

2010

STEP

ANNUAL REVIEW

www.step.org

STEP

Society of Trust and
Estate Practitioners



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2010

Chairman's Introduction



With the world in the grip of an economic crisis, you could be forgiven for thinking STEP's progress might falter. I am, however, delighted to report that far from slowing down, STEP is busier than ever, with more members and an ever increasing range of activity.

STEP now has nearly 16,000 members in 66 countries. Without giving up the day job it is impossible for the Chairman to do more than scratch the surface of the branch network during his term of office. In my first year I have visited Cyprus, Barbados, Canada, Germany, Hong Kong and several locations within the UK. I also had the pleasure of attending the inaugural meeting of the new Chapter in Vienna. Talking to the representatives of branches during these visits and at the Branch Chairmen's Assembly it is clear that

they are busier than ever organising branch events.

STEP Worldwide continues to develop the various academic routes to membership, endeavouring to ensure that STEP's qualifications remain both rigorous and relevant to the needs of practitioners. An objective of all branches is to establish an examination-based route to STEP membership. I have been delighted with the progress, particularly in Canada.

The range of specialist educational programmes, including those targeted at non-STEP members, continues to grow reflecting a very clear demand. This is an exciting development in STEP's education offering.

Perhaps the most important activity at STEP Worldwide concerns the general attack by certain national and international bodies on the legitimacy of trusts. Politicians, particularly in civil-law jurisdictions, have expressed profound concerns as to the allegedly widespread use of common-law trusts for illegal purposes ranging from money laundering to tax evasion. These people are leading calls for very tight regulation around trusts.

While it would be folly to pretend that trusts have never been used for such purposes, STEP's lobbying activities at the EU and OECD are concentrating on emphasising that trusts are predominantly used for entirely legitimate purposes. Much

This is about the future of the global trust and estate planning industry and affects everyone involved with planning at any level

of this work is of necessity quiet and behind closed doors. It won't make the headlines, but make no mistake, this is about the future of the global trust and estate planning industry and affects everyone involved with planning at any level. It is the single most important challenge STEP has faced to date.

I have greatly enjoyed my first year as Chairman. I owe a considerable debt of gratitude to my Deputy Chairmen Nick Jacob and Gavin St Pier, our Treasurer Larry Frostiaik and the other members of Council for their support and wisdom. And last, but by no means least, I must pay tribute to the work of the STEP Worldwide staff led so ably by our Chief Executive, David Harvey. Their efforts are, quite simply, magnificent.

**Michael Young TEP, Chairman,
STEP Worldwide**

Chief Executive's Report



would like to think that one of the primary reasons for STEP's continued success and growth is that at every level of the Society, members and staff continue to ask questions.

No one has to join; no employer has to choose to put their staff through STEP education. Thus the questions that we all ask are about what members, employers and other partners want so that STEP is in a constant cycle of improvement and responsiveness to the needs of clients and the broader public good. As Chief Executive, visiting branches and meeting employers and clients, I want to know and to be told where STEP needs to go now so that STEP can provide what members' particular markets will want five years hence and what students and members need in order to build their careers.

This last year, at every level, we have been asking questions about the STEP education system. Learning has been at the core of what STEP does; it is

why the Society was founded and it is what it will continue to do. Members' observations on the STEP education system show confidence in where we are today, but a need for organic change and growth in the future. In our fast-changing world, pressured by client demand and regulation, this is no surprise. STEP launched an in-depth review of all aspects of education at the 2009 AGM. This is not a hasty process; it involves much discussion and reflection globally. STEP aims to ensure that the menu of Diplomas, advanced courses and branch education, joined by a significantly stronger online offering, provide the depth, specialism, regional variety and quality that members need today and tomorrow for lifelong learning in trusts and estates. Tough standards and a solid core of trusts and estates knowledge will not be compromised, but change will reflect what employers and clients need so that the TEP designation maintains its competitive edge five years hence.

Change is likely to provide greater choice to students, within a common framework of knowledge. That change will take into account individual specialisms and regional variation in law and regulation.

Post-qualification, more focused specialist certifications will support members wishing to learn and demonstrate focused excellence. Advanced qualifications in tax, will writing, trust disputes and family business are just the first offerings of such specialist support, which

will also come through the extension and globalisation of Special Interest Groups. Online learning also needs to be a substantial part of the offer ahead, giving members flexibility and taking topics and qualifications to members in the four corners of the globe. In these changes the branches remain the constant, providing the local programming and networking that so many of our members tell us is a substantial part of what STEP membership offers.

In developing STEP's future the work of today continues, particularly through active engagement with policy makers and regulators to put the case worldwide for the responsible stewardship of wealth. We will continue the ongoing process of extending the STEP offer by marketing to new members in old and new jurisdictions, and the sharing of knowledge through student education, conferences, award-winning publications on paper and online and especially through the branches.

