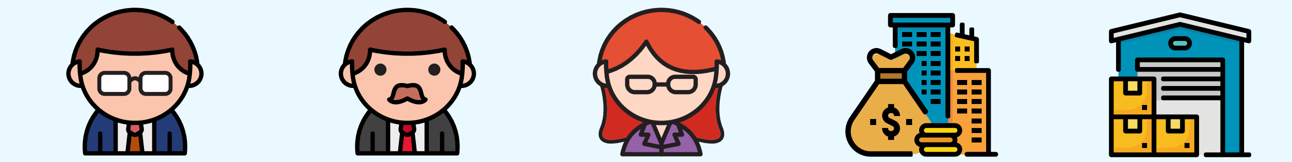
Incorporating in Singapore as an Existing Foreign Corporation

A foreign company may also incorporate a company as a subsidiary, representative office, or bank office. The documents required to incorporate the company would be:

- Copy of Certificate of Incorporation of the Parent company
- Extract from Registrar of Company or Register of Members and Directors
- Memorandum and Articles of Association/ Constitution/By-Laws

What are the Requirements for Incorporating a Company in Singapore?

Minimum Setup Requirements



INDIVIDUAL/CORPORATE SHAREHOLDER | RESIDENT DIRECTOR | COMPANY SECRETARY | $1 PAID-UP CAPITAL | LOCAL REGISTERED ADDRESS

- At Least one Shareholder (Can be individual or corporation)
- At least 1 Resident/ Local Director
- At least 1 Company Secretary
- Initial paid-up share capital of at least S$1
- A physical Singapore registered office address

What are the steps for Registering a Singapore Company?

There are only 3 simple steps required to register your business in Singapore:

COMPANY NAME APPROVAL | REGISTRATION DOCUMENTS | COMPANY REGISTRATION WITH ACRA

What to Do After Your Company Has Been Registered in Singapore

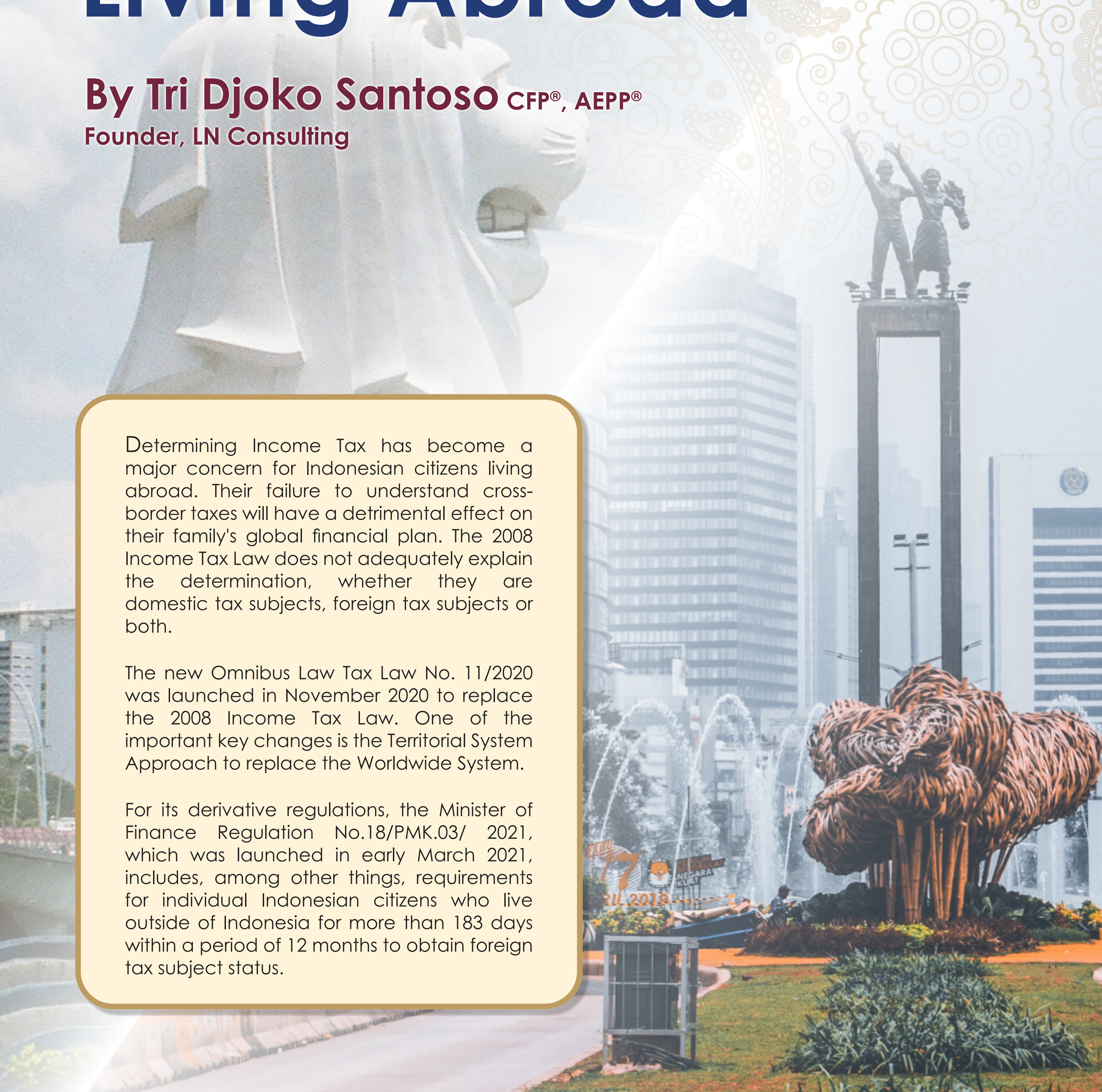
If you have done everything correctly, you will be allowed to do business officially in Singapore straight away. There are however a few extra things you will want to do in the following days and weeks:

