



FAMILY PRIVATE TRUST COMPANIES

Fact Sheet

What is a Family Private Trust Company?

- It is a privately-owned company which acts as trustee for a family trust or a small group of trusts. It is distinguished from other trust companies in that it does not offer its services to the public and may not charge fees for its services. It is usually administered by a professional trustee.

What attracts families to Private Trust Companies?

- Families enjoy greater participation and control in the affairs of the trust structure
- Governing the contrasting interests of different generations can be addressed
- The overall structure enables family members and advisors to have greater involvement
- The structure's autonomy allows for greater entrepreneurial risk to be accommodated
- Sensitive family information can be retained within a trusted circle
- Regulators usually grant special status to Private Trust Companies
- Families often feel they are getting better value and have more certainty of the fees and costs
- Family Private Trust Companies usually fit seamlessly within the Family Office concept

Why do professional trustees also find Family Private Trust Companies attractive?

- As the Family Private Trust Company is itself the trustee, the professional trustee does not bear the same fiduciary duty as he would do otherwise
- The professional trustee provides the administration as just an agent of the trustee
- The way Private Trust Companies function enables the professional trustee to develop closer ties with the family members
- The professional trustee is less constrained within a Private Trust Company structure and can therefore respond more positively to a family's requirements
- The professional trustee's name and his involvement is less exposed

What kind of assets and activities are commonly found in a Family Private Trust Company structure?

- Trusts with controlling interests in private/family companies
- Complex and diverse ranges of assets
- Trusts with beneficiaries living in a variety of high tax jurisdictions
- Trusts with a number of underlying companies with cross border interests and activities
- Trusts with contentious families prone to having conflicting views and interests



- Trusts engaged in litigation
- Family members requiring a high degree of confidentiality

What are the statutory elements required for a Bahamian registered Private Trust Company to operate?

- The question of ownership is usually settled by deploying a Bahamas Executive Entity (or maybe a foundation / purpose trust)
- A board of directors needs to be selected, including a special director
- A company secretary
- A trust/company administrator, a bookkeeper and an accountant
- A registered agent and a registered representative resident in The Bahamas
- A Bahamian auditor

What does the Settlor/owner of a Family Private Trust Company need to understand fully about the modus operandi of the structure?

- He or she must understand - and respect - the special aspects of what a trust is and what is needed to protect its integrity
- Understand that the directors must act in the best interests of the trust company
- Understand that the trustees must act in the best interests of the beneficiaries
- The challenge of abiding with a high standard of corporate governance
- The trust company must not be unduly influenced by a single powerful and overbearing personality

What are the special benefits of a Bahamian registered Family Private Trust Company?

- The Bahamas has introduced bespoke legislation for Private Trust Companies, which provides the necessary legal certainty and sphere of operation
- A Bahamas Executive Entity provides a useful ownership option
- A trustee operating licence is not required
- Local professionals well versed in the field provide excellent infrastructural support
- The Government actively encourages and promotes the use of Family Private Trust Companies

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www.ipgfo.com

info@ipgfo.com