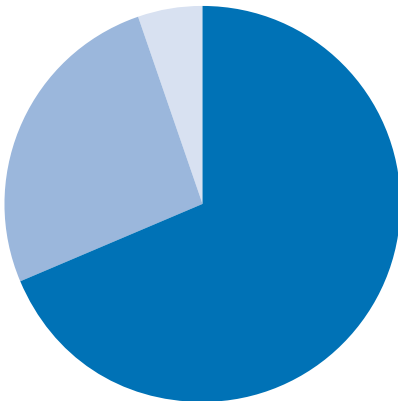
STEP truly is a members' organisation and that has been the key to success. In the economic climate of 2009/10, it could have been a difficult, perhaps even a negative year; that it was not is a testimony to STEP's many strengths and to the quality and commitment of members. Thank you, whether you serve on Council, a committee, a branch, at the secretariat or, most importantly, are a supportive member whose involvement goes just that far.

**David Harvey, Chief Executive,
STEP Worldwide**

STEP: Key Facts

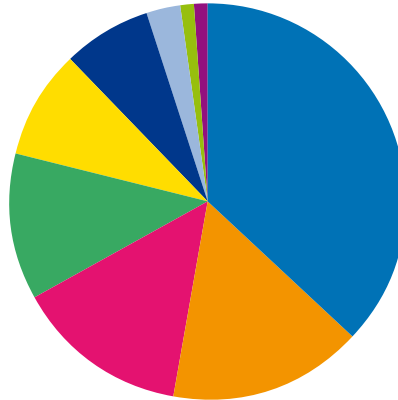
- STEP membership has now reached 15,987 (as of 24 November 2010).
- During 2010 STEP gained an additional 1,119 members representing a membership increase of 7.62% on last year.
- In 2010 STEP launched six new Chapters: Austria, Cheshire, Lakes and Lancs, Lausanne, Nevis and Seychelles.
- STEP now has 88 Chapters and Branches across 66 countries.
- STEP Queensland doubled in size in 2010 from 44 to 87 members.
- STEP now runs 14 different qualifications in trusts and estates and related subjects and more are currently under development.
- In 2010 STEP launched its first civil-law educational programme.
- There were record enrolments on the two new STEP Certificates in Financial Services (220) and Will Preparation (115).
- The STEP Asia Conference 2010 achieved record attendance with 372 delegates (312 in 2009).
- STEP received a record number of nominations for the Private Client Awards 2010/11.

STEP Members:
Membership Type



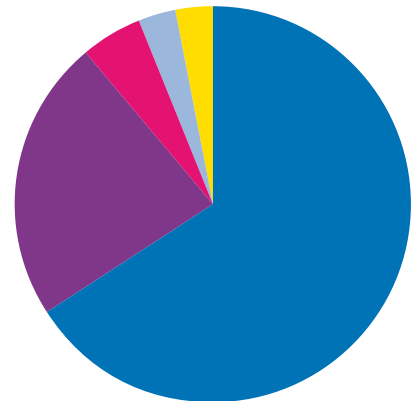
- Full Members: **68.82%**
- Student Members: **25.97%**
- Other Membership Types: **5.21%**

STEP Members:
Geographic Spread



- UK and Ireland: **37%**
- Continental Europe: **16%**
- Channel Isles and Isle of Man: **14%**
- Canada: **12%**
- Caribbean and Latin America: **9%**
- Australasia and Asia: **7%**
- USA: **3%**
- Africa and Indian Ocean: **1%**
- Middle East: **1%**

STEP Members:
Professions



- Solicitor/Attorney: **66%**
- Accountant: **23%**
- Financial Planner: **5%**
- Barrister: **3%**
- Other (Banking, Insurance, Tax Advisory): **3%**

STEP 3.0

Do you think the comments sections of online articles are often more interesting than the articles themselves?

We are all now used to reading and commenting on web articles and these can themselves generate interesting ideas, discussion and valuable debate.

But sadly, sometimes, especially on newspaper websites, the rule of 'Godwin's Law' applies. This rule means that 'as an online discussion grows longer, the probability of a comparison involving Nazis or Hitler approaches one'. There is a tradition in many groups that, once this occurs, the thread is over, and whoever mentioned the Nazis has automatically lost whatever argument was in progress.

To avoid this tedium, the key qualities for a good online debate are focus and transparency. Focus on certain issues so that the debate doesn't get sidelined or fly off on a tangent, and transparency so that the authors can be identified, thus encouraging a sense of online decorum.

This is where STEP's approach to online professional development and networking really comes into its own. Our online space is focused on estate planning and our members want to be recognised for their intellectual input. But we need to do more to keep the STEP online conversation excellent.

