

THE CUSTODIAN

ESTATE PLANNING AND WEALTH SUCCESSION NEWSLETTER



Case Commentary

No absolute right of survivorship for jointly-owned bank accounts

Be aware of unintended outcomes that may result from the disposition of assets that a testator co-owns with other people upon his death, writes Lee Chiwi, Chairman of Estate Planning Practitioners Limited (EPPL), AEPP®.

“Say not you know another entirely, till you have divided an inheritance with him. The words of the late Johann Kaspar Lavater, uttered more than two centuries ago, were as sombre as they were prescient. This court has witnessed, on occasions aplenty, the unfortunate legal wars waged between the living over the property of the dead.” Opening words of Chan Seng Onn J in his judgement in **Lim Choo Hin (as the sole executrix of the estate of Lim Guan Heong, deceased) v Lim Sai Ing Peggy** [2021] SGHC 52



Source: *The Straits Times*

Article: [Doctor's widow and eldest daughter lose court tussle over \\$4m he had willed to all 4 children](#)

NOV 1, 2023

The joint tenancy, as a form of holding, appears to be a relatively straightforward process and many related parties, e.g. parent and child – choose this as a form of holding for assets like bank accounts, with the intention that when one of the joint tenants dies, the other takes the whole of that asset as the surviving joint tenant. However, as case law shows, sometimes this is challenged as highlighted in a recent case in Singapore where sums of money in bank accounts totalling some S\$4 million were in contention – another instance where the living fight over the property of the dead!

Case background

In **Khoo Phaik Eng Katherine and another v Khoo Phaik Ean Patricia and another** [2023] SGHC 314, the plaintiffs (the youngest and second daughter of the deceased) claimed against the defendants (the eldest daughter and spouse of the deceased) for a declaration that, upon the demise of the late Dr Khoo Boo Kwee on 21 January 2021, the defendants hold the entire balance of the moneys in two joint accounts totalling approximately S\$4 million on resulting trust for Dr Khoo's estate.





In his Will dated 10 August 2012, Dr Khoo provided that, upon his death, the moneys in the accounts would be distributed equally among his four children. However, upon Dr Khoo's death, an intractable dispute arose as to whether ownership of the moneys in the two joint accounts passed to the defendants by operation of the right of survivorship.

In October 2019, Dr Khoo was diagnosed with liver cancer. Soon after, he added the defendants (his spouse and eldest daughter) as co-account holders under which each joint account holder could operate the account independently of each other. Some 11 days later, Dr Khoo amended his Will through a Codicil but it did not materially change the nature of the disposition of the moneys in the joint accounts.

The defendants' case relied heavily on Dr Khoo's conversion of the joint accounts in November 2019 - therefore he did not intend for the moneys in the joint accounts to be distributed to his four children in equal shares as instructed in his Will. Upon Dr Khoo's demise, by operation of the right of survivorship, it was presumed that Patricia and her mother, Evelyn, jointly held the entire balance of the moneys in the joint accounts as legal and beneficial owners.

After considering the totality of the evidence, the Court held the view that the conversion of the joint accounts was, by itself, a neutral factor. In ascertaining the state of the mind of the deceased, they took into cognizance that he had signed a Codicil to the Will just 11 days after the conversion of the joint accounts, which made it plain that he continued to treat the moneys in the joint accounts as his moneys to be bequeathed under the Will and Codicil.

Hence, the Court found that Dr Khoo intended to retain all beneficial interest in the joint accounts at the material time. The adding of the defendants to the joint accounts

was also consistent with Dr Khoo's intention for the defendants to assist Dr Khoo in the administration of his medical expenses from the joint accounts.

Court's findings

The Court held that on the balance of probabilities, Dr Khoo intended to retain all beneficial interest in the joint accounts for himself at the material time and, upon his death, for the moneys in the joint accounts to be distributed in accordance with the terms of his Will and Codicil. The defendants therefore held the moneys in the joint accounts on resulting trust in favour of the Dr Khoo's estate.

It was also observed by the Court that where the bank's terms and conditions provide for the right of survivorship, the survivorship clause must be interpreted by giving it its plain meaning. Case authority has, however, established that a survivorship clause without more is a contractual arrangement between the bank and the joint account holders as to how to deal with the moneys in a joint account and, therefore, not conclusive evidence of the parties' intention as to ownership of the moneys in the joint account.

Our comments

Readers should be aware of the unintended consequences that may result with the disposition of assets that a testator co-owns with other people upon his death. The rule of survivorship ordinarily operates and a testator should not take chances in presuming that the asset will be shared and divided with those that survived him but were not co-owners. In making such plans, it will be highly relevant for his intentions to be documented and all relevant parties informed and with their acknowledgement of these matters to avoid future disputes when the time comes.

Chairman's Message



By Lee Chiwi
Chairman
Estate Planning Practitioners Limited (EPPL)
AEPP®

In this issue of The Custodian, we delve into a range of issues related to estate planning in Singapore, Malaysia, and the UK. One of the highlights during the quarter was EPPL's 4th session of the Estate Planning & Wealth Succession Asia Forum Professional Mini-Series 2023 on 24 October 2023, which explored crucial aspects of estate planning for UK properties.

