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Structuring PTC's from a
Trust Company Perspective

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What is a PTC?

- Individually designed and operated company which acts as trustee to the family trusts of a particular family or group of families.



What is the Client Profile?

- Significant wealth (> 100 million)
- Operating company situation
- Settlor from a non Anglo-Saxon background : less « trusting »



The Structural Profile

- Intergenerational planning needs
- Continuous management of company
- Orderly way to distinguish « active » and « passive » beneficiaries
- Encourage good Corporate Governance
- Tax efficiency



Trustee

- Difficult to manage
- Difficult to obtain information
- High levels of staff competence required (and costs)
- Liability issues (performance, diversification, management succession, family disputes)
- High fees are hard to justify
- No « soft dollar » or cross selling



The PTC Solution – Advantages:

- Control Issues
- Continuity of Relationships
- Encourages Corporate Governance
- Portability of trust services provider
- Professional trustee liability
- Confidentiality



The PTC Solution – The disadvantages:

- Loss of « Reputational glow »
- Taking responsibility
- Increased vulnerability?



Typical PTC

- Board Composition
- Ownership of PTC
- Separation of tasks

Protector Committee:
• Family Members
• Professional Advisors

Purpose Trust
or
Charitable Trust

Issues:
1 Continuity
2 Generational planning
3 Jurisdictional aspects.

Directors:
• Family Member(s)
• Professional advisers
• Service provider
Representative(s)

Private Trust Company

Contract
for services

**Trust Service
Provider**

Acts as
Trustee for...

Issues:
1 Partitioning of benefits
2 Distribution of Wealth

Trust A

Protector "A"

Trust B

Trust C

Protector "B"

Investment Company
Directors:
• Family members
• Investment Professionals

Operating Company
Directors:
• Family members
• Business managers

Issues:
1 Wealth Creation
2 Functional management



Jurisdictional

- Tax position
- Simplicity, tax effectiveness
- Geographical proximity
- Onshore/Offshore split of duties



Directors / Administrators

- Directors' responsibilities
- Fiduciary concerns
- D&O insurance
- Administrators' responsibilities



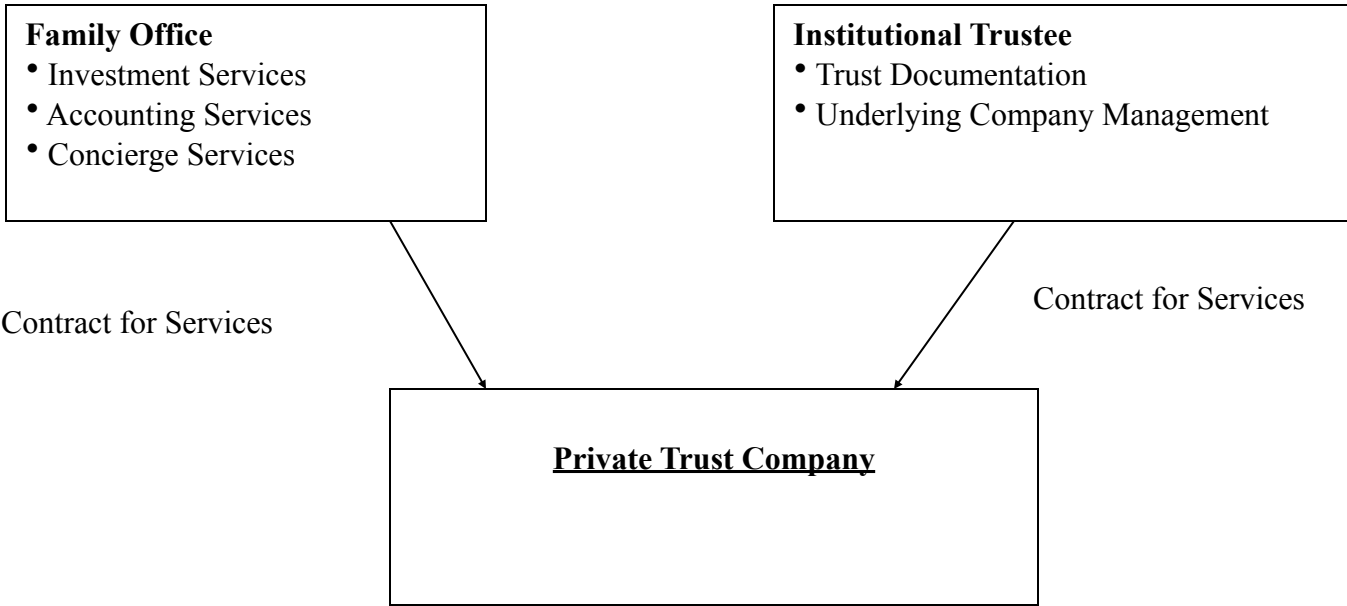
Costs

- Less than general trust company
- Less than third party trust provider
- Heavy setup costs
- High hurdle for annual costs (\$100,000 at a minimum, often substantially more)
- May have audit costs in addition



Coordination with Family Office

- Family Office – Investment, Accounting & Concierge services
- Trust Services Provider – Trust and Company administration





Conclusion: Perfect no, but advantages, yes

- Flexible
- Corporate governance model
- Tax and estate planning framework
- Rosy future!