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Estate Planning

A Swiss multi-family office can assist you to put the proper planning in place for your estate. The aim of estate planning is to transfer your estate to the next generation in accordance with your wishes, as (tax) efficiently and with as few problems as possible. Estate planning is a necessity for every wealthy individual.

Why is estate planning a necessity?

Estate planning aims to transfer your wealth to the next generation as tax-efficiently as possible. When using estate planning, you also try to prevent the following after your death:

- uncertainties arising about which heir is entitled to what,
- assets possibly being frozen when you die, and
- your heirs or other parties abusing your estate.

When wealth is transferred to the next generation in the form of liquidity, instead of business assets, parents are especially concerned that after their death their children will squander their money. Parents also worry about in-laws getting hold of their hard-earned assets. Without appropriate planning, estate taxes could also take a big bite out of the family's wealth. Estate planning is therefore a necessity for every (U)HNWI, and some Swiss family offices focus strongly on it.

The basic principles of estate planning

Basic estate planning begins with drafting the right prenuptial agreement when you or your children get married. Assets that do not become part of the community of property after the marriage can, for example, after a divorce end up not with the partner of your child, but rather will remain always with your child, and on their death, will transfer directly to the children out their marriage.

And how, for example, after your death, do you prevent your children from living exorbitantly and spending all your hard-earned wealth in a short space of time? There are many possible solutions, but which one is the best for your family situation? You could bring the inheritance under the control of a guardian, or place the majority of your assets in a trust or foundation. You may even want to settle something for several generations to come. When drafting a will, you also have the option of including clauses that prevent people who marry in to the family from ever becoming entitled to (a part of) your estate. A family office can support you to set up all these kinds of solutions in the best manner.

Forced heirship

Another important topic in estate planning is forced heirship, also known as the reserved portion. Forced heirship rules exist in most civil law countries. Based on these rules, your children (and sometimes your spouse) are entitled to a part of the estate, even if you were to decide differently in your will. Should you wish to legitimately avoid this, which is sometimes, and in some jurisdictions, impossible, careful planning by the family office is necessary.

Save inheritance tax

Multi-family offices also help with estate planning in order to avoid exorbitant inheritance tax (also called estate tax) charges on the family's estate. Inheritance tax is not levied in all countries, but is quite common, particularly in the Western world. In most jurisdictions where inheritance tax is levied there is a recurring discussion on whether inheritance tax is actually a justifiable tax. In some countries the level of inheritance tax can be as high as 40% for the spouse and the direct descendants of the deceased, and they can even rise to between 50% and 80% for parties who are not related to the deceased.

It is sometimes possible to set up structures to reduce inheritance tax charges, alternatively complicated last wills need to be drafted. In some countries it is common practice for (U)HNW families to relocate internationally in order to avoid high inheritance tax charges. If family members are spread out over several jurisdictions, the estate (or parts of it) could be taxed twice in different countries. Especially in the case of larger families, this could not only become very expensive, but also quite complicated.

A family office should support you put the right tax compliant planning in place for your estate. A good family office will not only focus on the existing (corporate) structures but will also consider each family member's individual private situation. As estate planning in an international context is extremely complex, not every family office in Switzerland will be able to assist you and your family with it.

We can assist you to find the Swiss family office that offers you the best estate-planning services.