Some of the key issues highlighted during the forum were a shift in inheritance tax dynamics in the UK. Gladys Yow, founder of a UK-based accountancy firm, emphasised the importance of drafting Wills for UK assets and reassured investors that with thoughtful planning, inheritance tax need not be feared.

In Singapore, we present a recent legal case that showed that there is no absolute right of survivorship for jointly-owned bank accounts. In the end, the court decided that the deceased intended to retain all beneficial interest in the joint accounts for himself at the material time.

Elsewhere, we also looked at the implementation of a capital gains tax (CGT) in Malaysia, effective 1 January 2024. The CGT will be imposed on the disposal of unlisted shares by companies, limited liability partnerships, co-operatives and trust bodies. At present, individual taxpayers will continue to be exempt from CGT on both Malaysian and foreign assets.

We hope you gain some new insights to help in your estate planning business from this edition of The Custodian. We wish you all the best for 2024.

A SECURE COMMUNICATION PLATFORM BUILT FOR PROFESSIONAL EXCHANGES

EPPL
Digital

peony

Have you considered the security of your communication platforms in safeguarding data privacy?

With the progression of technology, ensuring data privacy and positive user-friendly experience is a top priority for every business and professionals.

We have been developing an app to serve as a platform to facilitate:



**Built-in
Secure Messaging**



**Document
Management**



Audit Trails



Broadcast



Peony is in the final stages of launching the app in 2024 and will be available in Apple App Store & Google Play Store.

Stay tuned!



Benefits of appointing a trustee

The use of trust arrangements in employee share schemes



Yang Eu Jin

Partner and Co-Head

RHTLaw Asia's Corporate & Capital Markets Practice

Head of the Education Industry Group

Yang Eu Jin of RHTLaw Asia LLP explains why the appointment of a trustee to assist in employee share schemes may be a good option for companies.

Employee share schemes are a flexible way for companies to provide incentives to their employees. Such schemes have been in use since at least the 1980s as a method of motivating and rewarding employees without having to provide direct cash compensation. Due to their functionality and effectiveness, they have over the years become an increasingly popular incentive mechanism.

The typical mechanics of an employee share scheme involves a broad set of governing rules, within which the details of the plan are established, and specific targets set for the company and its employees, in order to manage the distribution of share options or share awards to individual employees. Increasingly, we have noticed a trend for companies to appoint third parties, such as trustees, to assist in the administration of employee schemes.

Although the appointment of trustees to manage and administer employee shares schemes is not a new idea and it is already widely practiced in jurisdictions such as the U.S., this practice has been starting to gain traction in Asia in recent years.

There are several benefits to appointing a trustee to aid in the administration of employee share schemes:

- **Impartiality of administration:** When a trustee is appointed, a perception is immediately created that there is an independent party to look after the interests of the employees and that there will be impartiality in the administration of a scheme. If the trustee also takes on the responsibility of administering the scheme itself, that will further ease the burden on the part of the company to carry out administrative tasks such as checking the fulfilment of conditions stated in the scheme, record-keeping for the distribution of the options or shares to individual employees, and/or the distribution of dividends to such employees.
- **Ability to cater to employees on different schemes:** By having a third-party trustee hold the shares and administer schemes, it could also make it easier for large organisations with more complex organisational structures to simultaneously operate different schemes to cater to different classes of employees.
- **Allowing more shareholders to participate:** A trustee administered scheme is often paired with the use of a special purpose vehicle (SPV) to "house" the shares attributable to employees participating in the scheme. In this case, the trustee will hold the shares of the SPV (rather than directly in the shares of the company) on trust for the beneficiaries who are employees. In jurisdictions where there is a limit on the number of shareholders that a private company can have without a legislative exception for employee-shareholders, utilising such an SPV could allow the company to include more employees as participants in the scheme as the SPV would only count as a single shareholder.

As companies continue to expand and diversify their talent pools, having the right remuneration and incentive packages becomes increasingly vital but, at the same time, they have also become more difficult to administer. Appointing an impartial trustee to assist in the administration of employee share schemes may be a sensible option for such companies participating in the current war for talent.

UK Tax and Structures for Property Wealth Succession



Colm Walpole
Managing Partner
Walpole and Partners

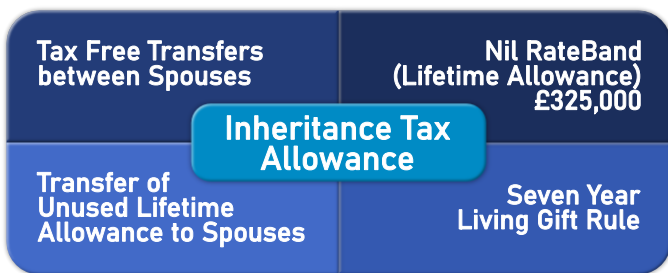
Gladys Yow
Founder
Business Accounting
and Taxation (Bath)

Amy Tan
Managing Director
Accede Group of Companies

EPPL's 4th session of the Estate Planning & Wealth Succession Asia Forum Professional Mini-Series 2023 on 24 October explored crucial aspects of estate planning for UK properties. The panel included Colm Walpole, managing partner at Walpole and Partners, offering insights into UK property markets; Gladys Yow, founder of a UK-based accountancy firm, addressing tax issues for non-resident UK property investors; and Amy Tan, founder and managing director of Accede Group of Companies, who hosted the event.

