The globalisation of wealth

The Como Review 2018
Twenty years ago, UN Secretary-General Kofi Annan remarked that “globalisation is an irreversible process, not an option.”¹ His words proved prescient. Even as pockets of nationalism and populism take hold in Europe and elsewhere, there is little doubt that the general trend is, and will continue to be, towards ever greater global integration. Alongside economic integration has come “globalisation of responsibility and response capacity”² as the world faces problems that nations cannot solve in isolation, including cross-border tax avoidance and corporate malfeasance.

As nations take on the mantle of greater accountability and transparency in policy-making, advisers to clients with assets and residences spread across multiple jurisdictions need to be aware of an ever-increasing array of disparate laws and tax regimes.

Globalisation then has proven to be both a benefit and a burden for the private client services arena. On the one hand, attracting clients from new and emerging markets acts as a prudent diversifier, and new trust structures and an international client base have brought life to the industry.

On the other, servicing clients with complex needs is time and resource intensive. These clients present their own set of risks and added complexities, in particular, the due diligence and know-your-client mandates associated with monitoring complex trust structures from a geographically diverse client base, as well as the competing impact of domestic and international rules relating to tax and succession planning.

The stringency of anti-money laundering laws means that advisers need to know a great deal more about their clients, including the source of wealth, whether all relevant taxes have been paid, succession and fiscal rules in the place of domicile, as well as the political landscape and levels of corruption in the country. Given that in 2017, an estimated 100,000 high net worth individuals changed their primary place of residence, the scale of the complexity facing advisers becomes clear.

Tax, in particular, has become an especially emotive topic in the discussion around globalisation. The slew of legislation designed to tackle tax avoidance, including the Foreign Account Tax Compliance Act, the Common Reporting Standard and a move towards public registers of company ownership, have greatly increased complexity for internationally mobile individuals and their advisers.

The tilt toward greater accountability and a growing awareness that the capital markets have a broader role to play in society than merely facilitating the free movement of money is only set to grow as demographics change. According to the Pew Research Centre, 2019 will be the year when millennials (1981-1996), who already represent 35% of the workforce, overtake baby-boomers (1946-64) as the largest demographic cohort.³ Dubbed “generation nice,” a recent survey by Deloitte would seem to bear that sobriquet out. The survey revealed that among millennial respondents, 63% more felt that “improving society” should rank above “generating profit” as businesses’ primary purpose.⁴

Along with the trend towards more compassionate capitalism comes increased reputational risk for those perceived as falling short. This emphasis on fairness combined with the advent of social media, which enables injustices, perceived and real, to be disseminated at a greater velocity and to a broader audience than ever before, means that reputations can be tarnished in an instant. And as the past few years have amply demonstrated, where the scimitar of public censure falls, prosecutions swiftly follow.

Bearing these new risks in mind, private client advisers need to take sometimes abstract considerations, such as public perception, into account when advising clients on issues relating to tax and investments.

It is here that the benefits of a high touch service really come into play because, as much as anything else, advisers need sufficient time to understand their clients’ risks and requirements holistically. It’s paradoxical that it is those firms offering “old fashioned” service, by which I mean bespoke and highly personalised, that are perhaps best equipped to deal with the demands of our increasingly globalised world.

² Ibid.
³ http://www.pewresearch.org/fact-tank/2018/03/01/millennials-overtake-baby-boomers/

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Managing Director, Butterfield Trust (Guernsey) Limited

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Globalisation of wealth: Managing transformation and challenges

Globalisation has many definitions. But a broad consensus exists that it is gradually turning the world into a single integrated economy in place of a series of semi-isolated economies. That integration brings with it an interdependence, driving innovation and fueling the imagination. In doing so, it has already helped to produce an explosion of wealth, combined with a shift in where that wealth is created, where it is invested and where owners of that wealth reside.

As it becomes less localised, this globalisation of wealth presents myriad challenges for advisers and clients alike, not least for wealth planning and for our potential liability.

Beyond the obvious changes that continue to facilitate globalisation, such as improved transportation and instant communications, political instability most often drives the rapid movement of capital and people: when regions and countries become unstable, assets and people move – sometimes at great speed. The return of instability in parts of the Middle East is but one example of the transfer of wealth being driven out of certain jurisdictions in the region.

Other factors are in play, not least technology and an exponential increase in its reliability and speed. Information technology has been at the forefront of globalisation, which in turn has enabled new technologies to spread rapidly. The globalisation of wealth is therefore much more than the free movement of people and capital. It also involves the free movement of information and ideas.

