



www.switzerland-family-office.com/wealth-planning.html

What is Wealth Planning

A good family office in Switzerland will support you with solid wealth planning services. Wealth planning is the art of structuring your wealth while building it, preserving it, and in order to transfer it to the next generation tax-optimised. Wealth planning is a mix of tax planning, wealth protection, estate planning and business succession planning and relates to your total worldwide wealth.

Substantial wealth is always under threat

Sophisticated wealth planning services are becoming ever more important in this rapidly changing world. Wealthy families have internationalised over the last decades. Often children or other family members live, study or marry in different jurisdictions. There is a growing number of divorces and second or even third marriages and the following generations often have an entirely different view on the wealth generated by the previous generation. In most countries privacy is also becoming more and more seldom, and an increasing number of governments are implementing austerity measures and scrutinizing the wealthy.

In brief, there are numerous situations in which your wealth, or part of it, may be jeopardized and, in the case of larger families, threats may even arise in different jurisdictions simultaneously. Unless you structure your family's assets properly, they will increase less, can disappear over time or be jeopardised by a wide variety of factors.

However, by putting suitable and regulation-compliant wealth planning structures in place most threats can be neutralised. Structuring wealth is therefore one of the core activities of a multi-family office and one of the most important reasons why a wealthy family should use the services of a family office.

Three generations and your wealth has vanished

Wealth is often generated by only one generation. Research shows that without planning that wealth properly, it completely disappears over the next three generations on average. Taxes such as wealth tax, estate and inheritance tax and income tax can, for example, take quite a big bite out of your family's wealth. There are also regulatory and legal challenges and in certain countries increased political, religious and economic risks and instability to be taken into account. A good family office in Switzerland can assist you in minimising these risks and help you safeguard your assets for the next generation.

Potential threats to your wealth

Other potential threats to your family's wealth are, for example, assets being frozen on death, matrimonial disputes or disputes over the devolution of your estate. Among the non-financial reasons to implement wealth planning solutions are avoiding disputes over the control of the family business (see also Family governance), protecting your privacy, protecting your reputation or ensuring your family's safety.

Wealth planning structures

All these potential threats stress the need for your assets to be structured (as tax-efficiently as possible) if you are a wealthy (international) family. The average wealth planning structure may consist of:

- An **International business company** acting as a (foreign) holding company for the family business
- A **Trust** to safekeep and transfer assets to the next generation
- A **Foundation** to be active in philanthropy
- **Life Insurance solutions** to set aside wealth for specific family members
- **Last will & prenuptial agreements** to safeguard assets from family by marriage

Bespoke planning

The family office will not necessarily implement these structures separately, but often in a complex combination. Some of the structures might be more suitable to support with wealth creation and others might function better for intergenerational wealth transfer. Structuring via a jurisdiction which has negotiated an investment protection agreement with the country where the assets are invested could also bring additional benefits to the family.

In our experience quite a number of wealth planning solutions were advised and implemented in the past by asset managers or trustees without prior consultation of experts such as (tax) lawyers. In the past this may not have caused many problems, but in the current environment it will. As regulatory pressure mounts and governments home in on undeclared assets and (U)HNWIs, it is extremely important that your assets are structured in a tax- and regulation-compliant manner. Should this be neglected, a considerable part of your family's wealth could get jeopardized and your non-compliant wealth planning structure could even become a threat in itself to your wealth.

Does every family office offer wealth planning services?

It is important in our view that the family office in Switzerland that serves you has in-house expertise in wealth planning services or works with highly qualified external experts. A family office will often claim expertise in this field, which however not necessarily implies that the family office will actually possess the right skills and qualifications, as implementing high-quality and solid wealth planning solutions is becoming more challenging every year.

If you are not interested in wealth planning services, it might be better to use a multi-family office in Switzerland without in-house wealth planning experts, as wealth planning services are normally quite expensive.

We can help you find a family office that offers exactly the services you are looking for.

