

Wealth Management Planning Seminar

Private Trust Companies:

Practical uses of a PTC

Factors to consider when recommending a PTC

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Practical Uses of a PTC

- More complex assets can be held
- Greater transparency of fee structure
- Generational family governance issues can be accommodated
- Enables family and its advisors to be involved
- Sensitive family issues can be more freely discussed
- Compatible with family office
- Continuity- it is possible to change advisors without changing trustees

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Factors to Consider when recommending a PTC

- Does the Settlor/ Founder understand trusts sufficiently well to own and operate a PTC?
- Who will own the Company?
- Difficult to maintain a high standard of corporate governance
- Can the structure become overly dependent/ influenced by on family member or professional advisor?

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Factors to Consider when recommending a PTC- Cont'd....

- Are the assets suitable for a trust/ foundation quite apart from can the PTC act as trustee?
- Will the client try and use the Company for activities that are unrelated to acting as trustee (in business)?
- Often a majority of directors will be outside the jurisdiction. What happens if they fail to meet the management and control test?
- Beneficiaries may not respect the “Private” in Private Trust Company

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