In particular, the Internet and social media enable those transfers to be instant, providing a trigger that significantly accelerates the globalisation process. Although it has been possible to move around the world with relative ease for many years, people can now access other countries and other continents without any disruption to their daily lives. They can do everything online: such as looking at the same news source in America that they used at their previous home in the Far East or Europe.

For millennials and Generation Z, globalisation is a given – just as much as being instantly and continuously interconnected. Moving around the world is no longer seen as being consequential.

In addition, global brands that of these generations use in different cities and countries are uniform: Amazon, Apple, Facebook, Google, Instagram, Starbucks, Uber, etc. Just as it has become the norm for different cultures to live side by side in cities across every continent, millennials and Generation Z think globally as much as locally, keeping in touch with friends and family anywhere in real time.

These changes are further manifested in the aspirations, outlook and attitudes of the next generation in wealthy families: internationally educated, mobile, tech savvy young people who are driving further changes in where and how they choose to live. Often educated in parts of the world other than their home country – notably the US, UK, Europe, Canada, Australia and Japan – they return home with views and values that are distinctly different from their parents and grandparents.

Thelma Kwan, a barrister in Hong Kong, said: “PRC people are sending their children overseas. These children are much hungrier, more competitive, more aggressive, more creative and more exciting.” Among several concerns raised, Kwan identified the drafting of pre-nuptial agreements as becoming much more complicated because younger clients are not able to tell their advisers where they are going to reside. Questions therefore remain unanswered: What law governs the pre-nuptial agreement? Where will the client be living in five years’ time, and where will the marital assets be?

As they become more involved in benefiting from, and even beginning to manage their families’ wealth, the consequences of what these children plan to do can sometimes be dramatic and unexpected. The greatest challenge for advisers is perhaps keeping up with the pace of change, particularly since more than half of the next generation would potentially consider changing their parents’ advisers when they take control.

“We are having to deal with a whole range of issues across multiple jurisdictions. We are not qualified to advise on those other jurisdictions, but we are straying into that advice, linking together advice from different jurisdictions. That generates some quite profound issues both for our clients and also for us as advisers and our potential liability. It also creates issues for governments that are trying to stitch together international rules and bring about a coherent system for all of us.”

— Piers Barclay, Partner, Macfarlanes
Globalisation consequences

According to Clare Maurice, senior partner of Maurice Turnor Gardner, the fundamental question is: What do we mean by globalisation? A dictionary definition might be: the process of increasing interaction and integration between people, businesses and governments. But from the perspective of many private client advisers, the practical answer inevitably lies in having to deliver more advice across a broader spectrum of multi-jurisdictional issues and dealing with the impact of multiple domestic and international rules relating to tax and succession planning.

As the investment base of clients and their families continues to increase in sophistication, range and geographic spread, the most obvious consequence of globalisation is how much more complex advice needs to be. However, it does not stop there. The dynamics of who and where these clients are, and how many of them there will be in the years ahead, is also changing with remarkable speed.

The cumulative total wealth of High Net Worth Individuals (HNWIs) recently surpassed the $70 trillion mark for the first time, according to Capgemini – up 10.6% year-on-year – and is on course to reach $100 trillion by 2025, spurred by an improving global economy and wealth growth. Since 2009, the total number of global HNWIs (now 18 million) has increased by 179%, and from developing economies by 239%. According to economic forecasts, the anticipated growth rates in Europe between now and 2030 will be in the 15-20% range, while in the US and Canada, it will push towards the 39% mark. But the compound growth figures for China and India are forecast to be around 180% and 200%, respectively.

That represents a fundamental shift of enormous magnitude which will have an automatic knock-on effect, both on the levels of private wealth and where it will be based. Not only will there be a further extraordinary increase in the total extent of wealth created, leading to an additional surge in the aggregate number of HNWIs, but the landscape of where they are located will also be transformed. As Barclay concluded, “if we think our practices have already changed, they will be completely different again in 10 years from now.”

The dynamics is further complicated by the issue of free movement, since wealth invariably allows individuals and family members to change their residence status at will. Indeed, an estimated 100,000 millionaires changed their primary place of residence in 2017 – up 10% on the previous year. This leads to significant ramifications. “Clients do not realise the number of different tax regimes and succession regimes that they are tripping into,” said Barclay.