Here are some of the key issues highlighted during the forum:

- 1. Shift in inheritance tax dynamics** - Traditionally, investors sought refuge from UK inheritance tax by housing properties within non-UK companies which is why investors set up British Virgin Islands or Singapore companies. However, a significant change occurred in April 2019 when the transfer of shares became a deemed disposal, bringing it under the purview of inheritance tax. This change applies to both UK and non-UK residents.
- 2. Inheritance tax Lifetime allowance** - Every individual, regardless of residency, is entitled to a Nil Rate Band, also known as lifetime allowance (for inheritance tax), presently (as of the session) at £325,000. Transfers between spouses upon demise are tax-free, allowing couples a combined tax-free allowance of £650,000. The unused allowance of the deceased spouse can be transferred. The "seven years prior to death" rule allows tax-free asset transfers if done within this time frame. Merely having a Will dated seven years before is insufficient - a physical transfer, often through a trust deed, is crucial for effective tax planning.



- 3. Joint ownership considerations** - In joint ownership, if the joint owner is not a spouse, inheritance tax may apply. It is essential to recognise that the first death is not necessarily tax-free, emphasising the importance of having a Will for UK assets, including joint bank accounts.
- 4. Properties held as company assets** - Shares in non-UK companies holding UK properties are now subject to inheritance tax, even if the company has diverse assets. For instance, a Singapore trading company holding properties in the UK may or may not incur inheritance tax based on the nature of its asset portfolio.

Case Studies - Practical applications

Gladys Yow illustrated these principles through case studies. In one scenario, a husband's death left a property to the wife, resulting in no inheritance tax. The wife, inheriting her husband's lifetime allowance, could pass on the property to their children tax-free when she eventually passed away. Another example highlighted the strategic estate planning of David Cameron's parents, showcasing how assets could be distributed without incurring inheritance tax with proper foresight and planning (please see BBC Article on the assets of David Cameron's father: <https://www.bbc.com/news/uk-politics-36007718>).

Gladys emphasised the importance of drafting Wills for UK assets, including joint bank accounts, and retaining mortgages on buy-to-let properties to counter inheritance tax. She reassured investors that with thoughtful planning, inheritance tax need not be feared.

Conclusion of the forum

In sum, the session provided valuable insights into the nuanced landscape of inheritance tax concerning UK properties. Investors were encouraged to stay informed, draft comprehensive wills, and consider various factors in their estate planning. Gladys Yow's practical insights served as a roadmap for navigating the complexities of UK property wealth succession.

The session's coverage extended beyond inheritance tax, including discussions on stamp duty, income tax, and capital gains tax. You can watch the full presentation here: <https://bit.ly/epf23s4uktaxvideo>. For more information, you can reach Gladys through <https://gladysyow.com/>.

Disclaimer: Note that the Mini-Series is structured for professional advisors' educational needs and is not meant to provide legal or tax advice. Consumers are advised to seek independent professional advice. The views expressed by speakers are their own and do not represent the views and advice of EPPL and PreceptsGroup. Professional advisors seeking a foundation in Estate Planning can explore authorised learning providers listed on EPPL's website: www.epplasia.com. For Singapore, inquiries can be directed to academy@preceptsgroup.com for information on available grants.

Scan to watch
2023 Mini-Series



Viewers can access the entire
2023 Mini-Series playlist here:
<https://bit.ly/epf23msplaylist>



Capital gains tax in Malaysia – How does it impact you?



Chee Pei Pei

Deloitte Private Tax & Legal Leader
Deloitte Southeast Asia



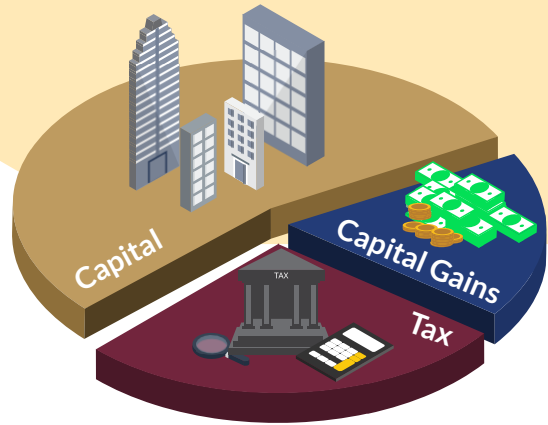
Shiranee Niles

Director (Business Tax - Malaysia)
Deloitte Tax Services

Malaysia's Budget 2024, with the theme, "Economic Reform, Empowering the People", was crafted with the aim to strengthen the Malaysian economy, raise living standards of the people, and broaden the country's tax base.

One method of broadening the tax base was to introduce a capital gains tax (CGT). Prior to this, there was no CGT in Malaysia except for Real Property Gains Tax (RPGT). The latter was charged on any gains arising from the disposal of real property and shares of a real property company, with rates ranging from 0% to 30%, subject to prescribed conditions.

