

## Estate and Succession Planning: Guernsey Trusts and Foundations

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### **Guernsey Trusts and Foundations**

Estate and Succession planning is a key concern for high-net-worth individuals and families looking to ensure the smooth transfer of wealth across generations. The use of trusts and foundations is a popular strategy for high-net-worth individuals seeking to manage and protect their wealth for future generations. Guernsey has a robust regulatory environment and is globally recognised as a leader in private wealth, family office management and structuring.

### **Trusts**

A trust is a legal arrangement in which a person (known as the Settlor) transfers assets to a trustee, who holds and manages those assets for the benefit of one or more beneficiaries. In Guernsey, trusts are governed by the Trusts (Guernsey) Law 2007, which provides a flexible and modern legal framework for the establishment and management of trusts.

The trustee is legally bound to manage the trust assets in accordance with the terms of the trust deed, ensuring that the Settlor's wishes are carried out.

### **Benefits Offered through the Use of a Trust**

Trusts can offer a range of benefits for estate and succession planning, including:

- Continuity: Trusts can be designated for a specific period or to exist in perpetuity, ensuring continuity of wealth management across generations.
- Asset protection: Trust assets are held by the trustee on behalf of the beneficiaries, providing protection against creditor claims and legal challenges.
- Confidentiality: Guernsey trusts offer a high degree of privacy and confidentiality, with no public register of trusts or public disclosure of beneficiary information.
- Tax efficiency: Guernsey has a favourable tax regime for trusts, with no capital gains tax, no inheritance tax, nor estate duty.
- Flexibility: the trust deed can be tailored to each individual Settlor's requirements and circumstances.

### **Foundations**

Foundations are another popular choice for estate and succession planning in Guernsey and are governed by The Foundations (Guernsey) Law, 2012. A foundation is a legal entity which while similar to a trust in many respects, has some key differences.

Unlike a trust where assets are held in the name of the Trustee on behalf of the Trust a foundation is a legal entity in its own right. Assets are held in the name of the foundation which is managed by a council of members or directors. The foundation's constitution sets out the rules governing the management and distribution of its assets.

Guernsey foundations offer a range of advantages for estate planning, including:

- Legal personality: Foundations have their own legal personality and are more easily understood in civil law jurisdictions where the common law concept of a trust is not always compatible with local legislation.
- Continuity: Foundations can be designed to exist in perpetuity, ensuring continuity of wealth management across generations.
- Asset protection: Foundation assets are held by the foundation on behalf of its beneficiaries, providing protection against creditor claims and legal challenges.
- Tax efficiency: Like trusts, Guernsey foundations offer favourable tax treatment, with no capital gains tax, no inheritance tax, nor estate duty.
- Flexibility: The Foundation Charter can be tailored to each individual Founder's requirements and circumstances.

### **Conclusion**

Trusts and foundations are powerful and adaptable tools for estate and succession planning. With its favourable legal and tax environment, Guernsey is a leading jurisdiction for the establishment and administration of these structures. High net worth individuals and families can work with experienced professionals at Dixcart, to design and implement a tailored estate and succession plan that meets their unique needs and objectives, ensuring the smooth transfer of wealth to future generations.

### **Further Information**

For further information or if you have questions regarding succession planning advice, services and support please contact the Dixcart office in Guernsey:

[advice.guernsey@dixcart.com](mailto:advice.guernsey@dixcart.com)

