

Succession and Estate Planning Survey

DELIVERING CLIENT SOLUTIONS 2024

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FOREWORD



Michael Stanhope
Founder & Chief Executive Officer
Hubbis

Dear Readers,

We are delighted to have collaborated with Transamerica Life (Bermuda) Ltd. (Transamerica Life Bermuda), in producing this Succession and Estate Planning Survey 2024 (the Survey) and resultant findings on the topic of “Delivering Client Solutions”.

The Survey, which was conducted over a period of 6 weeks in Q2 of 2024, highlights both progress and persistent challenges in the realm of succession and estate planning. We built the Survey based on 5 sets of 5 questions on 5 critical themes that illuminate the current state of succession and estate planning: Awareness, Client Interest in Taking Action, Available Solutions, Communication, and Review.

Respondents, primarily from the Hubbis subscriber network and through broader invitation, mainly from the private banking sectors and family offices across Asia, the Middle East and India, and Europe, indicate a strong engagement in estate planning yet highlight a gap between intentions and actions.

We invite you to explore the findings, reflect on the challenges, and consider the opportunities for strengthening succession and estate planning practices. Together, we can ensure that high-net-worth individuals (HNWIs) are well-equipped to navigate the complexities of wealth transfer, securing their legacies for generations to come.

Sincerely,

MICHAEL STANHOPE
HUBBIS



Jeremy Young
Chief Commercial Officer
Transamerica Life Bermuda

Dear Readers,

Following the dynamic global events of the last several years, there is a general sense that HNWIs and families are looking ahead and taking their succession and estate planning more seriously, both with taking action, and reviewing. However, without any macro global or regional data, this was untested.

With a clear purpose of Safeguarding Generations of Wealth, we strongly believe that planning is the most critical part of the process, then making sure that the plan is implemented, reviewed and remains current.

I'm sure we have all observed situations where the succession and estate plans were either unclear or out of date, and the negative implications that came with that at the most critical time. While the planning needs have always been there, the questions we wanted to answer the most were how have global events improved awareness, motivated taking action, diversified solutions being used, enhanced communication, and increased reviews.

By talking to those closest to the HNWIs and families, we felt we would start to get a sense of this and if the hypothesis that more are taking positive action was true. By partnering with Hubbis, we undertook a quantitative survey to get insights from wealth professionals across the globe to find out. The findings were positive in some respects, and yet highlighted shortcomings in a number of areas. Recognition of these shortcomings highlights opportunities for both clients and their wealth managers to improve the overall outcome.

With more activities planned, to gather and discuss further insights, we do trust you will find the Survey insightful and helpful to support both you and your clients in delivering the optimum outcomes.

Sincerely,

JEREMY YOUNG
CHIEF COMMERCIAL OFFICER
TRANSAMERICA LIFE (BERMUDA) LTD.

INTRODUCTION

Whatever the volatility in financial markets, there is one challenge for HNWIs that never goes away, and that is the organization and administration of their estate and the successful inter-generational transfer of that wealth to the next generation.

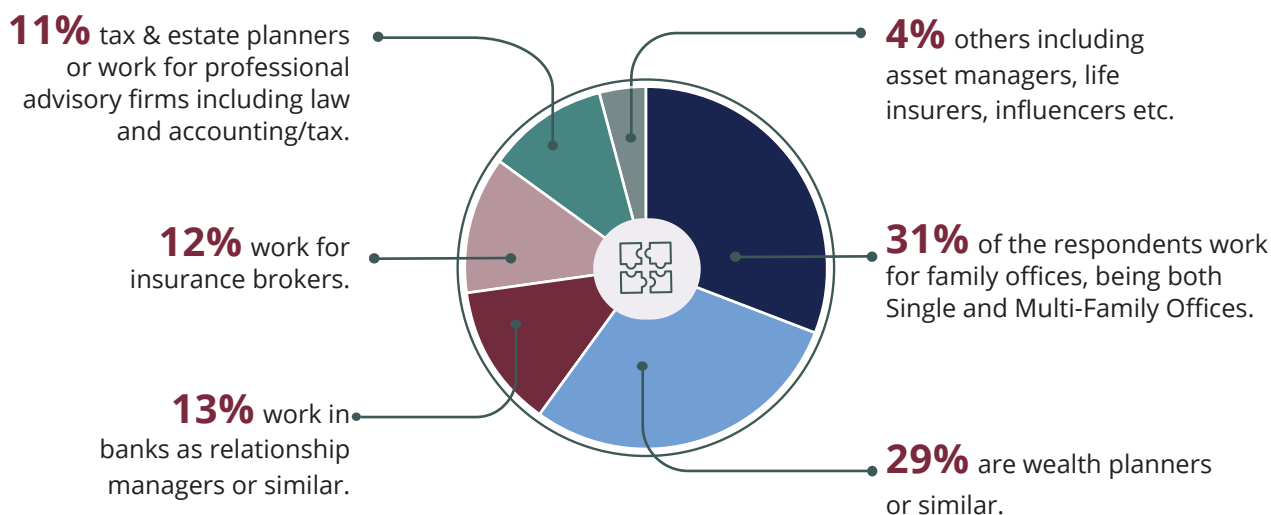
Whilst financial markets have recovered from the lows of 2022, challenges will no doubt persist, while the results of the Survey show some solid developments, there are also opportunities in the approach that both HNWIs and their advisors take to the essential task of Succession and Estate Planning.