“Globalised families are creating an extraordinarily large global footprint – much more than they appreciate,” he explained. “So they need much more care when they are planning because they are leaving a trail behind them as they move around – a trail of changing legal status, residence, situs of assets, conflict of laws. It follows them around and has consequences, even after they have left jurisdictions. There’s a big job to be done; we have to educate our clients and help them understand what these issues are and how they can adapt to them – what the trigger points are and why they need to get advice.”

Raul-Angelo Papotti, head of the tax department at Chiomenti, identified “the need in all the cases when we work together, for somebody actively coordinating the global advisers – different roles, names and functions in the team. The more cross-jurisdictional issues there are, the higher the complexity.”

As a specific example, he pointed to an increasing number, not just of bi-lateral taxation issues, but also of tri-lateral situations. “What is so important for all of us managing cross-border cases is whether an adviser in one jurisdiction can be held to be negligent for not spotting problems in another jurisdiction regulated by another law,” he added.

So what are the consequences of that wealth being handed down over time?

Wendy Walton, head of global private client services at BDO, pointed out that in the next 30 years, roughly $16 trillion is expected to pass on to the next generation.

“As well as this wealth transfer [of $16 trillion], we are also faced with an ageing population. Governments must have a role. The question is: How should our tax systems deal with the global challenges of our time? For private clients, it is arguable whether our tax systems have adapted sufficiently to the movement of people as individuals become increasingly international; their business interests, property, investments and family members increasingly spread globally.”

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“As well as this wealth transfer, we are also faced with an ageing population,” she said. “Governments must have a role — they are under budgetary pressure and need to raise revenue. The question is: How should our tax systems deal with the global challenges of our time? For private clients, it is arguable whether our tax systems have adapted sufficiently to the movement of people as individuals become increasingly international; their business interests, property, investments and family members increasingly spread globally. Tax systems definitely form part of their decision-making process in terms of location, as well as other key decisions, such as education and security.”

Paul Hodgson, managing director at Butterfield Trust, added: “The characteristic we need to bear in mind when talking about globalisation is that, fundamentally, tax as a tool is about competition for economic resources between jurisdictions. So, whilst in general terms we focus on the concentration of wealth, we also need to remember the proportion of the world’s population who have come out of poverty as a result of what globalisation has delivered in terms of development, particularly in places like China.”

Hodgson added: “But to think that the competitive dimension of tax is something that we can presume to have passed is the challenge. It is important to distinguish between what happens at an individual level — the advantage you take of the flexibility to move around and hold assets in different jurisdictions — as compared with what governments think and the restrictions they need to impose in order to pursue their particular agenda.”

As an indicator of tax-based competition for private clients, Walton suggested that, “We are definitely seeing more competition; We have the Beckham Law in Spain, the non-habitual residence rules in Portugal, and the new non-domiciled rules in Italy. There is a step up in the base cost of assets in Australia, for example, and there are still the traditional jurisdictions, such as the Channel Islands, Monaco, Switzerland — so clients have a lot of choice.”

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Ageing population: Issues of capacity

Demographic ageing is a worldwide phenomenon, resulting primarily from advances in healthcare and the pursuit of healthier lifestyles, which increase life expectancy. As one of the main health risks associated with old age, dementia affects nearly 50 million people worldwide, according to the World Health Organisation. Unless a cure is found, that figure is projected to reach 75 million by 2030 and to almost triple by 2050. Other conditions symptomatic of advancing age, such as Parkinson’s disease, can also affect judgment. Accordingly, the number of private clients where legal advisers have to consider capacity will inevitably rise over time, mirroring the global trend.

Capacity is presumed in a variety of contexts: contracts, wills, gifts, marriage and divorce and litigation. Where there are doubts or concerns, lawyers often have to deal with decision-specific tests, which are increasingly reflected in the way that legislation is drafted, according to GilAAD Cooper QC of Wilberforce Chambers. “This presents practical problems because at each stage you have to ask not simply, is this person capable of giving instructions, but are they capable of giving these instructions?” he said.

Broaching the subject with clients requires sensitivity. “You do not talk about incapacity or wills unless the client is really ready for it,” said Lester Huang, partner and co-chairman of PC Woo & Co, Hong Kong. “When the time does come, we present a suite of options: making a will, an enduring power of attorney, a reverse mortgage or an advance directive. Usually, the easier choices are the will and power of attorney options. In that way, it is perhaps easiest to bring succession of the business out for a discussion. A business is easier to depersonalise than family assets.” Timing, he added, is key.

Philippe Pulfer, head of Walder Wyss’ private client practice in Geneva, concurred. “It is always an issue – when is the right time to propose to a client that he or she should make a will? In civil law jurisdictions, a will is not an absolute necessity, although it is recommended. Older people tend to realise, maybe not early enough, that they have to do something and then there is a point when you have to catch the person before it’s too late.”