This is why we are working towards what we call 'STEP 3.0'. This means that your online conversation is integrated seamlessly with other communications mediums like articles, webinars and even events. Indeed the online space should not be thought of as different to the other, face-to-face, conversations that we have. Rather it is simply another channel of communication, but it is special because it allows you to skip easily from one form of conversation to the other. You can watch a webinar, and be led from there to discussion in an online discussion forum. Then someone can write an article on that debate, which may then form the basis of a programme for a real-life event, which in turn generates further comment and a recommendation to use a particular advisor.

By integrating our training and communications we believe STEP's aim of providing a credible forum for professional development and business networking for all members will be further enhanced online.

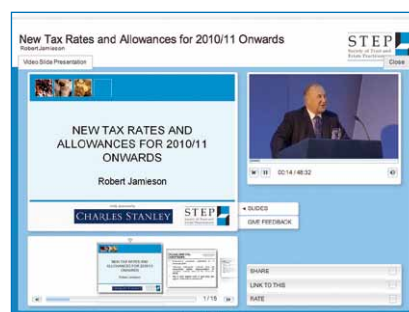
It also means that as much information as possible needs to be personalised to our members. Like

the website amazon.com, the STEP website will begin to reflect each member's geographic location and specialism. So if a member's focus is on trust administration in Canada they will find that these areas will be pushed to the fore. We need to know more about members' business to achieve this, and so far more than 3,000 members have completed the online form telling us which areas they specialise in. More information on them will now appear in the STEP Directory and Yearbook 2011 and those looking for an advisor will be able to instantly see who specialises in which area.

We used to say 'The STEP website is undergoing redevelopment'. This is now a redundant phrase because the STEP website is going through a continual cycle of development, refinement and redevelopment for the benefit of members.

To provide more information on your specialisms, please go to www.step.org, login and go to 'My profile'.

Keith Johnston, Director of Policy and Communications, STEP Worldwide



Lifelong Learning

STEP's ambition is to assemble a comprehensive professional development offering for those 'becoming' STEP members via the STEP Diplomas, for those already STEP members and for those in the world 'next to' STEP.

STEP is using the term 'Lifelong learning' to include initial professional development (IPD) and continuing professional development (CPD) – in other words across the professional working lifespan – but recognise that this term carries significant weight and we should give it some definition within our professional context.

Lifelong learning is the combination of processes throughout a professional working life – study, work-based activities and social learning events – which bring about a change in an individual's knowledge, understanding, attitude or capability and which result in a changed or more experienced person. It is a continuous process of 'becoming' the ideal professional, ideal being defined by each individual, but within the context of peer expectations, various industry standards and benchmarks.

Lifelong learning is now high on the agendas of policy makers and education providers but the concept itself is not new. Hsun Tse, a Confucian of the 3rd Century BC, describes lifelong learning as a continuous process of 'becoming', and

in language that seems appropriate for trust and estate practitioners: 'Study until death. And do not stop before. For the art of study occupies the whole of life; to arrive at its purpose you cannot stop for an instant. To do that is to be a man; to stop is to be a bird or a beast.' So, learning and development are natural facets of being human; a striving towards an ideal. This concept of striving for an ideal is just as relevant for the professional domain.

Learning and development opportunities come in many forms, and different forms will appeal to different people. STEP Worldwide can offer 'study' and 'social learning' opportunities and is, indeed, planning to develop both its breadth of offering (to include a range of technical, personal and business skills content)

Lifelong learning is about change and the ongoing process of 'becoming' the ideal professional



and the way the content is deployed (for example, through certificated learning, online learning or face-to-face events).

STEP Worldwide is one source provider of learning opportunity. Other sources of learning opportunities – social and work-based learning predominantly – are available through STEP branches, Special Interest Groups and employers. Gather these sources together and you have a powerful group, the STEP community, the largest trust and estate society in the world, offering unparalleled opportunities to develop expertise and models of best practice.

Lifelong learning is intrinsic to the working life of a professional. Above all it is about change and the ongoing process of 'becoming' the ideal professional. STEP's lifelong learning agenda will continue to play its part in enabling that 'becoming'.

Nigel Race, Director of Education, STEP Worldwide

Public Policy Review

Policymakers around the world have continued to focus intensively on issues affecting STEP's membership through 2010.

The international drive to combat tax evasion and secrecy has continued. At the same time the EU is beginning work on an ambitious programme of work looking at the functioning of cross-border law between EU states in areas such as inheritance taxes and succession laws. In response to requests from members, STEP has also been working intensively on a growing number of national jurisdiction issues, ranging from the *Hiring Incentives to Restore Employment (HIRE) Act* in the US, through to charity reforms in the UK and the regulation of will writers in Scotland. Depending on the circumstances, STEP's policy team has either engaged directly with national governments on such issues or supported the work of STEP branches.

