

FIVE

minutes

with

Herman Krul

1. As one of the leading Trust- and Fiduciary company in Switzerland with a top reputation, please tell us a bit more about your company and what makes you so special ?

The trust and fiduciary services are typically provided by the following three groups:

- *Bank trustees: It has never been a core competency of the banks. Clients often discuss their estate and family needs with the banker and not with the Trustee. That is usually not very effective as many bankers are not experts in our field. In view of the new regulatory environment, it is likely that the banks will continue to reduce their activities in this field. Many banks have already exited this activity completely.*
- *P/E owned and listed trust companies: Historically, far too many companies have been active in our field. Often with a service of a low quality. The P/E companies have timely determined that there is a large need for consolidation. The problem is that P/E companies have only a 4-7-year horizon and have as objective to maximize their investment. This implies, in general a high employee turnover and a natural trend to increase fees. This approach often does not suit private clients.*
- *Management and family owned companies: Without a succession plan, Management owned trust companies are usually sold to P/E when shareholders reach the pension age. As such only family owned companies can guarantee to clients long-term and personal relationships.*

Reliance Trust is one of the very few family owned trust companies. It is Swiss based and owned. Two family generations are active in the company. The long-term approach is not only limited to the family, but also to employees. It is the best guarantee for continuity. Most of Reliance employees have about 15 year of high-level professional experience. The company set up allows us to build and maintain long-term relations with families, combined with a solid file knowledge. This approach is also important in order to preserve the client reputation and privacy. The latter is becoming more and more relevant in a world with increased reporting, like CRS, Fatca, UBO, DAC 6, etc. It is also for this reason that we do not outsource work.



Herman Krul
Director Reliance Trust

We have always had a tax and legal compliant business approach. In line with that we have - as one of the few Swiss trust companies - always been FINMA affiliated. All our procedures have also been approved by them.

While we actively use offshore structures, we see the future of the business clearly onshore. Taxes will become more and more important, even in regions like the Middle East. A solid knowledge of taxes and the potential mitigation will have a growing importance. Expertise in asset protection is also of key importance for families (increasingly) exposed to local instability. Entrepreneurs appreciate immediate and top-quality services.

Our services cover three areas: Private clients (including assistance with the selection of a suitable financial institution and custodian), corporate clients and philanthropy (via charitable trusts and Swiss charitable foundations). We provide our services via our offices in Switzerland and Luxembourg.

We act as a Swiss Trustee of a large number of trusts (including Sharia-compliant trusts) that are governed by the laws of England & Wales, Guernsey, Jersey, Bahama, etc. In the future, we also hope to be able to use the new Swiss trust law.

Many of our clients are active investors in commercial and residential real estate. We assist them with the administration of their offshore/Luxembourg / Swiss holding companies. More details are available on the website www.reliancetrustgroup.com

”

The long-term approach is not only limited to the family, but also to employees. It is the best guarantee for continuity.



2. How has been your experience so far with Family Offices/HNWIs from the Middle East ?

It has been a mixed experience. Some are well organized, but most of them have been too focused on their local businesses and have neglected to address the impact of our fast-changing world. In addition, they rarely meet their Trustees and are often in contact with less sophisticated bank and other service providers.

The Middle East is no longer an “isolated island”. In the near future, the already implemented (and increased) VAT tax will be followed by various other taxes. Tax planning is a new development and is becoming very important. This includes the use of tax treaties, the effective place of management, etc. At the same time, the service will shift from offshore to onshore.

In this open world, family governance will also become a lot more important. Families will need to timely address the role of the next generation, their income and voting rights, but also on how to preserve the family capital and to protect against all kind of 3rd party claims. We also actively assist clients in this field.

3. Structuring wealth for UHNWIs is always a delicate matter, which requires excellent skills, solid background, good network, good infrastructure, and the flexibility to be ready at short notice - wouldn't you agree ?

Yes, fully agree. In order to do so, it requires that a Trust company has a solid team of in-house professionals, with an international legal, tax and family experience. To be effective, it also requires that company representatives regularly visit the relevant countries. It is imperative to be well-informed about the latest developments in the countries. Reliance employees spend a lot of time on local meetings and regularly travel to Saudi, UAE, Kuwait, Bahrain, etc.

4. What services do you offer your international HNWI's seeking to protect their assets for their next family's generation in an increasingly complex tax landscape ?

We do provide a range of services in this field. It starts with education and awareness. The families need to understand the huge impact of this vast changing, open and transparent world. The active (and sometimes wrong) use of Instagram, Facebook, Tik-Tok, etc, may create a variety of risks, including claims. It is part of the family governance to address such risks, as well as, potential claims related to divorce, commercial bankruptcies, etc. The Middle East is not used to taxes and treaties. That will need to be addressed. Inheritance via Sharia may partly change.

To create the proper protection, families will need to work with revocable and irrevocable trust structures and sometimes include family governance and bilateral investment treaties (BIT). This may be organized via a Swiss PTC. Some families handle this via a DIFC/ADGM foundation on which the foreign Trustee/Swiss PTC may act as the Guardian.

Finally: What's the best piece of advice given to you?

I have benefited from several valuable advices. For our current activities it is: Treat your clients as your own family members.

We thank you for the interview.



...it requires that a Trust company has a solid team of in-house professionals, with an international legal, tax and family experience.