

21st-century Wealth Structuring

How modern wealth structuring can help families maintain control through generations

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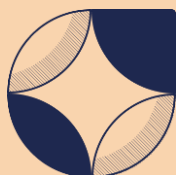
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1. Introduction

In the 21st century, wealth structuring is about far more than preserving capital – it is about preserving purpose. Families increasingly seek to balance legacy, governance, and generational empowerment through thoughtfully designed structures that foster unity, accountability, and continuity.

SYNOPSIS

“Sustaining Family Wealth through Governance and Vision”

Key features:

- Wealth structuring today focuses less on tax optimization and more on long-term continuity, purpose, and family harmony.
- Effective planning empowers future generations, formalizes governance, and ensures sustainable stewardship of family wealth.
- Preparing heirs early fosters responsibility and unity. Transparent communication, education, and structured involvement in business or philanthropy build confidence and reduce conflict.
- A clear governance framework – combining family councils, constitutions, and professional trustees – translates shared values into lasting strategy. Defined roles, communication lines, and decision-making rules create stability.
- Trusts and foundations consolidate ownership while maintaining control and continuity. Combined with a robust governance plan, they form the foundation of an enduring legacy.
- Successful wealth structuring is as much about relationships and values as it is about legal design – ensuring that wealth remains a force for cohesion, responsibility, and long-term vision.

2. The essential goals

When planning wealth structures for our clients, the needs of wealthy families have moved away from a purely tax driven approach to a focus on the true essentials of wealth structuring. These include the planning for the transition of wealth by empowering the next generations in the family and formalising governance within the family by setting rules for mutual decision making in relation to their wealth.

Whilst these goals are important to almost all families, it is often difficult to find a starting point and to organise such a mammoth task. Creating an ownership and governance structure which properly addresses the families' objectives is paramount to creating a lasting legacy that is continued by generations to come.

3. Generational Transition

The generation of the baby boomers is getting older and in no part of history has any other generation accumulated such wealth. Family wealth is a threat to family harmony and its management requires clear rules and protocols in order to avoid disputes. When wealth transits from one generation to another, the dynamics in the family often change dramatically. Transition is about preparing a family adequately for



taking over the responsibility that wealth brings and governance is about doing so in a structured manner.

The family tends to be closely knit and often works in the same family business while the patriarch or matriarch is still alive. The rules may be clear-cut by following top-down decisions made by the patriarch or matriarch but the question as to what is to happen afterwards is often not adequately addressed. It is important for any wealth owner to be open and transparent about his wishes at an early stage by opening up the discussion on the transition of his often central position in the family, thus fostering an environment of trust and respect.

This includes helping younger generations enter the sphere of responsibilities by confronting them with the impact that wealth can have on themselves and the world. Rather than imposing roles on family members too early and without proper thought, providing the right training and the gradual acquaintance with their future responsibilities can be highly beneficial. Involving the next generation in the family business, inviting them to meetings with the trustee or financial advisor or putting them in charge of philanthropic endeavours teaches them about the complex relationships that keep the wheel turning. Taking over the responsibilities, would then become a natural consequence of the preparation work done beforehand.

Unfortunately, however, this often happens too late, leaving the next generation in a void filled with uncertainty, conflict and frustration based on a lack of understanding of the patriarchs/matriarch's intentions.

Transition also means making clear to the next generation what part of the wealth is available for immediate consumption and to what extent they should see themselves as custodians of wealth.

In relation to family businesses, which often form the majority of family wealth, a transition plan will be needed if the business could not survive currently without the patriarch or matriarch running it.

The patriarch or matriarch will need to think about how management can be transitioned to a family member or third parties. In many cases, a member of the next generation will be capable of continuing the family business, but in other cases, it will be necessary to formulate a plan to transfer the business to professional management without involvement of the family members who would merely enjoy the economic return of the business.

The patriarch will often have strong opinions in relation to the business that he set up and he should make it clear to the next generation what his intentions are for the business after his lifetime. For instance, is the family business to be kept indefinitely or will it be open to the next generation to sell the business and reinvest the proceeds in more profitable ventures.

An important part of planning for the continuation of a family business for generations to come is avoiding legal ownership passing to heirs outright which results in a fragmentation of ownership that is often detrimental to the business and the family legacy. If ownership can be consolidated in a trust or a foundation (hereinafter referred to as a "Wealth Structure") and beneficiaries understand how family wealth is structured and managed, such disruptions can be avoided.