With effect from 1 January 2024, CGT will be imposed on gains from the disposal of capital assets by companies, limited liability partnerships, co-operatives and trust bodies on capital assets situated in Malaysia (limited to shares in unlisted companies incorporated in Malaysia and shares in foreign incorporated companies deriving value from real property in Malaysia), and gains from disposal of all types of capital assets situated outside Malaysia, remitted to Malaysia.



Certain exemptions are available, subject to conditions. As this is a new tax, clarification on various aspects of CGT is still being obtained from the tax authorities.

Individuals exempt from CGT

At present, individual taxpayers will continue to be exempt from CGT on both Malaysian and foreign assets. They will continue to be subject to RPGT on gains arising from disposal of real property and shares of real property companies unless their period of holding is six years and more.

However, CGT implications will kick in if they use investment holding companies or trusts to hold chargeable assets such as unlisted shares in Malaysia or foreign assets. In terms of estate planning, the devolution of unlisted shares upon the demise of an individual shareholder should not result in CGT. On the other hand, disposal of chargeable assets by a trust will likely attract CGT moving forward.

- Hence, careful consideration is required when planning for succession to ensure tax efficiency is considered in tandem with ensuring core goals of preserving the family legacy for the benefit of future generations.



Asian Wealth Succession Forum

at Hong Kong
Ocean Park Marriott Hotel

on 5th September 2024



▶ Pre-register your interest
<https://bit.ly/hkforum2024>



Joey Loo

Director
Estate Planning Practitioners Limited (EPPL)
AEPP®

Embark on a transformative journey at the upcoming 2024 Forum in Hong Kong, where ideas converge, innovation thrives, and connections unfold.

Engage in lively discussions with a diverse community of forward-thinkers, thought leaders, and industry experts, gain fresh perspectives, and be part of the driving force shaping the future.

Your next breakthrough awaits – Join us at the Forum and be a catalyst for change.

Many interesting panel topics relating to future-proofing family legacies, which involves creating a plan that ensures the preservation and prosperity of every family's value, assets, and traditions for generations to come.

Join us and hear from many specialists who will discuss the issues involved in wealth succession, the planning regime, and the available structures to hold wealth.

Educational visits are in the works, and further information will be shared in due course.

Seize the chance to be inspired, challenged, and connected at the core of innovation.

US tax law firm Hone Maxwell sets up office in Singapore



U.S. tax law firm Hone Maxwell LLP (HMLLP) is setting up an office in Singapore to make it easier for its lawyers to meet clients in person. The move also ensures that the firm has a lawyer in the same time zone as clients for convenient meetings via video calls or phone.

Founded in 2012 by former University of San Diego School of Law classmates and Big Four accounting firm alumni, Josh Maxwell and Aubrey Hone, the firm places great value on face-to-face interaction with its international tax and business law clients and partners. "We can now build these relationships and work together as part of the same community," HMLLP told The Custodian.

Types of services offered by HMLLP

The HMLLP team will assist Americans who live and work in Asia with U.S. legal and tax regulation and reporting compliance, as well as international tax law guidance for those with assets and/or beneficiaries in the U.S. It will also provide guidance to businesses expanding or investing in the U.S.

Against this backdrop, this is the unique proposition of HMLLP:

- HMLLP provides skilled tax and business law services in Singapore that is combined with the knowledge and experience that only comes with also having a team in the U.S.

Opening Soon:

Hone Maxwell in Singapore



- Many HMLLP lawyers have accounting or compliance experience, including managing partner Josh Maxwell, who is a licensed CPA. This allows for comprehensive tax advice when collaborating with local professionals.
- The team brings a deep familiarity with Singapore's business and social cultures honed in by frequent travels of its lawyers to the region.

HMLLP clients will receive the high quality and professional experience of a global law firm, but with more direct personal service and competitive fees. "By building strong connections with clients, HMLLP attorneys gain a deep understanding of their situation and goals, leading to solutions that limit risk and drive growth," the firm added.

📍 Hone Maxwell LLP is located at 12 Marina View #23-01 Asia Square Tower 2 Singapore 018961.

🌐 Website: <https://honemaxwell.com>

New Wealth Academy Launched In Hong Kong



Cindy Wong

Director
Estate Planning Practitioners (HK) Limited (EPPLHK)
MBA, AEPP®, TEP, CTP, CEP®

On 14 November, the Financial Services Development Council (FSDC) announced the launch of the Hong Kong Academy of Wealth Legacy (HKAWL) in a bid to bolster Hong Kong's position as a premier global family office hub.

"The establishment of the HKAWL is one of the eight initiatives of the HKSAR government's policy statement on developing a vibrant ecosystem for global family offices and asset owners. The academy will serve as a training hub offering continuing knowledge exchange and networking sessions, bolstering the sustainable growth of the entire family office ecosystem in Hong Kong," said Christopher Hui, Secretary for Financial Services and the Treasury, in his opening speech at the inauguration ceremony.

The HKAWL aims to provide integrated support for stakeholders in the family office sector as well as a platform to examine diverse topics on wealth management, family governance and intergenerational integration, impact investing and philanthropic impact, and art development.

