

Private Wealth Management In A Covid-19 World

24th November 2020

Steven de Jersey, a director of Dixcart Trust Corporation Limited, the Dixcart office in Guernsey, answers some key questions regarding wealth management:

1. *Why are more people needing to consult a professional who can help them with their wealth management?*

There is an ever-increasing number of individuals creating wealth. This wealth is not just generated through the traditional routes of property, businesses and investment, but also through new technologies such as e-commerce and e-gaming, as well as higher incomes being generated through sport and entertainment. Much of this newer wealth is being created at a greater pace and a younger age than previously.

Clients and their families are increasingly mobile with family members widely spread across multiple jurisdictions. They require professional guidance in the structuring and planning of their affairs to ensure compliance with all the differing jurisdictional requirements, while still meeting their overall goals and objectives. A qualified professional adviser will offer advice and guidance together with suggested solutions that the client may not even be aware of, as well as provide the comfort of having someone with the relevant knowledge and experience dealing with such technical matters. In today's world of obligations pertaining to multiple tax treaties, exchange of information and substance requirements and the varying regulation and legislation from jurisdiction to jurisdiction, failure to comply can have substantial consequences.

This situation has been exacerbated by the current pandemic and its effect on the world economy, governments are going to need to fund their expensive national Covid-19 support programmes. Tax revenues will be down from traditional tax sources, and governments will look to collect additional tax from the individually wealthy. There is therefore even more reason for clients to ensure that their affairs are being reviewed and looked after by appropriate professional advisers.

- *What sets your firm apart from other wealth management companies?*

Dixcart Group is privately-owned and completely independent. We are not tied to any other Group that may have conflicting goals, nor owned by a Private Equity House that has performance targets to be met, nor listed on the Stock Exchange with an expectation of shareholder returns.

This means that we can provide our clients with impartial advice and the best solutions to meet their specific needs.

There is constant communication throughout the Group through regular meetings both in person and more recently via electronic conferences, to ensure that everyone is kept abreast of developments in the wealth industry. There are deep friendships that run, not only within and across the Dixcart offices, but also with our clients where we have often been trusted advisers across multiple generations.

- *What is the best wealth preservation advice you can offer?*

Know your goals and objectives – Think carefully what it is that you want to achieve and review these goals regularly. If your goals are not clear and cannot be clearly communicated you are unlikely to attain them.

Consider how you are going to achieve these goals and objectives – You need to choose your professional advisers and service providers with your own goals in mind. Track record and experience are important but clients should ensure that this experience is relevant to themselves and their circumstances. It is important that the advisers you choose are not only good at what they do, but also that you are comfortable that you can work alongside them for the long term as well.

Plan for the future – As soon as the next generation are old enough, involve them in the process. This will ensure continuity and an inflow of new ideas.

- *What are the current trends shaping wealth management?*

For some time tax has been less of a motivator in terms of wealth management with wealth protection, preservation and succession planning becoming more of a priority. This trend has been highlighted during the current pandemic as the worldwide lockdown has given people time and inclination to review their affairs. We receive many requests for advice on wealth protection, preservation and succession planning. Good corporate governance, transparency and tax compliance is far more important than the privacy

and cheap structures of the past.

Social and environmental concerns are much higher on clients' agendas, particularly when looking to invest, as is reputational awareness regarding where the individual's or family's wealth is being managed.

Clients and their families want to be more mobile and flexible and need appropriately aligned advice.

With the continuing threat of further lockdowns, consideration needs to be given as to where individuals and families wish to live. We are seeing an increase, within the Dixcart Group, of clients looking to move to jurisdictions perceived as being 'safer,' with the consequent increase in the number of private residences.

- *What has been the impact of the 'Economic Substance Requirements' (ESR) legislation that has now been introduced across circa 140+ international jurisdictions?*

ESR is very much an extension of the historical 'mind and management' requirements and the BEPS legislation, introduced to ensure structures meet the appropriate tax residency test. Where jurisdictions already have a good track record of tax compliance and harmonization ESR has effectively put what was best practice for these jurisdictions, into legislation.

This has led to a review of offshore structures in particular by clients and their advisers with questions being asked as to the purpose of the structure and whether this is still relevant under the new legislation. Decisions are then made whether to amend the structures, migrate them onshore or to a more suitable jurisdiction, or simply close them down.

Jurisdictions with a less favorable track record of meeting international standards are now facing an uphill battle to meet the ESR legislative requirements that they have had to implement, with the result that banking and lending institutions are reviewing all of their arrangements with structures located in these jurisdictions.

We are pleased to report that in March 2019 the EU Code of Conduct Group approved Guernsey's substance regime. This was followed by further endorsement in July 2019 by the OECD Forum on Harmful Tax Practices, who concluded that the domestic legal framework of Guernsey was in line with agreed standards and therefore "not harmful".

- *What makes Guernsey a popular location for High Net Worth Individuals to relocate to?*

Guernsey is a popular choice for individuals looking to relocate, with its proximity to the UK and mainland Europe together with its beneficial tax regime.

Guernsey has no capital gains, inheritance or other wealth taxes. There is neither VAT nor goods and service tax. There is also an attractive income tax cap for newcomers to the island.

Guernsey has the added benefits of beautiful scenery, and a slower-paced, more traditional way of life with the reassurance of personal safety and excellent community spirit.

Further Information

For further information regarding wealth management, please speak to Steve de Jersey in the Dixcart office in Guernsey: advice.guernsey@dixcart.com. Alternatively, please speak to your usual Dixcart contact.

(The original version of this article appeared in the September 2020 edition of FINANCE MONTHLY)

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Guernsey registered company number: 6512.