

PTCs for Multinational Families

Families of wealth are increasingly global in scope; many multinational families are locating assets and entities in the United States for tax planning, access to domestic financial markets and products, and to minimize geopolitical risk. PTC's are great top-level tools for administering incongruent and complex family assets and structures as the PTC is unified by family purposes and values. Sometimes, families with both US and non-US persons require segregating structures for each class of beneficiaries to avoid negative tax consequences. Other families have complex or non-traditional assets which many trustees may not wish to administer. In some instances, non-US persons with domestic and foreign complex assets use PTCs and trusts as a tax management strategy based on home-country laws or to avoid forced heirship. PTCs can be custom-tailored to families and their assets and can consolidate management of multiple trust structures to achieve the overarching objectives of the family.

Inherent in cross-border planning is the need to reconcile the laws of each relevant jurisdiction. It is essential to consult with competent legal and tax advisors in all concerned jurisdictions in order to confirm that the structures and strategies employed will have the intended consequences. The Directors and Officers must also obtain the best possible advice for legal and tax compliance given the increased complexity associated with multiple jurisdictions. In this area, an ounce of prevention is truly worth a pound of cure as even minor errors may result in catastrophic consequences to the family.

From a project management perspective, the PTC can add substantial value through coordination of advisors and strategic consistency – often, multiple trustees in the various jurisdictions may not communicate regarding investment or distribution activities, resulting in duplication of effort or unintended financial risk. The PTC also provides a forum for advisors to communicate and collaborate, which we find results in creative solutions reached through iterative idea generation.