In an attempt to make wills recognisable across international boundaries, a number of countries are signed up to The Hague Convention on the Conflicts of Laws Relating to the Form of Testamentary Dispositions. “This Convention does not apply to many countries, but we use it a lot because we have many foreigners relocating to Switzerland,” said Pulfer. “What the UK has done instead of enacting The Hague Convention is to reflect most of its provisions, but in rather different language, in Schedule Three of the Mental Capacity Act 2005, said Cooper. This requires decision-specific tests for capacity. “One consequence is that in order to make a will, or indeed to do almost anything, rich people need a higher level of capacity,” he suggested. “Because if the test is: do you understand the nature and extent of your assets – the decision in capacity is specific – then the larger and more complicated your estate, the higher level of understanding you would need for it.”

Huang agreed that the same principle would apply in Hong Kong. “We advise clients to make enduring powers of attorney at the same time as they are making a will,” he added. Pulfer noted that in Switzerland, a public will require two witnesses.

“In some instances where capacity might be an issue you can ask for a doctor to be one of the witnesses,” he said. “This is something that would give additional strength to the validity of the deed.” Otherwise, a contemporary medical certificate is recommended, he added.

But capacity is a legal test, not a medical one. “Under Swiss law, the presumption is that someone always has capacity,” said Pulfer. “According to case law, in some situations like old age or ill health, that presumption is reversed. Therefore, it is not for somebody who claims that the person didn’t have capacity, but one of those benefiting from the will who has to demonstrate that person’s capacity.”

Huang said that as a starting point in Hong Kong, The Law Society has issued a practice direction “requiring solicitors to engage a medical practitioner whenever a client is over 70 and wants to make a will.” It’s very sensible, but is it really helpful? We have to look very carefully at the wording that doctors use. They do a mini-mental state examination, which any one of us could do. Sometimes, I feel that it is a professional standing they have which perhaps leads us to believe that there is more weight to it. The real practical matter is, how well do they stand up in court to be cross-examined?”

A US attorney called the use of medical evidence “very challenging.” He asked: “When drafting attorneys take the opportunity to record a memorandum of their client’s state of mind in a particular will signing, or to videotape a will signing, are we then creating medical evidence as attorneys, which can be used to overcome that presumption of competence? The panel agreed that videotaping “probably creates as many problems as it solves.”

Using a doctor with earlier knowledge of the client was seen as a prudent step to ensure that a comparative view was taken when assessing capacity.

Some practitioners also perceive a real risk in too much importance being placed by judges on medical evidence when there is a dispute over a will relating to testamentary capacity. “Doctors are very easy to cross examine in these cases,” said Cooper. “They almost invariably ask the wrong questions, or do not have all the relevant information. I can’t see anything in the medical training that you go through in order to become a doctor that qualifies you to give a more expert view than anyone else, on whether someone who is in front of you – and whom you can talk to and ask questions – has legal capacity. In its most extreme form, my proposition is that medical evidence is almost completely valueless in these cases.”

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Evolution of the single family office

The Wall Street Journal recently described family offices as an investment phenomenon. In a swirl of journalistic hyperbole, it further suggested that “traditionally they were the province of big companies or private-equity firms,” but they are now “making their presence felt with their growing numbers, fat wallets and hunger for deals.” A decade ago, the WSJ reported, there were estimated to be around 1,000 single-family offices across the world. Today, that number may exceed 10,000 globally.

So why is family office such a hot topic at the moment?” asked Paula Higgleton, senior private client partner at Deloitte. She cited a combination of reasons - the desire for professionalisation, the enormous levels of family and individual wealth created over recent years and a range of economic and political issues - as the principal factors fuelling their growth.

“Research shows that there has been a massive increase in the creation of family offices since 2000,” she said, adding that a family office is needed where the level of wealth is of such magnitude that it manifestly needs a well-designed structure and organisation around managing it. “Essentially,” she suggested, “this means having an infrastructure to run the wealth, akin to that of a business so that wealth is preserved as well as being created.” Family offices not only help to maintain a certain lifestyle, she explained, but they can also help to fund a range of philanthropic activities.

