



Assets of Asia's global families potentially at risk in absence of wealth transfer plans
New study from RBC Wealth Management reveals the consequences of failing to create and discuss inheritance plans

- *Less than one-third of Asia high net worth respondents have a complete wealth transfer plan in place*
- *A wealth transfer plan is potentially most important for Asia's global families, as many have assets and relations across national borders and jurisdictions*
- *Conversations with heirs before wealth transfer are effective in boosting understanding*

Hong Kong – 22 November 2017 – When it comes to transferring and inheriting wealth, most high net worth global families living in Asia are unprepared. This according to new research¹ by RBC Wealth Management, part of Royal Bank of Canada, conducted in collaboration with Scorpio Partnership.

The majority of global families in Asia (57 per cent) have had conversations with their beneficiaries about how wealth will be transferred to them. However, less than one third (31 per cent) have a full plan in place for how they will pass on their assets to the next generation, the study found.

“This lack of planning is particularly concerning in Asia,” explained Peter Corry, Head of RBC Wealth Management - Asia. “Many high net worth families in the region have financial assets and family structures that cross national borders and legal jurisdictions, which can greatly complicate wealth transfer planning. Complex inheritance laws and regulations can make wealth transfer planning seem daunting, sometimes leaving family assets vulnerable during the transfer process.”

One silver lining the research revealed was a high proportion of those surveyed are taking steps to educate their heirs about wealth management. More than half (57 per cent) of beneficiaries in the region indicated they had been given guidance on how they should use their inherited wealth, significantly higher than the one-third of heirs (33 per cent) who received similar guidance in the Western markets surveyed.

“Despite the apparent lack of complete wealth transfer plans among Asia's global families, it is encouraging to see that benefactors are taking steps to educate their heirs about how family wealth will be transferred and how they should use that wealth,” said Vivian Kiang, Head of Wealth Planning, RBC Wealth Management - Asia. “This will stand them in good stead by enhancing their financial literacy, as well as their confidence levels, when they receive their inheritance.”

Family members educated themselves primarily by managing their own investments (63 per cent of respondents in Asia) and reading the financial press to build financial knowledge (52 per

¹ The research – undertaken from April to August 2017 – surveyed 425 respondents across Singapore, Hong Kong, Taiwan, Indonesia, Malaysia and Mainland China via an online survey. Respondents had an average net worth of US\$5.15 million and minimum investable wealth of US\$500,000.

cent). Some complemented this self-education with advice from a professional financial planner, and 82 per cent who did so felt it was important to their understanding.

Other key findings from the report include:

- 67 per cent of respondents that have been included in general family discussions about wealth believe that these discussions have helped boost their understanding of wealth management.
- 51 per cent of respondents in Asia intend to gradually gift assets to inheritors during their lifetime as part of a plan to teach their heirs to manage the wealth responsibly.
- Children in Asia who receive training in family businesses overwhelmingly believe that this has been valuable to their understanding of wealth management (90 per cent)
- Asia's wealthy differ from their Western counterparts in several key areas, with 63 per cent saying they manage their own investments to improve their understanding of wealth, compared to just 41 per cent in the West.
- Asia's wealthy families also start educating their children earlier than Western peers, at 25 years old versus an average of 27 years old.
- Only 47 per cent of inheritors in Asia were told the value of the wealth transfer they would receive.
- One of the biggest differentiators of wealth transfer practices in Asia and the West is the fact that 64 per cent of families in Asia place conditions on inheritance versus only 26 per cent in the West.

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*Scorpio Partnership Global Private Banking KPI Benchmark 2016. In the United States, securities are offered through RBC Wealth Management, a division of RBC Capital Markets, LLC, a wholly owned subsidiary of Royal Bank of Canada. Member NYSE/FINRA/SIPC.

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