

FIVE YEARS OF FOUNDATIONS IN GUERNSEY

08 JANUARY 2018

Foundations registered in Guernsey are nearing 100 in the five years since the island's Foundations Law came into effect.

Foundations were introduced on 8 January 2013 as a new solution for private wealth clients seeking more directional power over assets compared to traditional trust structures. They have been established in civil law countries for many years.

There are 88 foundations on the register at present, which Angela Calnan, Group Partner in the trusts and foundations team at law firm Collas Crill, described as 'encouraging'.

"Most of those that we have been involved with have been for 'super structures'," she said, 'and in my experience, Guernsey foundations are not being used for 'cookie cutter', volume business.'

New foundations established by Collas Crill for estate planning for South American families have involved endowments of £25m. and £3.2bn respectively, and another is a trustee for the trusts of a significant English landed estate.

"The Guernsey foundation has the advantage of being a very flexible structure which lends itself well to bespoke estate planning mandates while also benefitting from the robust legal and regulatory environment here which clients are actively seeking out," said Ms Calnan.

"In terms of the future for Guernsey foundations, I would not envisage huge numbers of foundations being registered each year, but these are likely to be for significant families with complex, high value assets who want the comfort of a solid jurisdiction with strong estate planning expertise."

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Dominic Wheatley, Chief Executive of Guernsey Finance, said: "Guernsey has significant expertise in servicing structures for protecting and preserving private family wealth, and the foundation has provided another alternative. The Guernsey legislation also provides some aspects that differentiate the Guernsey foundation from others in the marketplace, and this has proved valuable."

These distinctions to the Guernsey Foundations law include a separate legal personality, which helps to clarify appropriate tax treatment for the founder, confidentiality, and different treatment for beneficiaries being enfranchised or disenfranchised.

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