We have focused on **5 key themes** to understand where we sit in 2024, highlighting what challenges and opportunities exist.



To collect the input for the survey, we gathered insights and data with the following key characteristics:

RESPONDENTS' INDUSTRY ROLE:

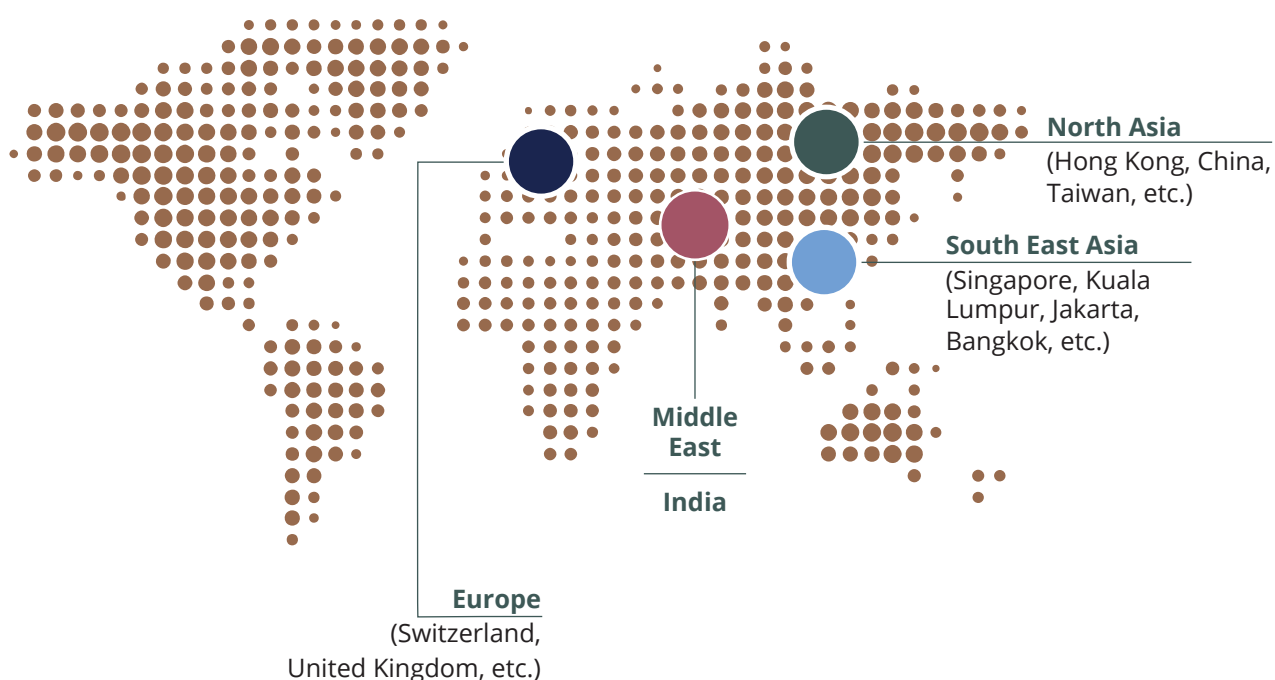


LOCATION OF RESPONDENTS:

Because of the nature of respondents, we grouped them into 4 key regions.

The majority of the respondents are in the core Asian wealth management hubs of Singapore and Hong Kong, but we are seeing a steady rise in responses from the Middle East/India as the wealth management industries in these locations continues to grow. Europe has a long standing wealth management industry, especially in Switzerland.

Respondents' locations



LOCATION OF CLIENTS:

The location of clients is closely aligned with the respondents' location, with only a slight deviation.

Notwithstanding the aspirations of the wealth management professionals, as we will see from the Survey results, turning these aspirations into positive real outcomes is still challenging for both advisors and their clients. We use the inputs from the data to see where the challenges lie and set the basis for ongoing strategic discussions to see how the gap between aspirations and outcomes can be filled.

CLIENT ENGAGEMENT:

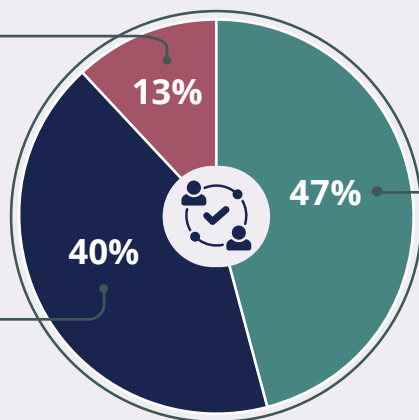
We also wanted to know how actively involved the respondents were in client engagement regarding succession and/or estate planning. And we discovered that **99%** of respondents felt it was either **very important (86%)** or **somewhat important (13%)** for clients to establish a succession and estate plan.