Billionaire entrepreneur Adrian Cheng, Chairman of the Board of Directors of HKAWL, added: "With the Financial Services Development Council and HKAWL, we'll be able comprehensively strengthen our propositions to help families manage their wealth legacies." The Board includes members from Asia's richest families, such as Adam Kwok, Poman Lo, Winnie Chiu and Philip Lawrence Kadoorie.

Note, the total asset under management in the asset and wealth management industry in Hong Kong reached US\$3.9 trillion in 2022. Within the private banking and private wealth management business in Hong Kong, some 17% (approximately US\$195 billion) is contributed by family offices and private trusts.

Give towards a real impact for social change in Singapore - Community Chest

With more than 500 social service agencies in Singapore serving the diverse needs of society, there is no lack of avenues for donors and volunteers looking to give back to the community. If monetary donation is the choice of contribution, people may be vested in ensuring that donations reach those in need and create the most impact.

Community Chest is the philanthropy and engagement arm of the National Council of Social Service (NCSS) - the umbrella body

providing leadership and direction for member agencies in Singapore. Its sole purpose is to ensure that every Singaporean has an opportunity to live a life of dignity and fulfil his/her full potential within a caring and inclusive society.

Being aligned to NCSS puts Community Chest in a position to provide transparency and accountability to donors while providing sustained and holistic assistance to five key causes in society:

CAUSES SUPPORTED



Seniors in need of support



Persons with mental health conditions



Families in need of assistance



Adults with disabilities

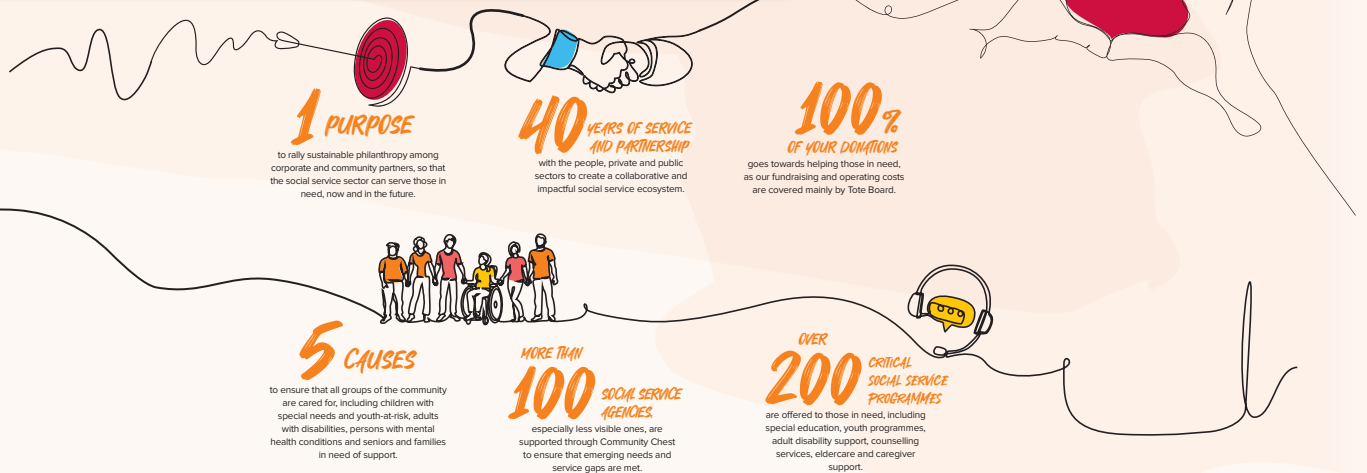


Children with special needs and youth-at-risk

With insights and data to identify where critical assistance is required, Community Chest serves as an informed and impactful intermediary to channel donations to where they are needed. Donors can be assured that 100% of all donations goes towards helping those in need.

Latest achievements in numbers

In FY2022, \$52.03 million was disbursed to over 200 critical social service programmes, supporting more than 93,000 service users.



177 persons
with mental health conditions
supported on employment journey

12,796 families
became more self-reliant to
manage issues

407 persons
were better able to cope with their
issues and/or improved in their
mental health condition.

250 seniors
were less isolated and supported
to age in place

96 caregivers
empowered to provide better care
for loved ones

331 children and
youth
improved well-being and/or
developed life skills

1,596 persons with
disabilities
were actively engaged in sheltered
workshops and stayed gainfully
employed for at least three months

7,327 children with
special needs
received education and training in
independent living skills

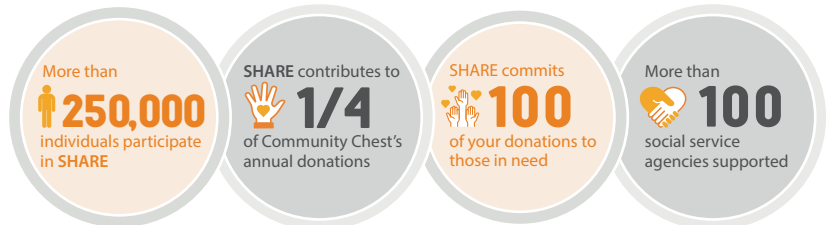
Source: Community Chest Impact Report FY2022

