Executive Summary

Thirty-two leading Trust and Estate Practitioners were interviewed between March & June 2009 about their predictions for the industry over the next 12-18 months. These are their views, not the views of STEP or Spence Johnson.

The study found that leaders are decisively preparing for a new professional future where they are actively engaged in global, not just local, tax compliant cross border wealth structuring.

Three key trends were identified which will be felt across the industry and for years to come.

- **The Transparency Dividend** The end of secrecy will generate an economic windfall for practitioners delivering tax advice in line with multi-jurisdictional exposure.

- **Transforming Trust and Estate Planning into Wealth Structuring** Modernising practices are integrating trust and estate planning into a wider wealth management business.

- **‘Trust Plus’ Solutions** Products and services are being combined together to create new revenue opportunities for wealth structuring professionals.

**The Transparency Dividend**

The end of secrecy will see changes in provider and client behaviour which will generate an economic windfall for those who master global tax advice. The majority of respondents to this study will benefit. These include lawyers, trustees, bankers, administrators and trustees working both on and offshore.

Global tax advice will drive the industry forward. There is growing pressure on advisors to understand that their client is tax compliant globally - not just in the jurisdiction where they invest, but back home as well. While advisors expect legitimate confidentiality to be respected, questions remain internationally about where you draw that line.

**Transforming Trust and Estate Planning into Wealth Structuring**

Modernising practices are transforming cross border ‘Trust and Estate Planning’ into ‘Wealth Structuring’.

This transformation falls into three categories; advice, investment and trust administration.

- **Advice** In the new world of cross-border wealth structuring, a much higher quality of advice is needed to manage the complexity of tax wherever a client may have exposure. Advice is now global rather than local.

- **Investment** Falling stock markets have encouraged trustees to adopt industry best practice in their investment management functions and duties. Where a core group of firms have led the way, others will need to follow.

- **Trust administration services** are becoming more competitive. Firms are investing in systems and talent to satisfy new demands.

**‘Trust Plus’ Solutions**

The sophistication and range of services needed in this new world will grow beyond the traditional trust-based model.

‘Trust Plus’ Solutions is an observation of two trends:

- Adding different products to the toolbox, i.e., insurance, partnerships and foundations.

- Using trusts in novel, more flexible ways.

Advisors are drawn to ‘Trust Plus’ because:

- They offer asset protection in a tax compliant way without running the reputation risks that some clients perceive that trusts carry.

- They allow providers to make a better return on investment through value added economics.

To order a full copy of this report please read on.
Earlier this year STEP noticed a change in mood among cross-border wealth structuring professionals. An increase in political attacks against International Financial Centres seemed to be gaining momentum. What might happen next? What was the worst that could happen? What should the response be?

In order to find out what was happening, we decided to ask some of our most experienced practitioners for their views. We also asked a professional research firm, Spence Johnson, to manage the project for us.

As this study shows, we found that there are many challenges firms have to face including some difficult adjustments to longstanding business practices. But we also discovered tremendous optimism about the opportunities these challenges present and confidence in the industry’s ability to overcome them.

### 6 reasons to buy this Report

1. **Access** the current thinking and future predictions of 32 leading players in cross-border wealth structuring

2. **Understand** the most important challenges facing international tax and estate planners in the future

3. **Compare** your views on the future of international financial centres with leading on and offshore practitioners

4. **Understand** the drivers for change in professional practices that will mark the landscape for years to come

5. **Use** the in-depth analysis of 20 key themes as a checklist for business and strategy planning

6. **Understand** how to maximise referrals and revenue from transparency and innovation

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### Report Author

**Keith Johnston**

Director of Policy and Communications

STEP

Keith Johnston is Director of Policy and Communications at the Society of Trust and Estate Practitioners, a global professional body for lawyers, accountants, trustees and bankers who specialise in wealth structuring.

Keith is also Chairman of the Chartered Institute of Public Relations (CIPR) specialist group for Government Affairs; a Council member of the CIPR and a founding member of the nascent Public Affairs Council.

Keith has an Masters degree in history from Glasgow University. He previously worked as an advocate for the manufacturing and housing sectors.

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### Report Editor

**Nils Johnson**

Director

Spence Johnson

Nils Johnson is a strategic marketing consultant in B2B financial services. He has enjoyed a 20 year career in banking, consulting and research focused on financial markets, institutional investors and investment products.

Nils’ career started at Chase Manhattan Bank in New York. This was followed by senior sales and marketing positions in Treasury & FX at First Chicago, Calyon and Wachovia in London.

