

An introduction to Private Trust Companies

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Offshore trusts have long been a popular choice for families around the world to consolidate ownership of international assets and provide a means by which those assets may be held and managed for future generations. In recent years, however, we have seen more and more clients choosing the BVI's innovative Private Trust Company ("PTC") over a traditional trust.

Typically a wealthy family would use a PTC as the basis of their family office structure. The private trust company would act as the trustee of the family trust, which would hold the family wealth. Members of the family may be the directors of the private trust company, and so family affairs can be kept private and confidential. The costs and expenses of a third party professional trustee can also be avoided.

PTC basics

A PTC is a BVI Business Company that is specifically incorporated or adapted for use in administering a single or group of trusts. The PTC Regulations require the company to comply with a simple list of requirements:

- The company must be incorporated in the BVI;
- the company must be limited by shares or guarantee;
- the company's memorandum of association must state that the company is a "private trust company";
- and the company name must include the designation "(PTC)".

The PTC Regulations contain a number of restrictions on the use of a PTC. In particular the PTC may not conduct or be used for any other business activity other than as trustee of a trust.

A PTC is able to be paid for acting as trustee provided that the trust is either for exclusively charitable purposes, or is a trust for the benefit of family members, excluding the person that created the trust, known as the "settlor". If the settlor wishes to benefit from the trust then the PTC cannot be paid for providing its services to the trust.

Any person may be a director of a PTC, and may be paid provided that the PTC is acting as trustee of a trust which is for exclusively charitable purposes, or is a trust for the benefit of family members, as explained above. However, where the PTC acts as trustee

of a family trust that includes the settlor as a beneficiary then neither the PTC nor its directors may be paid for providing their services. This restriction does not apply to an unconnected professional service provided that acts as a “Professional Director” of a PTC, and so in this way families are able to utilize professional help in the administration of their PTC without restriction.

Advantages of PTCs

The principal advantage in using a PTC is that it facilitates greater family control over the trust. With a PTC the decision as to whether or not to confer a benefit on a family member is not then left to a professional service provider that may know very little about the family or its circumstances. Equally, a PTC allows the family to control investment and management of the assets held in the trust without risk of interference from an outside professional services provider.

Many high-wealth families are concerned about their privacy and disclosure of confidential information regarding their assets and the family. By making use of a PTC they can get a greater degree of control over the information regarding their activities to ensure privacy in their financial affairs.

Finally, a PTC is cost effective in set-up and administration. In the BVI there is no need to appoint local officers or resident representatives. Furthermore, there is no need for an expensive licensing process and the annual government fees are modest.

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For more information about Private Trust Companies in the BVI please contact Jason Jagessar (jason.jagessar@harneys.com) or Monique Adams (monique.adams@harneys.com). Alternatively, you may want to read our document: [Private Trust Companies - Wealth Planning Guide](#).

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