Ways to Give

If you are thinking of making giving a part of your life and legacy, Community Chest has several channels for individuals and corporations to contribute time, talent or monetary support. Here are two ways you can contribute:

- **SHARE** – the Community Chest SHARE programme provides a reliable and sustained source of funds to run critical social service programmes that require regular support. Embark on this hassle-free way to make automatic monthly recurring donations that make giving a regular part of your life. Your contributions will empower communities-in-need in Singapore to live with hope and dignity. You can contribute through SHARE by clicking on this [link](#).
- **Legacy Giving** – This is a meaningful and accessible way to leave a personal legacy. Legacy Giving is accessible to anyone and can be realised by formalising it within your Will, designating Community Chest as a beneficiary of your CPF savings or life insurance policies, or donating condolence contributions. You have the option to make changes at any time.

Did you know?



MAKING AN IMPACT

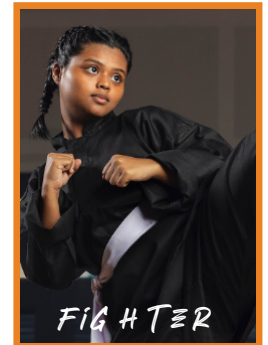
When you donate to Community Chest, you are empowering individuals from all walks of life to reach their full potential.



Born with cerebral palsy, **Alister Ong** faced many barriers growing up. But with support from several Social Service agencies, the once shy and quiet boy found his calling to lead. Today, Alister, is an accomplished and strong advocate for inclusive employment.



Sarinah Said was diagnosed with Major Depressive Disorder after enduring symptoms of depression through 4 pregnancies. With the help of Club Heal supported by Community Chest, she has recovered and is now working as a Peer Support Specialist to help others on their road to recovery.



Despite being diagnosed with mild intellectual disability, **Fizzy Ezylna** picked up Silat and fought through her challenges to excel in her academics. Fizzy is now pursuing her interest in catering and culinary arts at APSN Delta Senior School, where she is also a member of the Soccer club and the Track and Field team.



<https://bit.ly/communitychest-share>



[Schedule](#) a discussion with Community Chest today for personalised guidance on your philanthropic aspirations. Together, we can identify causes and put in place a legacy plan that resonates with your values.

For information on more ways to make an impact, visit the Community Chest [website](#).

Pros and cons of setting up a private trust company for families

Leong Mun Kid

Director
Head of Trusts
Precepts Trustee Ltd
MBA, LLB, AEPP®



Traditionally, most people set up a trust via a Will. Such a trust is known as a testamentary trust. Due to the sensitive nature of trusts, most trustees who are appointed are likely to be an individual that a settlor has a close relationship with and trusts the most.

Still, one of the biggest issues in appointing individuals to be trustees is that people have natural lifespans and may not outlast the duration of a trust. In a situation where a trust is required to last a few generations of beneficiaries (e.g. for 100 years), it is unlikely that the same individual can be the trustee for the entirety of the trust period. There are also concerns that individuals acting as trustees may be biased, which could be detrimental to the best interests of trust beneficiaries.

If an individual is not an ideal choice, the next available option is a Licensed Trust Company (LTC). A LTC has no lifespan and should last perpetually. It is neutral, independent, and ideal for most trust set-ups. However, one of the pitfalls in using a LTC as a trustee is the lack of flexibility in making certain administrative decisions.

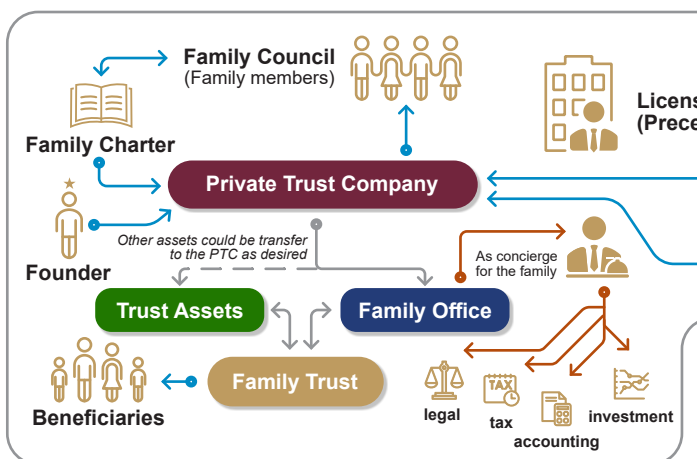
For example, a trustee can be holding shares in an operating business that is run by the beneficiaries -

family members of the settlor. There may be times when the family members need to make certain business decisions, such as obtaining a business loan, that a LTC may deem too risky. Naturally, the LTC may require further due diligence to be conducted first, prior to approving such loans. Over time, this may cause frustration among family members.

