

Domestic Wealth Planning

TRUST

for Bahamians

By

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Especially tailored for:

Retirees

Business Owners

Professionals

Company Officers & Directors

Parents with dependents or children

Public Officials

Contrary to what may people think, estate planning trust are not necessarily reserved for the wealthy. Even if you're not among the top 100 moneymakers in the country, you may be able to benefit from a trust.

WHAT IS A TRUST?

A Trust can be defined as a relationship whereby one person, called a "Trustee", becomes the legal owner of property called the "Trust Fund", but holds it for the benefit of another person (or persons), called a "Beneficiary" or beneficial owner for a specified purpose.

For certain professionals, a Trust removes 'conflict of interest' concerns by transferring legal ownership to a trustee.

Investment opportunities are increased because 'conflict of interest' issues are removed for public officials, officers and directors of companies, attorneys, accountants and other professionals.

PLANNING how and when to share what you own is Estate Planning.

Most people pay little attention to estate planning. Estate planning is important for everyone. You need to plan now on how and when to share your wealth with those you love and those you wish to assist financially. You need to review:

- The laws of the country which govern your estate planning
- Who should be trustee, protector, executor and investment advisor
- When and under what conditions you will share what you own
- Your requirements for asset protection, succession planning and professional advice and expertise

BENEFITS AT A GLANCE under Bahamian law:

- To provide for minor children or family members who lack financial experience or who are unable to manage their assets
- To provide for management of your assets should you become unable to oversee them yourself
- ·To avoid probate and transfer your assets immediately to your beneficiaries upon death
- Control of present and future ownership (Estate Planning); avoids disputes amongst heirs
- Protection of assets from the risk of unforeseen future claims, liability and litigation (**persons perceived to have wealth become targets**)
- Improved efficiency in administration and record-keeping

BENEFITS AT A GLANCE under Bahamian law:

- Legal protection from theft or negligence or improper investments or distributions by Trustees
- Privacy and confidentiality (no public records keeping)
- Relief from formalities and expenses of a last will and testament
- Property can be held for minors, bankrupts and incapacitated persons
- Smooth transfer of assets management and administration
- The client (Settlor and Beneficiaries) are relieved of the burden of asset management and decision making.

OTHER FEATURES

You, the Settlor (the person creating the trust) may:

- Retain, possess or acquire power to revoke the trust
- Reserve a power to add or remove beneficiaries
- Reserve a power to amend the trust or the instrument creating the trust
- Reserve the right to issue directions to the trustees
- Retain powers as protector or investment advisor

Under the modern and progressive laws of the Commonwealth of The Bahamas.

TRUST FEATURES under Bahamian law:

- Provides asset protection from uncertain future claims and litigation
- Determination of present and future ownership of assets (you can distribute before and after death)
- Trust deed can be revocable or irrevocable

PROTECTION

With the increased financial risks, increased litigation, challenges to confidentiality and lack of civility in our changing economic and social climate, the financially sound and prudent person must utilize asset protection strategies under Bahamian law utilizing professional Trustees who are subject to Bahamian law and Bahamian regulatory supervision.

Assets are transferred to a new “legal owner” and therefore protected from various threats and unknown future risks.

The cost of establishing a Trust makes it affordable for everyone, not just the super rich and famous.

Once you have established a Trust, it can be used to:

- Arrange your personal financial affairs
- Hold title to and invest in real estate, fixed deposits, stocks, bonds and other types of personal property with confidentiality
- Take care of minors or the elderly
- Pay medical, educational or other expenses of the beneficiaries
- Provide financial support at retirement
- Accumulate assets for retirement
- Consolidate and administer family assets
- Avoid the 'muddle' and expense of probate
- Transfer or sell your business interests to relatives, colleagues or third parties

BENEFITS OF A TRUST vs A WILL

- It is a private document – you keep your financial and family affairs confidential and not subject to public scrutiny.
- There is no probate – assets can be distributed quickly according to your wishes at any time.
- Flexibility – a Trust can survive you and your wishes with respect to the timing, and distribution of assets can be arranged under any conditions you set.

BENEFITS OF A TRUST vs A WILL

- The bottom line is that unless you have a Trust and professional Trustees, the probate process - not an experienced team of professionals - has control over how your Will is interpreted, how much probate will cost, how long it will take and what information is made public.
- A Will also burdens your Executor who is usually a personal friend or close relative with little or no experience in asset management and administration.

A TRUST HAS SIMILARITIES TO A WILL

- Both have been around for hundreds of years
- You name someone to handle your financial affairs. In a Trust this person or company is called a “Trustee”
- You name whom you want to receive your assets and when (before and/or after death)

Is There a Trust That's Right for You?

Although not quite as popular as wills, trusts are becoming more widely used among Bahamian, wealthy or not. Increasing numbers of people are discovering the potential benefits of a trust — how it can help protect their assets, and define the management of assets according to their wishes in a private, effective way. Your legal advisor can help you evaluate a certain type of trust to determine if it may be appropriate for your circumstances.

Benefits of Trust Formation

BENEFITS OF TRUST FORMATION

<u>Question</u>	<u>If No Will or Trust</u>	<u>If Will Only w/o Trust</u>	<u>With Living Trust</u>
Can I avoid Probate?	No	No	Yes
Will my estate stay private when I die?	No	No	Yes
Can I keep inheritance from my heirs until they reach age 30 or older?	No	No	Yes
Can I arrange to have funds managed for the benefit of an heir who is handicapped or otherwise unable to handle funds?	No	No	Yes
Can I make sure my grandchildren will receive my estate after my children die, excluding spouses of my children?	No	No	Yes
Can I leave my assets to children from an earlier marriage, cutting out my present spouse?	No	No	Yes
Can I retain control over my assets while I'm alive?	Yes	Yes	Yes
Can I change/revoke the plan?	N/A	Yes	Yes
Does the document provide for someone to handle my finances if I become disabled?	No	No	Yes

DO NOT DELAY

Take care of the important affairs of your estate and save your family from the costs and heartaches of probate, or worse, government intrusion and the trauma of locating and administering your assets if you do not have an effective estate planning vehicle in place.

Avoid disputes and "attacks" on your assets by effective estate planning...NOW.



DO NOT DELAY

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Is Assistant Vice-President of Trust Services at Fidelity Merchant Bank & Trust Limited. She holds a Bachelors Degree in Business Administration with a concentration in Management from Henderson State University and holds a Masters Degree in Business Administration from Nova South Eastern University. Prior to joining Fidelity she was Assistant Manager for Investments at CIBC Trust Company (Bahamas) Limited and for 12 years was a Portfolio Manager at SG Hambros Bank & Trust (Bahamas) Limited. She has extensive experience in the areas of securities trading and investment management. Ms. Rolle is a member of the Bahamas Society of Financial Analysts and the Society of Trust & Estate Practitioners (STEP).