International

The Organisation for Economic Co-operation and Development (OECD) Global Forum on Taxation has begun detailed work on the implementation of international standards for tax data exchange. Several hundred tax information exchange agreements (TIEAs) have now been signed and a peer review process is now well underway. This process is designed to establish that requests for tax data under the TIEAs can be met effectively. In summer 2010, STEP published

research on the need for stronger procedures to protect confidentiality as growing volumes of tax data flow between national jurisdictions, and held a series of meetings with senior officials in both the OECD and EU on the issue. We are pleased to see that in recent statements from the OECD and others there has been much more explicit recognition of the need to ensure legitimate confidentiality within the tax data exchange process.

Depending on the circumstances, STEP's policy team has either engaged directly with national governments or supported the work of STEP branches

Both the Global Forum and Financial Action Task Force (FATF) have also been looking closely at the effectiveness of the processes used to identify beneficial owners in the case of trusts and companies. This is an issue that has also been the subject of intense debate at the EU level. STEP has published an international survey of the procedures used in a range of jurisdictions and has briefed senior

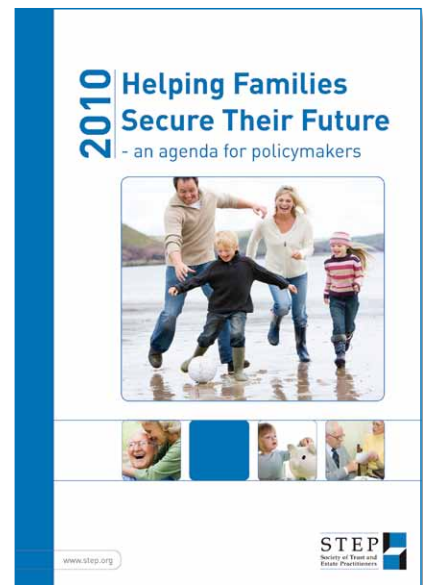
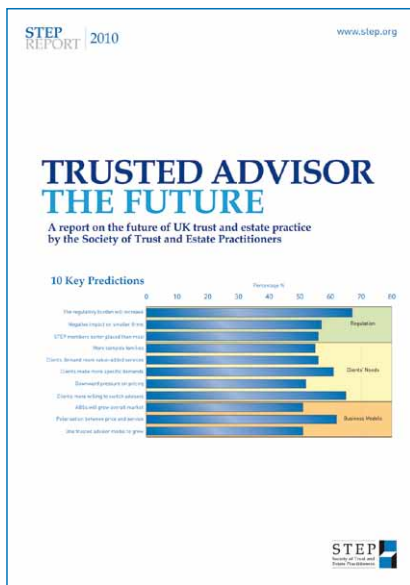
policymakers on the topic. We are also planning to publish further research, focusing on the issue of beneficial ownership as well as holding a technical workshop for officials in the New Year.

European Union

The political debate around the EU Savings Tax Directive has remained stalled for much of the past year, but the EU is pushing ahead with a wide-ranging programme of work to improve the workings of the single market by looking at the cross-border problems that confront EU citizens. Many of the issues being considered are directly relevant to STEP members practicing in the EU. STEP has therefore established a new EU Committee with representatives from a range of EU member states where STEP has branches with the aim of better representing the views of STEP members across the EU on key issues. STEP has also substantially increased its level of engagement with Brussels institutions and is assisting STEP branches in EU member states build their links with national institutions. This should help ensure that STEP's expertise is widely acknowledged by policymakers and our views have the greatest possible influence in EU debates.

United States

The HIRE Act's provisions on foreign financial institutions impose onerous requirements on many STEP members around the world. While the Act has now passed onto the US statute book, there remain



significant issues to be resolved as the Internal Revenue Service formulates its guidance notes. STEP's work here has been channelled through STEP USA, with STEP Worldwide staff coordinating discussions with interested members elsewhere and with groups such as the STEP International Committee.

United Kingdom

HM Revenue & Customs (HMRC) published highly contentious draft legislation on 'Working with Tax Agents' as part of its 'Modernising Powers' programme. STEP worked intensively alongside other professional bodies to successfully secure the withdrawal of the draft legislation and is now working with HMRC on possible alternatives.

STEP also lobbied intensively on the introduction, without consultation, of an HMRC-administered 'fit and proper person' test for charities. Progress has been made on reducing the substantial administrative burden on charities and we continue discussions with both officials and ministers on the introduction of fairer procedures in a

process that many members felt set an extremely dangerous precedent in terms of giving new powers to HMRC.

Many STEP members have expressed concern at the poor service they or their clients receive from banks when trying to use powers of attorney. STEP has raised these concerns with the Office of the Public Guardian, which has now convened a working group with STEP, other professional bodies and representatives of the banks to try and resolve the issue.

STEP members have also become increasingly concerned with developments in the will-writing market. There have been growing numbers of reports of clients suffering from inappropriate or badly drafted wills, often from unqualified or poorly qualified will writers. In England & Wales, STEP has lobbied the Legal Services Board (LSB) on the issue, pressing for regulation of will writers and the LSB has now launched a research programme looking at the issue. Meanwhile, in Scotland, Parliament has passed a Bill regulating will writing and

STEP Worldwide assisted STEP's Scotland Branch in lobbying MSPs as the Bill was progressing. Various amendments suggested by STEP were thus tabled and voted on as the Bill progressed through the House.