- Apply for any business licences you might need, e.g. medicine, law, etc.
- Open a corporate bank account.
- Register for Singapore Goods and Services Tax (GST).
- Register with Singapore Customs if you are an importer or exporter
- Put your ACRA registration number on all letterheads, invoices and other official collateral.
- Apply for any Singapore work visas needed by you or your foreign team members.
- Make sure you stay in compliance with ACRA.

At Precepts Corporate Services, we can assist you in all the above, whether it be introducing you to a few bank managers, or taking care of your tax compliance. We have given you as much information as possible in this article. If you have any questions about incorporating your company in Singapore, contact us at +65 6221 8633 or corpsec@preceptsgroup.com.

Tax Updates For Indonesian Citizens Living Abroad

By Tri Djoko Santoso CFP®, AEPP®
Founder, LN Consulting



Determining Income Tax has become a major concern for Indonesian citizens living abroad. Their failure to understand cross-border taxes will have a detrimental effect on their family's global financial plan. The 2008 Income Tax Law does not adequately explain the determination, whether they are domestic tax subjects, foreign tax subjects or both.

The new Omnibus Law Tax Law No. 11/2020 was launched in November 2020 to replace the 2008 Income Tax Law. One of the important key changes is the Territorial System Approach to replace the Worldwide System.

For its derivative regulations, the Minister of Finance Regulation No.18/PMK.03/ 2021, which was launched in early March 2021, includes, among other things, requirements for individual Indonesian citizens who live outside of Indonesia for more than 183 days within a period of 12 months to obtain foreign tax subject status.

For this purpose, they are required to get a "Certificate of Indonesian Citizens Who Meet the Requirements to Become Foreign Tax Subjects" issued by the Head of the Indonesian Tax Office.

The main requirement for processing the certificate is that the Indonesian citizen has been domiciled outside of Indonesia for more than 183 days within a period of 12 months and fulfills the following requirements:

1. Residing permanently in a place outside of Indonesia that is not a transit domicile.

2. Has a main activity center that shows personal, economic, and/ or social ties outside of Indonesia, which can be proven by husband/ wife/ child domiciled outside the jurisdiction of Indonesia, source of income from outside of Indonesia and is a member of religious, educational, social and/ or social organizations recognized by its government.

3. Having a place to carry out daily habits or activities outside of Indonesia.

Requirements 1 to 3 are examined in stages. In the event that the Indonesian citizen meets the requirement for residence outside of Indonesia and no longer resides in Indonesia, it is not necessary to continue the fulfillment of the requirements in point 2 and 3. If the Indonesian citizen meets the requirements of residence outside of Indonesia and at the same time also resides in Indonesia, then proceed to the requirement in point 2.

If the Indonesian citizen meets the main activity center requirements outside of Indonesia and there is no main activity center in Indonesia, then there is no need to proceed to the requirement in point 3.

Other 2 requirements that must be met:

4. The Indonesian citizens are tax subjects from other countries or jurisdictions proven by permanent resident documents such as Certificate of Domicile.

5. The Indonesia citizens have completed taxation obligations on all income received or earned while the Indonesian Citizen is a domestic tax subject.

Indonesian citizens holding a "Certificate of Indonesian Citizens Who Meets the Requirements to Become Foreign Tax Subjects" do not receive or accrue income originating from Indonesia, are not subject to Indonesian income tax anymore. If they receive or accrue any income originating from Indonesia, that income is subject to income tax in accordance with the provisions of Indonesian regulations applicable to foreign tax subjects.

For more detail information, please contact your Tax Advisor.

Tri Djoko Santoso CFP®, AEPP® is the founder of LN Consulting, which is a partner of EPPL Asia Singapore administering the AEPP® training program in Indonesia and PT Jagauang Amanah Indonesia, a PreceptsGroup Estate and Succession Practitioner.

ESTATE & SUCCESSION PRACTITIONER (ESP)

SHARING

Roger Lim
AEPP®, CFP®, IBF Advanced (Level 2)
Executive Club Honors (3 years); Executive Club Member 2021

For this issue, we invited Mr Roger Lim (RL), one of PreceptsGroup top producing Estate & Succession Practitioners (ESPs) to share with us his thoughts about his Estate Planning practice. He had recently concluded a Zoom sharing with our ESPs which garnered keen interests from ESPs. We seized this opportunity to catch up with Roger to share more insights on his practice.

