

Now Dad' Dead

A Case Study - a meeting with the Settlor and a meeting with the family after the Settlor dies

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The panelists will share their broad range of experience in dealing with trust beneficiaries after the Settlor's death, and they will discuss what could have been done differently during the Settlor's lifetime with the benefit of hindsight.

STEP ASIA CONFERENCE

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JW MARRIOTT HOTEL

PACIFIC PLACE

HONG KONG

Meet your client.....his name is Dad

- A Chinese Patriarch from Hong Kong, age 67, a very wealthy, self made man, but with some recent heart trouble
- Dad has an existing family trust set up in the Cayman Islands, where it can run for 150 years. “The “Dad’s Dynasty Trust”
- The Trust holds:
 - (1) Family homes in Hong Kong (the Peak), New York and Lake Como in Italy
 - (2) A 100% stake in the family manufacturing business worth US\$100 million; It makes electric cookers
 - (3) An investment portfolio worth another US\$100 million
- In the event of the death / incapacity of Dad, his eldest son Walter will take over as sole protector and sole member of the trust investment committee. Walter has not been told this though.
- Walter is also the CEO of the family business
- Dad has three children. Walter age 45 is the oldest son.
- Next son is Frank who is age 42. Frank is the CFO in the family business
- His daughter Vicky is age 40. Vicky has her own small children (2 of them) who take up all of her time
- Dad is married to Mum who is a delightful lady (64 years old) who is well known in the social circles and charity scene in Hong Kong

You met Dad and Mum last week and then

- Last week you had a meeting with Dad and Mum.
- As a result of his recent heart trouble, Dad decided they should sign some wills to take care of anything left over outside the Trust
- They met at your office and signed mutual Wills. The meeting was smooth and straightforward. Mum was chatty and pleasant as she always is.
- Then you get a call from Dad (today)
- He informs you “I want to change my Will. Don’t tell Mum about this. I am coming to your office to see you this morning. I will be there by 11.30.”
- Dad is usually punctual but he is not at your office by 11.30.
- 1.45 comes and he is still not there. He misses his appointment with you.
- It turns out that Dad died of a heart attack on his way over to your office.
- In a way you are relieved. The Trust structure is all in place. The Will of last week is in place. You think to yourself, Dad’s Legacy will surely go on for 150 years.
- You also think to yourself “I wonder if he ever explained the terms of the Trust to his family?”

Dad's dead..... now meet Family # 2

- As one of Dad's trusted advisors you are of course invited to the funeral
- Mum, Walter, Frank and Vicky are all at the funeral
- So is Ruby

- Who is Ruby? That is a good question. Ruby says "I am Dad's Wife. We have been married for 5 years now. We have two little toddlers. We have a beautiful home together in Shanghai.
- "Dad always told me we would be taken care of if anything happened to him".
- "How did you meet Dad?" you enquire. "I used to be a belly dancer in a club in Shanghai....."

Possible Issues & Important Questions

- Should Dad have been advised to hold a family meeting to explain the terms of the trust to his family?
- How do you balance Dad's desire for secrecy and control against the benefits of preparing his family for when he is no longer around?
- How will Frank and Vicky react to the surprise news that oldest son Walter has all of the control?
- What type of leadership in the next generation is Walter going to display? Will he continue the hierarchical style of his late father, or will he be a collaborative leader?
- What kind of relationship do the siblings have?
- Vicky as the classic "outside shareholder" – in fact not even owning any shares
- If Vicky wanted to exit, how can she do this given the discretionary nature of the trust?
- How is Mum provided for?
- What role will Mum play vis a vis the first family?
- Clock time versus Emotional Time
- Understanding the Grieving Cycle
- Emotional impact of the "Secret" of the second family being revealed
- What is Dad's legacy? Is it a legacy of secrecy and control
- If there is a family conflict will the trust structure make a difference?