Helping STEP Members

The rapidly changing economic and policy environment is creating significant opportunities and challenges to the business models of many STEP members. Last year STEP helped produce a study (*Offshore Evolution*) looking at the outlook for offshore businesses in the emerging policy environment. This year STEP produced an equivalent study (*Trusted Advisor - The Future*) looking at trends for UK practitioners and planning is underway for similar studies in Canada and Asia.

George Hodgson, Head of Policy, STEP Worldwide

STEP has produced a number of Reports and Policy Briefings over the course of 2010. These are available to view at www.step.org/publications/reports.aspx

STEP Qualifications

STEP continues to develop its education offering for members and for those working 'next to STEP'. 2010 saw strong interest in two of the most recent products, the STEP Certificate for Financial Services (UK) and the STEP Certificate in Will Preparation (E&W). The Qualified Practitioner route is also being improved to align it more closely with the high standards of the STEP Diplomas that are accredited by Manchester Business School.

STEP's focus is to support the careers of members and to introduce new blood into the Society to strengthen the Society's place as the pre-eminent professional body for people working in the field of trusts and estate

planning. STEP, in partnership with Central Law Training International, has an ambitious qualification development programme, which will see the launch of the STEP Certificate in Trust Disputes at the start of 2011, a qualification with international relevance. A variety of other products, with relevance to all STEP Branches, are planned for launch during 2011, including certificates in International Probate and Succession, Family Business, Mediation and UK Tax for Non-UK Clients.

The core STEP qualifications, the diplomas bringing in that new blood to STEP, are reviewed and improved on an ongoing basis and continue to receive accreditation from Manchester Business School as high-quality education programmes. New to this Diploma set is the STEP Diploma for

Accountants and Tax Practitioners, a fast-track Diploma for more senior accountants and tax professionals who have some experience of trusts and estates.

STEP Foundation Certificate

The STEP Foundation Certificate is a broad based introduction to the core topics found in the world of trusts and estates and is designed for students who want a refresher or a solid grounding to this area of study. Students could be existing professionals, new to the field, or currently employed in administrative or clerical positions in the trust and estate profession.

STEP Diploma

The STEP Diploma suits those who wish to specialise in the trust and estate field and goes into significant detail. Completing the Diploma involves sitting four exams, in some cases tailored to the jurisdiction. The following diplomas are currently available and all lead to STEP accreditation.

The STEP Diploma in International Trust Management

The Foundation Certificate is compulsory for International Diploma students. The topics covered in the International Diploma are:

- Foundation Certificate in International Trust Management
- Trust Creation: Law and Practice
- Company Law and Practice
- Trust Administration and Accounts
- Trustee Investment and Financial Appraisal



Stars of the future Erica Buchan (L) and Anne Winterbottom (R): the STEP Excellence Awards celebrate the highest achievement in STEP educational programmes



STEP Diploma for England & Wales (Trusts and Estates)

Exams are set on the following topics:

- Administration of Estates
- Administration of Trusts
- Taxation of Trusts and Estates
- Trust and Estate Accounting

STEP Diploma for Ireland*

Exams are set on the following topics:

- Wills and Probate
- Trusts
- Taxation of Trusts and Estates
- Care and Management of Trusts and Estates

* Delivered by The Law Society of Ireland

STEP Diploma for Scotland

Exams are set on the following topics:

- Wills and Executries – Law and Practice
- Trusts – Law and Practice
- Taxation of Trusts and Estates
- Trust and Estate Accounting

STEP Diploma for Canada*

The Diploma for Canada is in development and will comprise the following four papers:

- Law of Trusts
- Taxation of Trusts and Estates
- Wills, Trusts & Estates and Administration
- Estate Planning

* Delivered by STEP Canada

The STEP Qualified Practitioner route

The 'thesis' route is available in a wide-range of jurisdictions. This route to STEP membership suits those more senior professionals who wish to demonstrate their knowledge through a written assignment, and to undertake the targeted research that underpins this type of assessment.

The QP route is a more independent form of study than the Diploma option, which builds a knowledge base through structured study and is assessed by a more traditional written exam. QP students are required to complete three essays on a range of topics. To find out more visit

www.step.org/qp

STEP Member Benefits

In 2010 STEP continued to provide a number of services to our members, and introduced enhancements to these services as well as new resources.

Student members, affiliates, associate and full members of STEP all benefit greatly from access to knowledge that enables them to identify and manage risk inherent in private client work more effectively.

Branch and Chapter meetings, seminars and conferences allow members to network with practitioners from different backgrounds, providing them with many opportunities to discuss issues with industry peers and experts, determining where coordination and cooperation would be beneficial.

