

OPINION

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WYOMING PRIVATE TRUST COMPANIES – A TAILOR MADE ESTATE PLANNING SOLUTION FOR FAMILIES WITH US SITUS ASSETS

On the cusp of an unprecedented intergenerational transfer of wealth, regional families are taking action. The adoption rate of domestically available tools and arrangements - family holdings, specific family arrangements, foundations (arguably the go-to legacy planning tool for Muslim families), trusts - in particular, is unprecedented.

How to explain such momentum? **80% of Middle East based families' assets are located in the Gulf** – typically consisting of shares in operating businesses, real estate, cash deposits. Domestic consolidation / business continuity tools are compatible with all such key asset classes, protect them from potential threats – i.e. creditors attacks, probate –, and critically, enable entrepreneurial families to keep control.

As a result of such flexibility, local arrangements are increasingly including foreign based assets too, in particular financial portfolios custodised in tier 1 foreign financial centres.

But families may not necessarily be willing to consolidate all their foreign assets under a domestic vertical. This is where the use of a **foreign-based fiduciary structure** makes sense. In this context, patriarch and other family members will understandably want to 'mirror' their UAE infrastructure: continue to keep an active role in the administration of the underlying assets rather than relenting control to a third party. How to solve this equation?

Enter the Wyoming Private Family Trust Company.

For sophisticated entrepreneurial families, control is key. The Wyoming PTC mirrors the flexibility and advantages of UAE-based solutions

Wyoming is rapidly emerging as one of the preeminent trust situs states, due to its robust asset protection laws, legislation on Private Family Trust Companies (PTCs) and absence of income taxes.

A PTC is a business entity organized to provide fiduciary services to one single family (broadly defined to encompass multiple generations and branches of an individual family). It amalgamates the structure and benefits of a corporate trustee with the flexibility of permitting family members and trusted advisors to participate in the PTC operation and trust governance.

A Wyoming PTC may be either a Limited Liability Company (LLC) or Corporation formed under the laws of the State of Wyoming, with the specific purpose of serving as Trustee for a Trust or Trusts. Fiduciary oversight can be entrusted exclusively to the Board – thus, the family. Supervision by the Wyoming Division of Banking is voluntary.

Wyoming is an advantageous jurisdiction for the formation of PTCs due to its ease of formation and administration, minimal regulatory requirements, absence of capital requirements, lack of state income taxes, and low filing fees. No FATCA or CRS reporting requirements currently apply for US trustees or financial institutions.

The PTC is managed by a Board of Directors and may utilize committees relating to its operation and administration of the Trust(s) served. These committees may include an Investment Committee, Distribution Committee, or Trust Administration Committee. Family members and family advisors can serve on all of them subject to certain restrictions.

Investment activities may be conducted by an Investment Committee, composed of family members and/or trusted advisors. PTCs allow the family to maintain concentrated positions or to seamlessly invest in non traditional assets.

Distribution activities may be conducted by a Distribution Committee, typically composed of disinterested family members and trusted advisors.

Administrative tasks are performed by a Family Office, an Administrative Services Provider, or a combination thereof. The Administrative Services Provider is responsible for maintaining the PTC's policies and procedures, books and records; making recommendations on PTC policies and procedures; archiving financial reporting for the PTC and underlying trusts; attending Board meetings and drafting minutes; serving as an authorized signatory; executing legal and tax-related documents; coordinating advisor activities; coordinating tax reporting and compliance; and coordinating and participating in audits and examinations.

Wyoming permits the formation of dynasty trusts with a duration of 1,000 years.

There is a lot in common between UAE domestic consolidation / business continuity tools and Wyoming PTCs.

In comparison to the traditional trustee model, PTCs offer several distinct advantages: permitting the family to exercise greater control over their fiduciary structures, segregating tasks and allocating them to parties possessing the requisite expertise, limiting liability for family members, enhancing efficiencies in decision-making and implementation, and facilitating family participation, beneficiary education, and collaboration with trusted advisors.

For families with US situs assets considering the use of a foreign-based fiduciary structure and wanting to keep it in the family, the Wyoming PTC may be the solutions they have been waiting for.



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WHO WE ARE - CW Partners

A firm dedicated to private clients and international wealth planning.

CW Partners is a boutique firm operating as a multi-family office and trust company catering to the needs of select individuals and their families. Through a combination of industry experience and a deep network of relationships at the highest levels in wealth planning, legal and tax, finance and accounting, we are able to provide our clients with specialised strategic advice and services to meet wide-ranging and complex requirements.

WHO WE ARE - M/HQ

A multi-services platform catering to successful individuals and international families. Our one- stop-shop offering is unique in the Middle East: a holistic and cross-disciplinary combination of a market- leading corporate services firm, a private client specialist team and a regulatory & compliance services practice, all through one single platform.

We have extensive experience advising on a broad range of wealth structuring and legacy planning issues. We particularly assist in **establishing and servicing Family- and Group- Holdings, Single- and Multi- Family offices, Foundations** and other asset consolidation/protection and intergenerational wealth management structures.

Headquartered in the UAE, we are an entrepreneurial firm for entrepreneurial clients