There are many different views in the market as to what constitutes a family office, according to David Bowen, head of private office consulting at Deloitte. “We see a lot of people who do things based on dinner talk rather than the specifics that serve that individual family.” Notwithstanding this, globalisation is one of the biggest factors shaping single family office development, he said, pointing to “the Westernisation of different cultural locations and seismic shifts in how that wealth cascades down through families. For example, in Asia, we’re now seeing them branch out into real estate on a multi-jurisdictional basis.”

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In a world of greater access to information, international tax authorities are in the vanguard as exchange of that information has grown dramatically. Its primary purpose is to identify those who evade taxes across borders. Driven by a political desire to supplement exchequer revenues, technology is harnessing the power of big data enabling information to be compiled from multiple sources in different jurisdictions.

Two developments stand out: the US Foreign Account Tax Compliance Act (FATCA), where financial account information is automatically shared with the IRS, and The Common Reporting Standard (CRS), developed by the OECD, which does the same for 150+ signatory countries through the Automatic Exchange Of Information (AEOI) between tax authorities regarding bank accounts in those countries.

Tax investigations and prosecutions

"Tax authorities are more sophisticated," according to Marco Cerrato, partner at Maisto e Associati. "Many high-tax jurisdictions are under pressure to increase their revenues." Foreign structures are particularly subject to more investigations in high tax jurisdictions, he added, suggesting that more information is at the disposal of tax authorities because of AEOI and voluntary disclosure programmes.

Keith Robinson, partner at Carey Olsen, pointed to an increase in Tax Information Requests (TIRs) being processed at Bermuda’s Supreme Court. “There has been significant growth in the past two years; at least 150 applications to the Supreme Court for exchange of information from Bermuda in 2018,” he said. “It’s a litmus test — governments are asking offshore jurisdictions for more information.”

So how is that information used? Beyond looking for residence or legal domicile, “they try to suggest that it’s fake, a sham — that tax structures, corporate structures have to be disregarded, and assets and income be attributed to onshore taxpayers,” said Andreas Richter, partner of Pollath + Partners. “The Paradise Papers and the Panama Papers provided huge public excitement, but almost nothing came of them; just a lot of media talk, but very little substance,” he added.

The challenge comes for tax authorities in assessing whether a structure has substance or not. Cerrato said: “Relevant indicators depend on the jurisdiction: the company is fully-owned by one or many people; it is established in a low-tax jurisdiction; the directors do not have sufficient skills; the company doesn’t carry on actual business, or it just owns assets; the company doesn’t keep accounts, or is not required to keep accounts. Depending on the country, all these are considered as indicators that the company should be disregarded.”

Elspeth Talbot Rice QC, barrister of XXIV Old Buildings believes that tax authorities are attacking foreign structures because of the greater availability of information. “Their purpose is to collect more tax — that’s their job — and to collect as much as possible,” she said. “However, there are two problems with what seems to be the tax authorities’ current approach to taxation: the first is the notion that the amount of tax payable is what it is fair for the tax payer to pay rather than what the law provides is payable; the second is the criminalisation of tax. If you break the rules and have to pay a financial penalty for your breach, that’s one thing. If you break the rules and face going to prison for it, that’s quite another, and requires the rules to be crystal clear. If, instead of crystal clear rules, you replace the rules with an undefined concept of fairness, some deep and dangerous waters open up.”

Criminal law varies by jurisdiction, as Richter explained: “The easiest bit is transfers between the trust and the beneficiaries. Everyone agrees that tax evasion is bad, but it’s not always clear what it is in such a complex area of law as trusts and foundations. All transactions into a trust and out of a trust can be challenged. Trustees can no longer ignore these issues because in some European countries, they are viewed as fiduciaries and therefore their duty of care is higher. We’re seeing more notification duties being imposed upon them.”

He warned that criminal prosecutions are always possible and trustees can be exposed to criminal liability. “In their own jurisdiction, they will follow the law,” he said. “That raises the more difficult question of extra-territorial legislation and enforcement where the law is often unclear.” Prosecutors, he suggested, have a different interest from tax inspectors: “They want people to go to jail; tax inspectors want to collect tax.” he said. “From a practical point of view, you end up in negotiations because the law and criminal conviction are uncertain. Paradoxically, you have to fight on the basis of the rule of law, but you cannot rely on it because the law is so uncertain.”

Robinson highlighted professional advisers as being subject to onerous regulations and reporting. “It’s a really large business cost,” he noted. “Of course it must be done, but how do you square that with its utility? A lot of reporting is dysfunctional and doesn’t achieve what’s intended.”

