

## WEALTH PLANNING GOES BACK TO THE FUTURE

by Advocate David Dorgan

2015 sees the 30th anniversary of the original Back to the Future motion picture and, rather disappointingly, we have not seen the introduction of flux capacitors, flying cars or even the “hover-board”. So what has changed since 1985?

Attitudes have changed. The Thatcher years have ended, but the consequence of those years was a sustained period where the economies of first world countries generally boomed and, as they did, big businesses and some beneficial wealthy sought to lower (at best) or evade (at worst) their tax responsibilities. Since the onset of the global recession, indebted governments require every penny of tax owed. Consequently, offshore finance centres have been too readily used as scapegoats for political expediency by leaders of world economies who have been clamping down on tax evasion and avoidance.

However, governments’ focus of ending tax avoidance and evasion does not change the genuine reasons the wealthy look to offshore structures. Indeed, with client due diligence, automatic exchange of information and public beneficial ownership registers, we now live in a world where transparency is a fundamental aspect of our lives. Putting aside Orwellian thoughts, wealth planning has and continues to return to a time where offshore structures are not fundamentally driven by tax reasons, but to preserve and enhance wealth.

Typical examples for establishing structures are:

- The size and dynamic of the family requires third party professionals who are neutral in the family’s affairs and can act in the family’s best interests as a whole

- The wealth is so vast it requires full time management for its distribution for specific charitable aims (for example the Bill & Melinda Gates Foundation)
- The wealth is so vast it requires full time management and careful planning for different branches of the family and each branches' future generations
- For entrepreneurs to structure their business affairs during their lifetime whilst taking practical measures to ensure their businesses descend to their family
- To keep the multi-generational family business within the family for future generations
- To educate minors or care for those who suffer from a disability or addiction
- The political and/or social instability of certain countries within which people reside
- The risk of kidnapping or assassination of family members

Successive reviews by the International Monetary Fund (**IMF**) have confirmed that the Crown Dependencies have a very good story to tell; it being previously accepted by the IMF that Jersey has been the most compliant jurisdiction in the world with modern international standards. Furthermore, economist Professor James Hines is of the opinion that offshore finance centres generally promote good government and enhance economic growth elsewhere in the world. This combined with the political stability, comprehensive laws, strong judiciary, professionalism and integrity of finance professionals means that the Islands are an ideal place for the wealth planning clients.

The wealth planning industry continues to live in a time where offshore finance centres are scapegoats for on-shore economic problems without looking at the facts or the real root of the problems. The true fact is that there are genuine and essential reasons why a wealth planning industry exists and that industry continues to exist in a time where offshore structures are not fundamentally driven by tax.

This article has been written by:

**Jersey**

**Advocate David Dorgan**

Partner | Group Head, Jersey | Private Client & Trusts  
+44 (0)1534 818 060  
ddorgan@applebyglobal.com

David Dorgan is a Partner in the Private Client and Trusts Department at Appleby. A copy of this column is available on the firm's web site at [applebyglobal.com](http://applebyglobal.com)