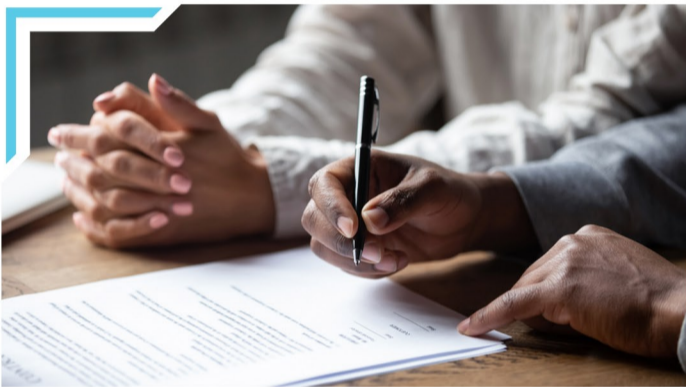


Prudent Estate Planning

Building and preserving wealth through the generations

Protecting your assets during your life and ensuring that they are transferred to your intended beneficiaries without unnecessary costs after your death requires an informed combination of tax and asset management with professional estate planning.

While this sounds complex, registering a Trust in which to begin listing your assets while still young provides an enormous advantage from a tax and cost perspective as you grow your assets over time.



As a young person with only a few assets - like an apartment, a few investments and some basic cash and equities - creating a Trust, perhaps supported by a simple Will for other physical assets, allows you to dispose of properties and other assets listed in the Trust without going through a costly and time-consuming probate process. In Nigeria, assets listed in a Trust also don't attract inheritance and capital gains tax.

Since transferring assets from individual ownership to a Trust later in life can be costly from an administrative and legal point of view, establishing a Trust while young ensures that as you increase your assets, you can simply add them to your existing Trust.

Trusts are also extremely useful when planning - and paying - for the education of children as Trusts add a level of asset protection. A Trust responsible for education expenses will, for example, not attract inheritance tax on the death of a breadwinner. This will ensure that beneficiaries can continue in their chosen course at their chosen institutions, even after the death of a breadwinner. Estates that attract inheritance and other taxes often fail to continue to provide for education after the bread winner has passed on. In many instances children have had to change their education plans, settling for more limited qualifications from more prestigious institutions after the untimely death of a parent.

More generally, many families that have been living well off accumulated assets have undergone dramatic reversals of fortune as inheritance and other taxes are applied to these assets after the death of the registered owner.

Listing assets in a Trusts eliminates these risks. Since Trusts can even manage business succession, Trusts also provide a valuable and every effective business planning and management mechanism.

As people age and prosper, accumulating assets in other jurisdictions they are advised to consider constructing Foundations. Foundations are usually a collection of Trusts and other purpose-built instruments created to manage tax and probate risk for high (HNW) and ultra-high net worth (UHNW) people with assets in multiple jurisdictions. Since Trusts can't hold assets outside of Nigeria, Foundations are essential to manage the assets of HNW and UHNW individuals with assets in multiple jurisdictions.

Since Foundations are generally administered by a secretariat or council which usually also includes all the beneficiaries, like Trusts, Foundations also avoid probate processes and inheritance taxes.

Unlike Trusts, however, Foundations operate across multiple jurisdictions and can be moderately costly to establish as they involve a range of legal and administrative establishment costs.

Despite Foundations being more costly to establish than Trusts, the alternative, namely, having a Will to address asset exposures in multiple jurisdictions is even more costly to manage in the long term. Since individual wills also mean that the assets mentioned in the wills attract inheritance tax, a Will addressing assets across multiple jurisdictions attracts inheritance and other taxes relevant in each jurisdiction, making it costlier.

An added advantage of Foundations, especially for those with assets in multiple jurisdictions, is that they are informed, constructed and advised by qualified professionals in each jurisdiction. Coronation, for example, regularly works with global partners to ensure that Foundations managing client assets in Nigeria, the United Kingdom, the United States, Mauritius and the United Arab Emirates, for example, are built under the guidance of qualified tax, asset and estate advisers in each of the jurisdictions in which the assets are held. Coronation currently covers 20 strategic locations namely; United Kingdom, Isle of Man, The Netherland, Luxemburg, Jersey, Malta, UAE, Hong Kong, Singapore, Mauritius, Bermuda, British Virgin Islands, Cayman Islands, Ireland, Guernsey.

Importantly, Foundations with assets across multiple jurisdictions are legally able to hold all their assets under the notional jurisdiction of a single territory. A Nigerian Foundation's global assets, for example, can be legally governed by Mauritius law, ensuring that Mauritius' very favourable tax and other investment legislation governs the administration of these assets.

With Mauritius' flat 15% tax on dividends, no capital gains or wealth taxes and its important role as an investment hub linking Africa and Asia, Coronation currently operates Nigerian collective investment schemes, Foundations and Family Offices out of this important financial center.

While Coronation recommends that young people start out with a Trust in which to register their domestic assets, advancing to a Foundation as they accumulate assets outside Nigeria, it is never too late to start. Even if assets are already registered in individual names, these assets can be transferred to Trusts or Foundations as required. While this involves asset transfer costs, any future assets accumulated can simply be added to the Trust or Foundations without cost.



For those wishing to manage their wealth and assets wisely, the key message is to seek professional advice from the outset. A broad range of instruments, structures and strategies can be applied to the effective management, growth and preservation of assets. Whether you have limited assets in Nigeria or extensive assets spread across multiple jurisdictions, professional estate management can build and preserve wealth through the generations anywhere in the world.

For more information, visit us at www.coronation.ng/institutional/about-us/trustees

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