

Cutting through complexity - how the role of private wealth advisers has changed

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Advocate Josephine Howe, a partner in Ogier's top-tier Jersey Private Wealth team, joined the firm in 2005 – in the past 14 years she has seen significant changes not just in legislation and in client demands, but also in the role of professional private wealth advisers.

How has the private client industry changed?

It is rare to see smaller "off the peg" trusts being established. Now the trusts I see being established are carefully tailored to the needs of high net worth families.

They often include reserved powers, involve advisors in multiple jurisdictions and have to operate as part of the wider family governance structure in conjunction with family offices and family-run businesses. The regulatory landscape has also dramatically changed and clients are keen to ensure their structures are compliant.

All of that means that the picture is an increasingly complex one – the role of advisers now is to cut through that complexity and offer clear advice.

What kind of complexities are arising?

A good example is a recent Eur 1 billion trust asset restructuring. It involved a momentous decision of the trustees with assets, trustees and beneficiaries located in multiple jurisdictions, tensions between the interests of different generations of beneficiaries and a combination of common law and civil law legal issues which created some interesting challenges. That is an example of complexity – it means spending significantly more time understanding exactly what is driving and motivating each of the parties involved.

How is Jersey responding?

As a jurisdiction Jersey is quick to respond to the new challenges that face our clients and the ever changing international landscape so as to ensure that the structures, services and solutions offered are modern, compliant and flexible. For example, I'm currently involved in the newly established working party established by Jersey Finance working with the States of Jersey to look at existing laws and regulation in respect of family offices. We are looking at how Jersey can attract and support family offices who want to establish themselves in a jurisdiction with good structuring options with a clear and compliant framework and enables them to benefit from Jersey's experienced professional service providers.

How are private clients changing?

The nature of clients and their wealth has also seen a change from the 'old money' that has been in families for generations to newer wealth generated by entrepreneurs and investment professionals. These are often first generation business people or educated professionals who have created their wealth, want to understand the structures they are establishing and have a continuing role which means that private trust company structures, reserved power trusts and the family offices where an element of control or oversight of the structure is retained and suits their family dynamics is increasingly important.

What challenges do your clients face?

There are four key challenges – and it's worth noting that these have all emerged in the last few years, and were not driving behaviour to the same extent even a decade ago.

Firstly, succession issues, primarily in relation to succession to wealth and involving and educating the next generation of family members in relation to their structures, but also the succession of key individuals and advisors in positions of responsibility.

Secondly, dealing with negative perceptions - clients establish offshore structures for a number of legitimate reasons such as asset protection, succession planning and privacy, however, combating negative misconceptions of offshore structures and their use by the wealthy continues to be a challenge.

Thirdly, there's innovation: one of the results of generational change is an increased call to invest in asset classes which may carry a higher risk than the traditional and cautious trustee would be comfortable with, such as bitcoin. The challenge for us is to advise the trustees on how they deal with these investments.

And finally, we all have to be mindful of cyber-attacks and other threats to personal data and/or reputational damage.

Josephine acts for a wide range of professional trustees, settlors and beneficiaries advising on all issues concerning trusts and foundations as well as private wealth, philanthropy and regulatory matters. She specialises in advice relating to the establishment and operation of family offices and

was recently selected as one of only five lawyers in private practice included in a list of Jersey's Top 20 Professionals in Private Wealth by Citywealth.

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Meet the Author



[Josephine Howe](#)

Partner

[Jersey](#)

E: josephine.howe@ogier.com

T: [+44 1534 514201](tel:+441534514201)

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