4. Family Governance

As trustees, we are often involved in preliminary discussions with families as to how their wealth should be structured. When thinking about how and where a Wealth Structure fits into the larger picture, it helps to take a structured approach in looking at the different levels of organisation and the inter-relations which are the threads of the family's overall fabric.

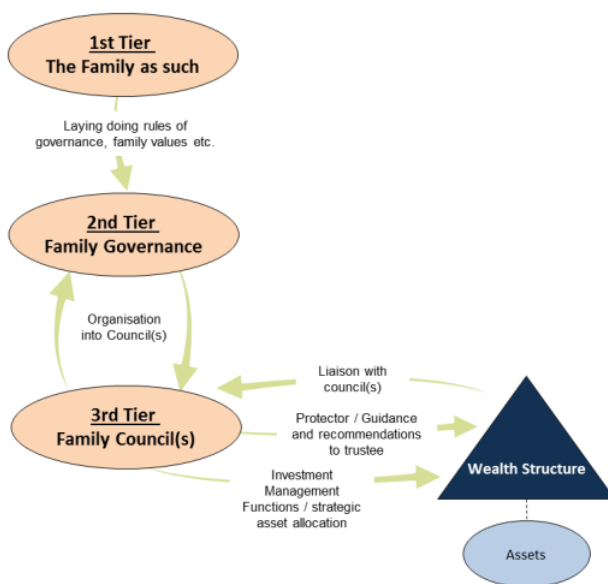
The family as a dynamic social construct lies at the heart of the issues faced and this is what we consider the 1st tier of organisation.

Moving down the organisational structure, the 2nd tier of organisation should provide for a more structured approach to the 1st tier by laying down rules and responsibilities, establishing one or more council(s) or committee(s) consisting of family members (hereinafter referred to as a "Family Council") and formulating a code of conduct for the family for its decision making in relation to matters concerning family wealth.

The 3rd tier of organisation relates to the management of the family wealth and the implementation of the decisions made by the family and its various councils. A Wealth Structure is commonly an executive organ which follows a strategy that is aligned with mutual goals supported by the Family Council. It interacts closely with the family Wealth Structure and is based on the foundations of the family's larger aspirations. In order for a Wealth Structure to be able to provide the benefits the family seeks, it must be based on clear rules and a vision for the future. A trusted advisor should provide advice and feedback to the family as a whole, enabling them to make high-level strategic decisions

In case the family chooses a Wealth Structure as their long-term asset holding vehicle, the interaction between Family Council and trustees is of paramount importance. For instance, a family governance plan may provide that different councils are responsible for different parts of the family wealth. There might be a family business council, a protector council, a private investment council and a philanthropy council consisting solely of family members according to the roles assigned to each of them which is often based on interest and merit and would follow the rules set out in the family constitution.

Decisions made in Family Council meetings can then trickle down into the various components of the Wealth Structure. The trustee of the Wealth Structure would receive the necessary recommendations as to how to exercise the powers vested in it such as the powers over the trustee as protector of the Wealth Structure.



5. Conclusion

Wealth owners often tend to forget that structuring w

Wealth is not merely a matter of legal and tax planning by their advisors but that they are equally responsible for a successful transition to the next generation by nurturing the very relationships that will carry it.

Structuring wealth is also about passing on a philosophy to the next generation as well as teaching them how to deal with the burdens it often brings with it. Loved ones can be supported through meaningful planning and the virtues of social responsibility, independence and entrepreneurship can be strengthened. The next generation can be taught to consider themselves custodians of wealth, rather than mere consumers.



A Wealth Structure consolidates the family's ownership of assets. It enables the preservation and continuity of family wealth, helps create a legacy and can provide for an orderly transition of wealth to the next generations. Wealth Structures combined with a family governance plan can provide for a powerful mechanism that ensures decentralised ownership of assets on the one hand, but continuity of influence and control over the destiny of the family wealth on the other hand.

A quality Wealth Structure will always require time to be invested at the outset but as soon as the respective reporting lines, decision making powers and responsibilities have been determined, the Family Council's function will be effective as a part of the overall Wealth Structure.

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