Richter noted that criminal investigations are often problematic too. “It’s really difficult for prosecutors to come up with a charge because they have no understanding of the law,” he said. “Sometimes you ask them repeatedly: This is a criminal matter, you opened the file. What’s going on? Then they cooperate with the tax authorities and ask what: Would we charge these people with? Often we find a lot of activity to start with, in some cases with national TV channels involved. But after several years, very few criminal prosecutions.”

Talbot Rice concluded with what she termed “a call to arms” against taxation being levied by reference to an undefined principle of fairness instead of a set of rules passed by Parliament. “Look at the large corporations which have paid tax. The rules do not require them to pay simply because there’s been a populist outcry that it is not fair that they don’t pay more tax than they have paid,” she said. “To continue to allow that to happen is ‘supinely to allow an attack on the rule of law. It’s not taxation anymore; it is extortion because the difference between the two is a statute — rules which Parliament puts in place which say: This is what you must do. This is what you must pay.’ Requiring additional payment over and above that is extortion: it is simply saying, ‘I want your money; you must give it to me otherwise there will be unpleasant consequences.’”

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— Keith Robinson, Partner, Carey Olsen
A Family Affair

Nir Sadeh  
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It is apt perhaps to conclude the wrap-up of our time in beautiful Lake Como with a piece on family offices. Not only because you’d need the wealth of a small family office to live here, but because the main topics covered at the forum-tax, globalisation, transparency and legal capacity-all have an outsized impact on family offices and, as a result, their advisers.

Family offices have a long, illustrious pedigree dating back to sixth century England when the King’s steward undertook the role of managing the royal household’s wealth. It is from this that the concept of “stewardship”, still integral to the industry today, derived. The modern incarnation of the family office emerged in the 19th century when JP Morgan’s family founded the House of Morgan to oversee management of its assets. However, it wasn’t until the 20th century that the family office really flourished. From the 1980s to today, the speed at which vast wealth could be accumulated and the corresponding surge in inequality, has seen the share of global wealth owned by the top 0.01% surge from 3% to 8%. Family offices have undergone a corresponding boom. There are now at least 10,000 single family offices globally 3, with the sector as a whole-single and multi-family offices-managing somewhere between $3-$4 trillion as of 2018. 4

The raison d’être of the family office has always been to sustain inter-generational wealth and safeguard reputations. And indeed, when choosing a service provider for your family office, considering an objective metric, such as returns and expertise in establishing trusts and foundations, is important. However, in its modern incarnation, the concept of family office has segued into something much more holistic than just a vehicle for wealth preservation. In addition to the quotidian tasks of asset management and wealth preservation, family offices assist with everything from residency and citizenship to help with finding a property. It is these “added extras” that make it imperative for family offices to partner with service providers with deep ties to the regions in which they choose to locate. Because, no matter how global the world becomes, close interpersonal relationships make getting things done easier and quicker. And, as transparency and tax regimes become more harmonised, the high touch, service-focused adviser relationship will become even more crucial.

Just as integral as the adviser’s relationship with the jurisdiction is the relationship between the adviser and the family office. Given the strain of perfectionism inherent in many high net worth individuals, it is essential to get the chemistry right and for advisers to share the same vision and drive to excel as the family behind the office.

It is also important to have sufficient empathy to be able to understand the client’s needs in the round and respond accordingly. A good bedside manner is crucial and of utmost importance-a relationship built on a solid bedrock of trust. Trust isn’t something that happens overnight. It’s an iterative process and once that, whilst easy to talk about, is difficult to establish and maintain. It requires accountability, consistency and transparency.

Given the frequency with which the word is deployed-particularly in marketing brochures-it has lost some of its currency. However, trust is a quantifiable and important, indeed integral, part of any advisory relationship. Sadly, many “know the words but not the music” particularly, it seems, if the client is a smaller account. However, if the quality of client relationships is contingent on size or some other metric, the goalposts for who merits exceptional service will be constantly in flux. Furthermore, if there is an implicit understanding that “size matters”, the attitude will infect all client relationships… for the worse.

Given the importance of these considerations, perhaps the most vital decision many families will make in their wealth management journey is not what is right might not lead only to sleepless nights, it could also significantly erode your clients’ hard-earned wealth.

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Meet the team

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Dominic Carman is a freelance writer and consultant. Based in London, he executes bespoke projects for international law firms and investment banks – from thought leadership, white papers and report writing to digital content, ghost-writing and speechwriting. His clients include magic circle and Am Law 100 firms, as well as leading independent firms in Europe such as the best friends of Slaughter and May. Dominic’s clients say that they improve their results when they improve their communication skills – this is what he helps them to do.

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