In 2005, Nils joined kae: marketing intelligence where he built a strong reputation as a strategic consultant to sales & marketing professionals in investment banking, asset management and life & pensions.

Nils holds a bachelors degree from Hampshire College and Masters Degrees from Johns Hopkins University and Henley Management College. He is a CF21 registered investment adviser with the FSA.

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### About the Authors

Spence Johnson is a specialist provider of marketing intelligence supporting clients across the European investment business - in asset management, life & pensions and wealth management.

The Society of Trust and Estate Practitioners (STEP) is a unique professional body providing members with a local, national and international learning and business network focusing on the responsible stewardship of assets today and across the generations.
Offshore Evolution
Transparency and Solutions in Cross Border Wealth Structuring

Extracts from the Study in this short presentation...

- **Executive Summary**
  We provide you with the summary page

- **Predictions Summary**
  We share with you the overview of the 20 predictions around which this study is built

- **Five Futures**
  We show you the Five Futures in summary form, and an example of the one page description of each of the Five Futures

- **Prediction Examples**
  We provide you with an example of the one page description of each prediction

The study found that leaders are decisively preparing for a new professional future where they are actively engaged in global, not just local, tax compliant cross border wealth structuring.

Three key trends were identified which will be felt across the industry and for years to come: **The Transparency Dividend**, **Transforming Trust and Estate Planning into Wealth Structuring**, and **‘Trust Plus’ Solutions**

“Wealth management by way of secrecy is over”

“There used to be two types of jurisdictions: white and grey. Now there is only white and it applies as much to the home country jurisdiction as offshore”

“Some IFCs will survive and others won’t but it won’t be driven by private clients”

“Clients are saying: are we safe offshore? What is the future of these places?”

“There is a whole range of reasons – apart from secrecy – why Switzerland could do well again in the future”
Summary of the 20 predictions that are detailed in the Study

20 main predictions have been identified. Around half of the predictions are ‘Impacts’ – events happening to the industry and over which individual firms have limited control. The remainder are ‘Responses’ that firms are making to these events.

Guide to reading the Prediction pages

Prediction Summary
A brief summary sets out the overall nature of the prediction.

Change spectrum
The two extremes of the spectrum are shown, showing the effect of least and most change.

Analysis
A more detailed analysis develops the prediction, drawing heavily on quotes from the interviews.

Impact/Response
An indicator box shows whether this theme is an Impact or a Response.

Average View Indicator
A yellow arrow highlights how much change the participants on average predicted.

Quotes
Verbatim quotes from the interviews illustrate the different degrees of change predicted against the scale.
An example of the one page analysis of each of the Five Futures identified in the Study

“We’re seeing a lot of clients looking for an independent advisor and trustee”

“The race to the bottom of commoditized trusts is over”

“I don’t think the legitimate desire of people to preserve their identity has gone away”

Appendix - Change Tables

Detailed measurements of the predictions are supplied in ‘Change Tables’ in an Appendix

Change spectrum
The spectrum shows least and most change. More detail on what this means in each Prediction is given in Section 5.

Predictions
Predictions made by Study participants. More detail on each Prediction is given in Section 5.

Impact/Response
First 11 Predictions are Impacts, second 9 are Responses

Average degree of change predicted on 5-point scale

This Prediction mentioned by >40% of participants (unprompted)

Range of average scores for all Impacts and all Responses
The study draws on senior industry input.

32 leading industry participants from 28 firms were interviewed during March and April 2009. The twenty-eight contributing firms are listed below. The individuals selected as participants were a mix of senior levels; Partner, Director, and Head of Private Clients. They also represented a mix of type of firm.

### Participating Firms

- Allen & Overy
- AMS Group
- Appleby
- Baker & McKenzie
- Barclays Wealth
- Bedell Cristin
- Butterfield Bank
- Cadesky and Associates
- Citibank
- Coutts
- Day Pitney
- Farrer & Co
- Fladgate
- GAM
- HSBC
- Investec
- Jersey Finance
- JP Morgan
- KPMG
- L S&S
- Penningtons
- Rathbone
- RBC
- Stikeman Elliott
- Stonehage
- Unigestion
- Value Works
- Withers

### Participating Individuals

#### By Location

- London 35%
- Switzerland 23%
- Channel Islands 13%
- North America 13%
- Asia 6%
- British Overseas Territories 10%

#### By Type of Firm

- Private Client Legal Practises 41%
- Private Banks 37%
- Other Financial Institutions 22%

#### By Size of Firm

- Large 48%
- Medium 29%
- Small 23%
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