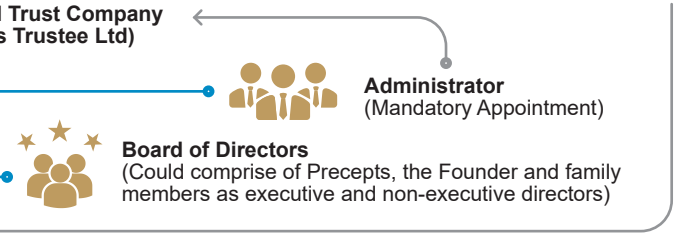
How PTCs operate

Against this backdrop, a private trust company (PTC) is set up purely to administer trusts for connected persons (e.g. persons related by blood or by marriage). Under the provisions of Trust Companies (Exemption) Regulations, a PTC is exempt from obtaining a license under the Trust Companies Act 2005.

One of the key requirements is that a PTC must engage a LTC to be its administrator for the purposes of conducting the necessary checks in relation to any written directions and regulations imposed by the Monetary Authority of Singapore on the prevention of money laundering, or to counter the financing of terrorism activities.



Sample PTC structure



In a PTC, the board of directors can be the family members of the settlor/founder, and they can participate actively in making decisions. Using the example of obtaining a business loan, in the same situation, the family members now need only make the decision among themselves once, since they are also participating in the management of the PTC and making decisions as the trustee.

In other words, the same group of people can make quicker decisions as they are involved at both the business level and the trustee level. This is especially important for trusts that administer family-run businesses.

Key factors to consider for PTCs

As a PTC typically requires the active participation of family members, it is not suitable for families with a few or no successors to run the PTC. Appointment of successors, usually family members of the founder, is crucial in ensuring the PTC and the trust is being administered according to the needs and wants of the family.

The table below illustrates some of the key differences between a PTC and LTC:

Features	PTC	LTC
Ownership	Owned by family members*	Third party
Management	Family members participate in management of PTC	Third party
Administration of Trust	Family members have an active role in decision making	Third party
Cost of the structure	Typically higher	Typically lower
Types of trusts administered	Only for trusts with connected persons as prescribed under the Trust Company (Exemption) Regulations	No limitation on the types of trusts that can be administered

*A PTC can be set up without the need of a shareholder.

The value and size of the trust fund is also an important factor in deciding whether a PTC is suitable for the family. Inevitably, there will be a cost in retaining and running the PTC structure - for example, a PTC needs to engage professionals such as accountants, auditors, tax advisors and lawyers for its administration.

In sum, while a PTC structure may be useful, especially for families with complex assets and needs, families need to consider other factors such as the availability of successors and the costs of maintaining the PTC.

Grow your practice with Estate Planning

At Precepts Academy, we curate a roadmap of Estate Planning courses for wealth management and insurance professionals to equip you with the knowledge to become a practitioner in Estate Planning.



Why Estate Planning?

Singapore's fast-aging population and substantial wealth accumulation is creating a massive wave of wealth transfer in the coming two decades, from the previous generation to the next generation.

Conversations with clients are now pivoting from wealth protection and wealth creation, which are still important, to wealth distribution. While older Singaporeans have a need to plan properly, they have very little experience in how to structure their wealth for distribution.

Most importantly, they need advice on how to preserve family wealth. Wealth distribution may become the most significant factor for the success of families going forward.

Why Precepts Academy?

Precepts Academy is dedicated to help financial advisors and wealth management professionals to acquire wealth distribution planning techniques.

With a strong track record of helping successful financial practitioners in acquiring such abilities, the courses are constantly

refreshed and updated with relevant content. Some of the participants have now progressed from being practitioners to becoming Precepts Academy trainers as well!

Further, amid the ongoing handling of estates and trusts within PreceptsGroup, Precepts Academy ensures that the Estate Planning techniques that are taught to the advisors are not just academic, but also practical and constitute "good practice."

How to get started and keep going?

Regardless of whether you are planning to kickstart your journey, or continuing to reach greater heights as an existing practitioner, you can discover the full range of courses available in the links below.

Building your team's expertise?

For team leaders who are looking to build their team's expertise in Estate Planning, you can invite Precepts to your team meeting. Our team members will share insights about the importance of Estate Planning and the resources available to support your team's professional growth.

You can book your exclusive team sharing session by contacting us at academy@preceptsgroup.com.

Knowledge Pathway



Registration Page

https://bit.ly/precepts_academy2024



+ AEPP® Certification
+ Advanced AEPP® Courses

<https://www.preceptsgroup.com/aep-accreditation/>



+ Estate Planning Course

<https://www.preceptsgroup.com/knowledge/>

Practitioner Pathway



Registration Page

https://bit.ly/onboarding_precepts2024

2-day AEPP® Certification Gain the AEPP® designation

Gain an understanding of an array of Estate Planning tools to expand your advisory services with our AEPP® qualification. This course provides a broad overview of Estate Planning, to learn the challenges of wealth distribution as well as the instruments to structure wealth distribution. Upon successful completion of the 2-day course and examination, you will attain the **AEPP® designation**.

Be a part of our growing group of more than 7,000 AEPP® designees regionally. The AEPP® courses are conducted on a monthly basis. The AEPP® Designation is jointly issued by UK Society of Will Writers and Estate Planning Practitioners Limited.