The results of the December 2009 Annual Member Satisfaction Survey show that STEP continues to offer a valuable service to its members, 98% of members agreed they would recommend STEP to a colleague and 94% of members rated the value of their membership positively. The primary reasons members renew their membership of STEP is to enhance their profile and credibility with potential clients and to develop their knowledge and skills in trust and estate practice. The member services rated as the most valuable within the member satisfaction survey included:

- STEP Journal and TQR
- STEP News Digest Emails
- Membership Email Newsletter
- STEP Directory & Yearbook
- Job Search facility on the STEP website

New for 2010

Member Directory

The online directory for STEP members is searchable and accessible by the general public. Further enhancements were made to this service in 2010; members and the general public can now search for a STEP member by profession and specialism. The 2011 STEP Member Directory and Yearbook will also feature member profession for the first time.

www.step.org/stepmembersearch

Technical Newsletters via Email

Within the past year STEP continued to send regular technical e-newsletters to STEP members and subscribers providing up-to-the-minute industry and membership news. The twice-weekly STEP News Digests also won the TAF Best Practice Award for Best Electronic Communication in July 2010.

Special Interest Groups

STEP Special Interest Groups have continued to grow during 2010. Many developments are planned for 2011 to provide the best focus for members' specialist area of interest. Announcements will be provided via the STEP Journal and email newsletters.

Expanding Your Network – New STEP Chapters

During 2010 STEP opened new Chapters in the Seychelles, Lausanne (Switzerland), Chester (UK) and Lakes and Lancaster (UK). There are now 88 Branches and Chapters within the STEP network across 66 countries. In the next 12 months we expect to see more STEP Chapters in the USA,

England and Austria. To find out more about these initiatives email Elaine Crehan elaine.crehan@step.org

STEP Logo and Brand Development

The formal guidelines for STEP members to use the STEP logo were agreed by STEP Council at the May 2010 meeting. The benefits to the Society and to members using the STEP brand include:

- an increased brand recognition for the Society within the private client world
- an enhanced profile for the profession within the private client world and members of the general public

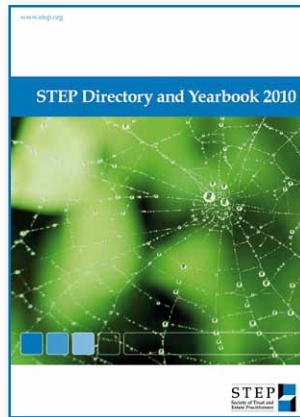
All full members of STEP (i.e. TEPs) may use the STEP logo on their business cards, website and promotional materials. The guidelines for logo usage by members are available via the STEP website.

STEP Journal

The STEP Journal continues to go from strength to strength and every issue is delivered to over 16,500 professionals. During 2010, four supplements to the STEP Journal were also produced: STEP Philanthropy Advisor; STEP Asia Advisor; STEP Investment Advisor; STEP Private Client Awards Supplement 2010/11. Further supplements are planned for 2011.

STEP Wealth Directory

The STEP Wealth Directory enables users to search for organisations that deliver specific service propositions to the trust and estate community, then identify a shortlist and view



comprehensive profiles for each organisation.

www.stepwealthdirectory.org

Job Search Website

STEP launched the dedicated job search site in 2009. Further enhancements were made to this member service in 2010 and the website has proved very popular with job seekers and employers. All members receive preferential rates to advertise their job vacancy on this website.

Education and Professional Development

STEP Diplomas and Certificates are recognised as essential qualifications and TEPs are sought after by employers. STEP offers a wide-range of regional specific Diplomas and Certificate courses designed to enhance career opportunities. During the past 12 months STEP launched:

- STEP Diploma for Accountants and Tax Practitioners
- STEP Diploma for Canada
- STEP Foundation Certificate on Trusts for Civil Law Practitioners
- STEP Certificate in Will Preparation (England & Wales)
- STEP Certificate for Financial Services (Trusts & Estates for England & Wales)

There are more programmes scheduled to launch in 2011 focusing on trust disputes, mediation, anti-money laundering and compliance, and UK tax for non-UK clients. If you would like more information email Kelly Farrell kelly.farrell@step.org

STEP is also planning to develop an online CPD offering to be launched in 2011.

Supporting STEP Students

The dedicated student area of the website provides examiners tips, student resources and FAQs. The STEP Student Newsletter keeps all students up-to-date with course dates, exams, student events and new qualifications. Student Liaison Officers are also on hand to help students in their branch. If you are a student and have any questions about the resources available to you, please email Kelly Farrell kelly.farrell@step.org

Helping STEP Members Promote their Practice

In order to help members thrive in an increasingly competitive market, STEP plan to launch a marketing tools and tips portal available on the STEP website early 2011. The aim of this portal is to help members promote their practice locally. To find out more about this member initiative email Elaine Crehan elaine.crehan@step.org

STEP Conferences and Events

Each year, STEP organises over 550 conferences, seminars and lectures via the Branch and Chapter network, the STEP head office in London and regional offices. These events offer continuing professional development. The events calendar on the STEP website provides details of all events held globally.