1 When did you become a PreceptsGroup ESP?

RL: I joined in 2016 and since then have enjoyed my growth in my knowledge and skills in estate planning.

2 What prompted you to consider a career and business as a PreceptsGroup ESP? Why did you choose to work towards specialising in Estate Planning?

RL: I have been a financial planning practitioner since 2006. In the past, I felt that my financial planning advice to my clients were not complete because I stopped short at helping them to plan for their estate distribution. This spurred me to find out more about estate planning and I am glad to offer this service as part of my practice.

3 What have you done so far towards becoming a specialist in Estate Planning? What difference had PreceptsGroup provided in your journey?

RL: I advocate and practise foundational financial planning, which is a set of financial management principles every person should acquire and use to achieve financial security in one's life.

During my CFP® course which I pursued, I learnt that estate planning is an integral part of a person's financial plan. I am happy to work and associate with PreceptsGroup to help me put estate planning into practice. The key difference in my role as an ESP is where I am engaged in the planning and advisory process, rather than being a passive referral. PreceptsGroup is a well established organisation and is able to provide the full-fledged estate planning solutions which are vital to meet my clients' different estate planning needs.

4 What are some of your core beliefs for Estate Planning? What are some of your fundamentals for Estate Planning?

RL: My core belief about financial planning is to always work out a Plan B for my clients, so that they remain in control when their Plan A fails. With proper estate planning, the family members will be able to manage the monies from the estate more effectively so that monies can last longer and provide meaningful lives. It also allows my clients to pass on values, other than just monies to their loved ones.

5 What do you think consumers should look out for when they are doing their estate planning to distribute their wealth?

RL: Consumers should always look for a certified estate planner when arranging their estate planning. The planner must be able to demonstrate his/ her competency in understanding the client's situation and formulating the plans to ensure the distribution is able to meet the requirements. Estate planning is not about drafting a legal document. The first step is to plan carefully on the distribution. Most consumers are not aware of the various options they have and solely focus on getting a legal document drafted as simply as possible.

6 What are the challenges faced by clients when they are structuring their estate plans with you?

RL: The greatest challenge is that clients always feel that adversities like sudden death or falling into a coma is not going to happen to them now. Most elderly clients also do not like to mention about death. As I have been a financial planning practitioner for many years, my clients have a certain level of rapport with me which makes it easier for me to perform my duty to help them start the process. For some, they need to overcome their inner thoughts and misconceptions that early planning correlates to early death.

7 What are some strategies you use to help them overcome these challenges?

RL: Having been a financial planning practitioner coupled with my years of experience as an estate planner, I have personally witnessed and handled or heard stories relating to many different cases. I will share these experiences with my clients relevant to their situations.

8 How long do your clients usually take to complete a family wealth succession?

RL: It depends on the complexity and the willingness of the client to discuss the matter. Usually, we can conclude the instructions in 2 appointments.

9 What do you enjoy most with the estate planning business?

RL: I am happy that I am able to practise estate planning under the guidance and framework of PreceptsGroup. It gives me satisfaction that I have empowered my clients to deal with a matter which they know is important but have procrastinated due to a lack of understanding of the subject.

10 Do you have any memorable parts of the business to share with us?

RL: One memorable incident is when a client referred his father to do his estate planning with me. He only understands Hokkien and requires a hearing aid due to old age. He talked to me for a long time to make sure I could understand his Hokkien before we started discussing his estate planning matters. What amused me was that I had to raise my voice throughout the session to ensure he could hear me well.

11 What do your colleagues and/or family members think about you being an ESP?

RL: I have a young family and greatly value my family time. Prior to Covid-19, we travelled frequently together. Being involved in this business, my family knows that I want to ensure they will have a structured way of using the monies I will leave for them and to plan for various scenarios that could happen.

My colleagues within my advisory group have always referred their clients to me for estate planning as some of them do not practise estate planning. Through this collaboration, it helps my fellow colleagues to formulate other financial plans into their clients' estate plan and it is a win-win for the group.

KICKSTART 2021

PreceptsGroup International held their annual Kickstart event for their Estate & Succession Practitioners (ESPs) and esteemed partners at Amara Hotel on 26th January 2021. This year, they hosted a luncheon for 50 guests due to the prevailing safe distancing measures. During the event, Mr. Lee Chiwi, CEO of PreceptsGroup and Chairman of Estate Planning Practitioners Limited (EPPL), gave an opening speech.

Mr Lee reflected on the rebranding and transition of PreceptsGroup in the challenging year of 2020. He expressed gratitude to the ESPs with the astounding performance in 2020. He announced some exciting plans, including the upcoming launch of a new product, ProviTrust which is an initiative under EPPL.

At the event, there was also a partnership onboarding ceremony with various partners such as Financial Alliance and Great Eastern Life. The highlight of the day was the award ceremony for the ESPs. As they rounded off 2020, they congratulated their top ESPs who continuously strived to reach out to more clients to do their Estate Planning!

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