

Cayman: a jurisdiction of choice for Canadian HNWIs

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Canada is a thriving market for Cayman private wealth services, with Cayman's full package of wealth structuring and lifestyle factors attracting growing numbers of high value residents from the north – that's the view of Ogier Partner Anthony Partridge who recently spoke on the topic of Cayman STAR trusts and dynastic trusts as part of the STEP Canada webinar series.

"There has been an incredible amount of interest in the Cayman Islands from Canadians over the past few years" said Anthony. "With direct flights from Toronto, the Cayman Islands are historically known to be a first-class destination for Canadian High Net Worth Individuals (HNWIs), who have some familiarity with Cayman as a British Overseas Territory, which is also part of the British Commonwealth."

The COVID-19 pandemic has also led many to have a fundamental rethink as to how and where they want to live, with a better work/life balance and a healthier lifestyle topping people's list of priorities. Cayman has proved itself to be a safe haven amid the crisis, with the jurisdiction able to virtually eliminate cases by strict border control, enabling life on-Island to return to normal after lockdown - a stark contrast to many other places across the world. The global shift in work patterns spurred by the pandemic has also seen the Islands launch a Global Citizen Concierge Program (aka Digital Nomad Visa), enabling those eligible to stay in Cayman for up to two years, adding more flexibility than ever before for those considering relocation.

From foundations to the STARs: Cayman's unique wealth management vehicles

Cayman's range of wealth structuring options is a big draw for HNWIs, who have increasingly complex wealth structuring needs which require flexible and customised solutions. Alongside regular trusts, Cayman has a number of unique wealth management vehicles, including the STAR trust (named after the Special Trusts (Alternative Regime) 1997 law which brought it into effect) and the relatively new foundation company.

"The main difference between an ordinary trust and a STAR trust is that a STAR trust can exist

for non-charitable purposes, for example to own and operate a particular business. They are incredibly flexible wealth planning vehicles that can be used in a variety of ways.

"I like to describe a foundation as a company with beneficiaries , and something of a hybrid between a trust and a company. From what we have seen so far, it has provided quite a lot of flexibility for clients looking to have greater control over their structures and not wanting to be beholden to a trustee." explained Anthony.

Quality financial institutions on your doorstep

Some of the world's leading financial institutions including CIBC, RBC, and Scotiabank have operations in Cayman, along with accounting firms such as KPMG, PwC, Deloitte, and EY." Market-leading offshore law firms and investment advisory firms are also here, making it a natural choice for UHNW families looking for a jurisdiction with a thriving financial services industry of high-calibre private client and trust professionals" said Anthony.

Finding the right lifestyle fit

"What I tend to say to new clients when first approached is something along the lines of choosing a location to move to is not just about finding a home for your wealth, it's about finding a home for your family," said Anthony.

"Anyone who has been to Cayman knows that we have beautiful beaches and lovely weather throughout winter, but there is so much more than that—we have a high standard of living, good health care and education available on island, and a strong sense of community, while also respecting people's privacy."

"You can see with good reason why there is a strong infrastructure to support family offices and professionals who support our clients in the wealth management industry, and why Cayman is consistently ranked as one of the top offshore financial centres in the world."

Finally – and importantly

If they are not looking to move offshore, there may still be good succession planning reasons why a HNW individual may wish to set up either a trust or foundation company in Cayman.

"If the HNW is still onshore in Canada for example, it would be critical that we work closely and in conjunction with Canadian counsel to ensure that we are structuring the trust or foundation company in the best possible way for the client's needs" said Anthony.

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