Hotel Discount for Members

As part of STEP's commitment to delivering excellent member benefits, STEP has agreed preferential rates for all members through selected hotels chains. For details visit www.step.org/memberservices

STEP Merchandise

At the request of members, STEP developed a catalogue of STEP merchandise. At the moment the catalogue includes STEP scarves, ties, pins, pens and umbrellas. To receive an order form email orders@step.org STEP-branded event banners, promotional brochures and magazines are supplied to Branch and Chapter Committees for local events, if your committee needs an event banner email Laura Farmborough laura.farmborough@step.org

STEP Member Services Brochure

To receive a copy of the STEP Member Services brochure please email marketing@step.org

Treasurer's Report

The fifth year of my term as STEP Worldwide Treasurer has been the most challenging to the Society as a whole due to the economic climate that was experienced across all STEP jurisdictions.

It is fair to say that guaranteeing incomes such as delegate fees and sponsorship of both conferences and branch events was a far more difficult task than in previous years. Many of our 'STEP Partners' had much tougher budget constraints, which caused them to be both more selective and more prepared to negotiate.

It is therefore very pleasing to note that for the financial year 2009/10 a group surplus after tax of GBP143,653 can be reported and our reserves have been accordingly increased.

Income

Total income from activities has increased by 2% in the year to GBP5,730,079 (GBP5,602,573 in 2008/9). The main contributing factors to this are as follows.

Subscription income has increased by 14% in the year to GBP2,384,636 (GBP2,088,854 in 2008/9). This was due to a 4.2% increase in membership numbers from 14,712 in 2008/9 to 15,321 in 2009/10, there was also a subscription fee increase from GBP185 to GBP195 (5.4%). The 2009/10 financial year was also the first time that a TEP fee of GBP75 was charged to new members and members that upgraded from

students, this raised extra funds of GBP54,300 (2.6%).

Course and lecture income has decreased by 5.8% to GBP1,753,549 (GBP1,862,118 in 2008/9). The income raised by the branches as held up very well, which represents a ringing endorsement of the quality of the events that STEP branches organise.

The two main areas that have experienced a decrease in revenues are the Caribbean Conference, which saw its delegate income reduce by 15.5% to GBP117,977 (GBP139,752 in 2008/9) and the STEP Worldwide Conferences, with delegate revenue decreasing by 24.9% to GBP456,583 (GBP607,846 in 2008/9). The main reasons for this are that there were both fewer events organised, only one international conference in Singapore as opposed to two in 2008/9 (Dubai and Hong Kong), and a significant drop in delegate numbers for the England & Wales Conferences, delegates totalled 827 over eight events (1,162 delegates over nine events in 2008/9). It is still worth mentioning that all the events held in 2009/10 were profitable.

Sponsorship income has decreased by 14.1% to GBP813,066 (GBP946,527 in 2008/9). This was mainly due to the tougher times being experienced by our partners and therefore sponsorship income being more difficult to capture.

This decrease is reflected across all areas but a couple do stand out. The Caribbean Conference experienced a drop of 26% to GBP127,086 (GBP171,819 in 2008/9) and STEP Worldwide conferences experienced

a drop of 28% to GBP336,990 (GBP469,958 in 2008/9).

Some of this decrease is attributable to there only being one international conference in 2009/10 as opposed to two in 2008/9 and only eight England and Wales events in 2009/10 as opposed to nine in 2008/9, this accounted for approximately GBP50,000 of the fall in income.

Operating expenses

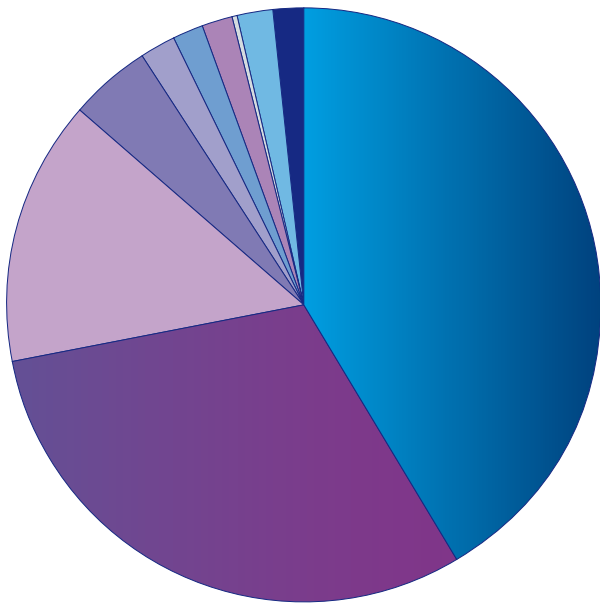
Total operating expenses increased by 5.8% in the year to GBP5,540,467 (GBP5,236,621 in 2008/9). The main areas to note are as follows.