AEPP® Advanced modules Build towards specialised target segments

These standalone modules support your learning in relation to specific Estate Planning topics. The modules suit advisors who like to engage Mass Affluent, HNW and Ultra HNW clients on:

- Business Succession
- Property Succession
- HNW insurance solutions
- Family Wealth Succession

3-day Estate Planning, Wills and Trusts Prelude to Practitioner

Attend this 3-day course to help build your foundation in Estate Planning. This is one of the most comprehensive foundation classes on Estate Planning, Wills and Trusts in Singapore.

You may follow next by onboarding with Precepts (2 days) to start providing a complete wealth planning solution to your client.

The trainers are specialists within their own fields. Most modules are only available once or twice a year. So, book your slot early to ensure you do not miss out on the session you want.

Category	Module
Property Succession	<ul style="list-style-type: none"> • Wealth Transfer of Real Estate • Estate Planning and Trusts Relating to Real Estate
Business Succession	<ul style="list-style-type: none"> • Buy-Sell Arrangements for Business Owners
High Net-Worth Advisory	<ul style="list-style-type: none"> • Wealth Succession for High Net-Worth Clients • Tax Planning in Wealth Management for Financial Services Professionals • Charitable and Philanthropic Planning for Wealth Advisors

➤➤ Kickstart your Estate Planning Practice with Precepts Academy!

Bringing smiles to the faces of clients, and a good night's sleep

Joseph Tan and Chong Shing Ann of PreceptsGroup share their experiences and what motivates them as ESPs, in this Q & A with The Custodian.



Joseph Tan & Chong Shing Ann

Elite Legacy Planning

Q: When did you become a Precepts Estate & Succession Practitioners (ESPs)?

A: We both became Precepts ESPs when we decided to make a career switch and join the field of financial advisory. Shing Ann obtained the qualification in 2016. Joseph joined four years later.

Q: What prompted you to consider a career and business as a Precepts ESP? Why did you choose estate planning?

A: Initially, we chose estate planning to provide better value to our clientele and differentiate ourselves -- more of consultative advisory approach -- instead of being just another financial advisor you meet on the street. Later, as we served more clients, we became even more convinced that estate planning is an essential element for comprehensive financial planning. Especially for working professionals who are also parents of young children (like us), as well as self-made business owners who don't have much of a backup plan except for themselves.

Q: What difference did Precepts make in your journey?

A: Precepts is committed to empower and equip its ESPs with practical and up-to-date knowledge. It has regular in-house training sessions to help new ESPs starting their estate planning journey. For senior ESPs, Precepts also constantly organizes educational sharing sessions where they invite expert speakers from various industries to give views or update regulations related to estate planning. The latest session on inheritance planning for UK assets was especially useful for our clients.

Q: What are some of your core beliefs for estate planning?

A: That is best represented by our signature quote: "Estate planning is never about merely leaving something when one is not around. It is about making certain of your wishes and protecting what is important for people you care about, and as long as they are around."

Q: What do you think clients should look out for when they are doing their estate planning to distribute their wealth?

A: Nowadays, more clients are savvy about investing and leveraging their wealth across multiple asset types, such as private properties, crypto assets, US shares, collective investment schemes, overseas assets, private company shares, etc. Instead of opting for a simple Will, which merely indicates a percentage for all beneficiaries, consider engaging a competent advisor who is well versed with your asset classes. This could potentially save you a significant amount from estate leakage -- for example, ABSD liability when an adult child needs to buy his own matrimonial home but is unable to sell his partial share of inherited property; or BSDs on transferring an inherited HDB share to siblings due to his own HDB MOP restrictions.

Q: We understand you regularly help individuals and families set up Trusts. What is the biggest challenge you face when you talk to them?

A: The biggest challenge lies in understanding our clients' potential estate leakage. Many of our clients own more than one investment asset (e.g. second residential properties, investment holding companies that own commercial/industrial properties, businesses with joint partners, etc.) with multiple mortgage loans on top of their cash positions, CPF monies and matrimonial homes.

Q: What are some of the principles you use to help them overcome these challenges?

A: Think of the assets we just mentioned above as water flowing out from a pipeline. With a Precepts Trust, they can have a solid structure that:

- Holds the water (assets that include properties, business CPF and insurance policies.)
- Controls how fast or slow it flows (distribution)
- Protects it from loved ones' divorce, bankruptcy or litigation claims (preservation).

Q: How long is the normal process to complete a family wealth succession?

A: Typically, it takes about four to five meetings spanning over two months, depending on our clients' schedules and availability.

Q: What do you enjoy most about the business?

A: Clients' trust! Not only do clients need to be absolutely comfortable and honest with us about their assets and liabilities, but also their relationships with their spouses, family members and business partners. Many of our trust clients have also become our good friends, and they will usually seek our opinion before making any new asset acquisitions. Some clients who were initially hesitant in our financial planning discussions, became more open and subsequently adopted our recommendations for optimising their insurance portfolios.

Q: Tell us more about what motivates you in this business?

A: The big wide smiles of clients after signing their Will and Trust documents! To some, it is a huge load off their shoulders and they really enjoy a better sleep in the night.

Q: What do your colleagues and/or family members think about you being an estate planner?

A: Some of them actually thought we were the ones who wrote the Wills, and act as executor/trustee for our clients!

Contact us for more details:

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