Advertising, representation and public relations have increased by 80% to GBP170,258 (GBP 94,859 in 2008/9), this reflects the agreed Council budget for 2009/10 in respect on increasing both our representation and public relations in all STEP jurisdictions and the increased expenditure in specific marketing campaigns both in new and current jurisdictions.

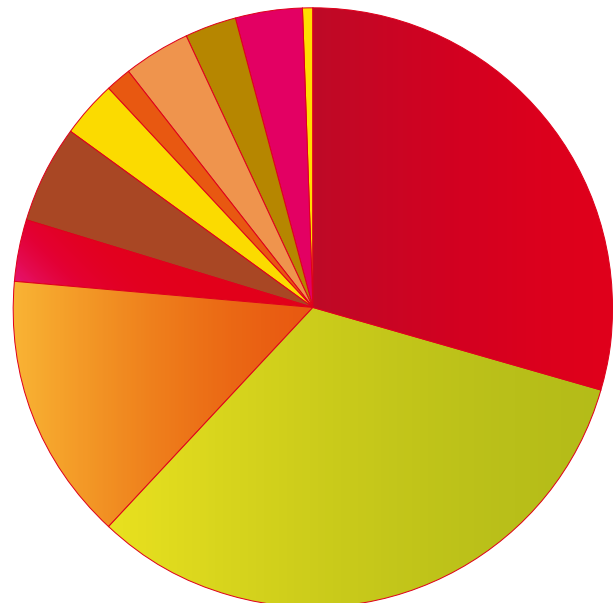
Branch development has increased by 78% to GBP80,343 (GBP45,154 in 2008/9) this reflects the initial investments in new areas of the STEP world such as South Africa and Australia and continued support in current branches such as France and branches in the Caribbean area.

Education cost and review fees has increased by 121% to GBP157,360 (GBP71,312 in 2008/9) this is due branches such as Canada, Jersey and Guernsey investing in their education programmes. STEP Worldwide has also increased its expenditure by continuing to develop new certificates

Income Generation 2009/10



Expenditure 2009/10



- | | | | |
|--|---|--|---|
| ● Subscriptions: 41.62% | ● Advertising Income: 1.57% | ● Conferences: 29.64% | ● Advertising & Marketing: 3.07% |
| ● Course and Lecture Income: 30.60% | ● Non CPD Events: 1.61% | ● Administration Worldwide Office: 32.53% | ● Branch Development: 1.45% |
| ● Sponsorship: 14.19% | ● Interest Received: 0.28% | ● Administration Branch Offices: 14.33% | ● Non CPD Event Expenditure: 3.51% |
| ● Examination Fees: 4.60% | ● Sundry: 2.01% | ● AGM / Council / Committee Costs: 3.29% | ● Examination Costs & Review Fees: 2.84% |
| ● International Diploma Income: 1.99% | ● Sales (of publications): 1.54% | ● Professional Fees & Taxation: 5.28% | ● Web Support & IT: 3.65% |
| | | | ● Journal & Publications: 0.41% |

such as the Certificate for Financial Services and the Civil Law Certificate.

There were no major losses in any of our branches and those that were incurred were covered by their own reserves. Our accumulated funds now stand at GBP2,660,704, which together with our strategic reserves of GBP400,000 leaves the Society with GBP3,060,704 of total reserves. Of this amount, only GBP310,444 of the accumulated funds and the GBP400,000 strategic reserve is controlled by the centre, with the balance of such reserve funds being held in STEP branches throughout the world.

The overall surplus for 2009/2010 after tax amounted to GBP143,653. Our auditors and tax advisors have

stated that a tax provision is required for this year totalling GBP50,000.

Collectively, STEP members provide 36% (36% in 2008/9) of the Society's gross revenues (GBP2,384,636). The other major sources of income are derived from course and lecture income (GBP1,753,549) and sponsorship revenues (GBP813,066).

A more detailed breakdown of income and expenditure is shown in the pie charts.

Spending priorities and objectives for the coming financial year include:

- The worldwide member website is continually being developed
- Education programme funding – new certificates and new jurisdictional programmes

- Representations to taxation authorities in all STEP jurisdictions
- Lobbying on the important issues in all jurisdictions
- International conferences in Singapore and Malta
- Marketing to increase membership numbers worldwide
- Student development programmes throughout the STEP world

I would also like to take this opportunity to thank all of the branches for their financial due diligence during this difficult economic time and extend my best wishes for our continued success.

**Larry H Frostiak FCA CFP TEP,
Treasurer, STEP Worldwide**

2010

STEP ANNUAL REVIEW

The Society of Trust and Estate Practitioners (STEP) is a unique professional body providing members with a local, national and international learning business network. STEP provides education, training, representation and networking for its members, who are professionals specialising in trusts and estates, executorship, administration and related taxes.

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