Are you involved in succession and/or estate planning for your clients?

I am not involved and leave that to other professionals

I am somewhat involved for certain aspects



Yes, I am actively involved

87% of respondents indicated that they are either **actively involved (47%)** or **somewhat involved (40%)** in their clients' succession and estate planning.

The following are our findings under the 5 Themes.

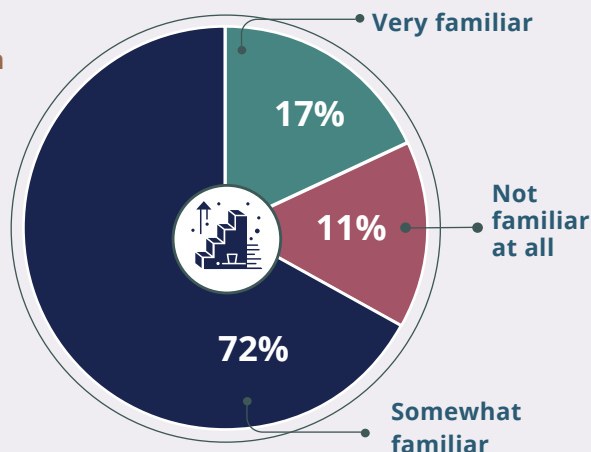
AWARENESS

Client awareness of the need for succession and estate planning is clearly a pre-requisite to initiate an effective strategy. The importance of this subject to ensure that assets are distributed effectively and expeditiously, taxes are minimized, legal fees are minimized and disputes between heirs are avoided is paramount.



How familiar do respondents believe their clients are with the concept of succession and estate planning?

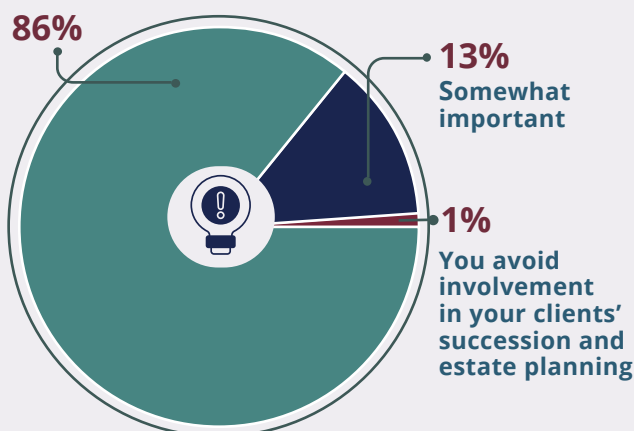
Only **72%** of the respondents' clients are **"somewhat familiar"** with the concepts related to succession and estate planning, with **11%** who are **"unfamiliar"** - indicates that a **large proportion of clients are unlikely to have an effective succession plan in place.**



How important do respondents think it is for their clients to establish a succession and estate plan?

Very important

86%

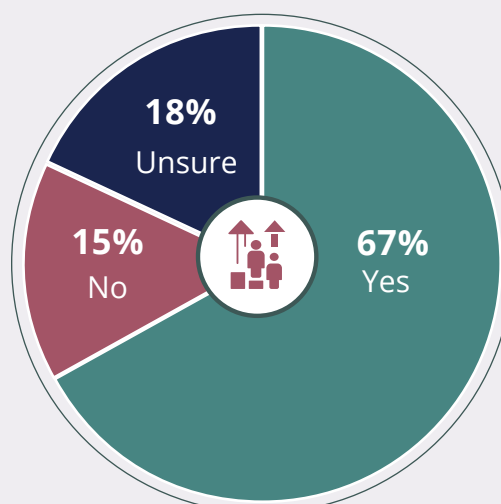


Respondents felt that clients' awareness and consideration for succession and estate planning has **grown in general as compared to 5 years ago**. This 2024 survey reveals **86%** of respondents' **HNW clients** find it **"very important"** with **62%** of them wanting to **act immediately** or **within 5 years**. It contrasts with **prior studies which showed less than half, or 40%,** of HNW clients **have planned or were planning for their succession**, with **25%** of them **not planning to do so for another 10 years or more.**



Did you see any increase in your clients' interest to establish their succession and estate plans following COVID-19 or other world events?

There is a clear trend of increased interest in succession and estate planning following COVID-19 and other global events, with many clients recognizing the importance of being prepared.



The opportunity exists to help raise awareness across various client groups regarding the fundamentals of succession and estate planning.

This requires a multifaceted approach **involving education, professional advice, public campaigns, and accessible tools**. By improving understanding, individuals can better prepare for the future, ensuring their assets are managed and distributed according to their wishes and safeguarding the financial health of their beneficiaries. **Proactive planning and greater awareness** are not only essential for financial stability but can also contribute to broader economic resilience in society generally.



TAKING ACTION

Globally the main motivation for action is health issues within the family and major family events.

There is an increased interest in taking action to establish a plan, but many do not know how best to execute this.

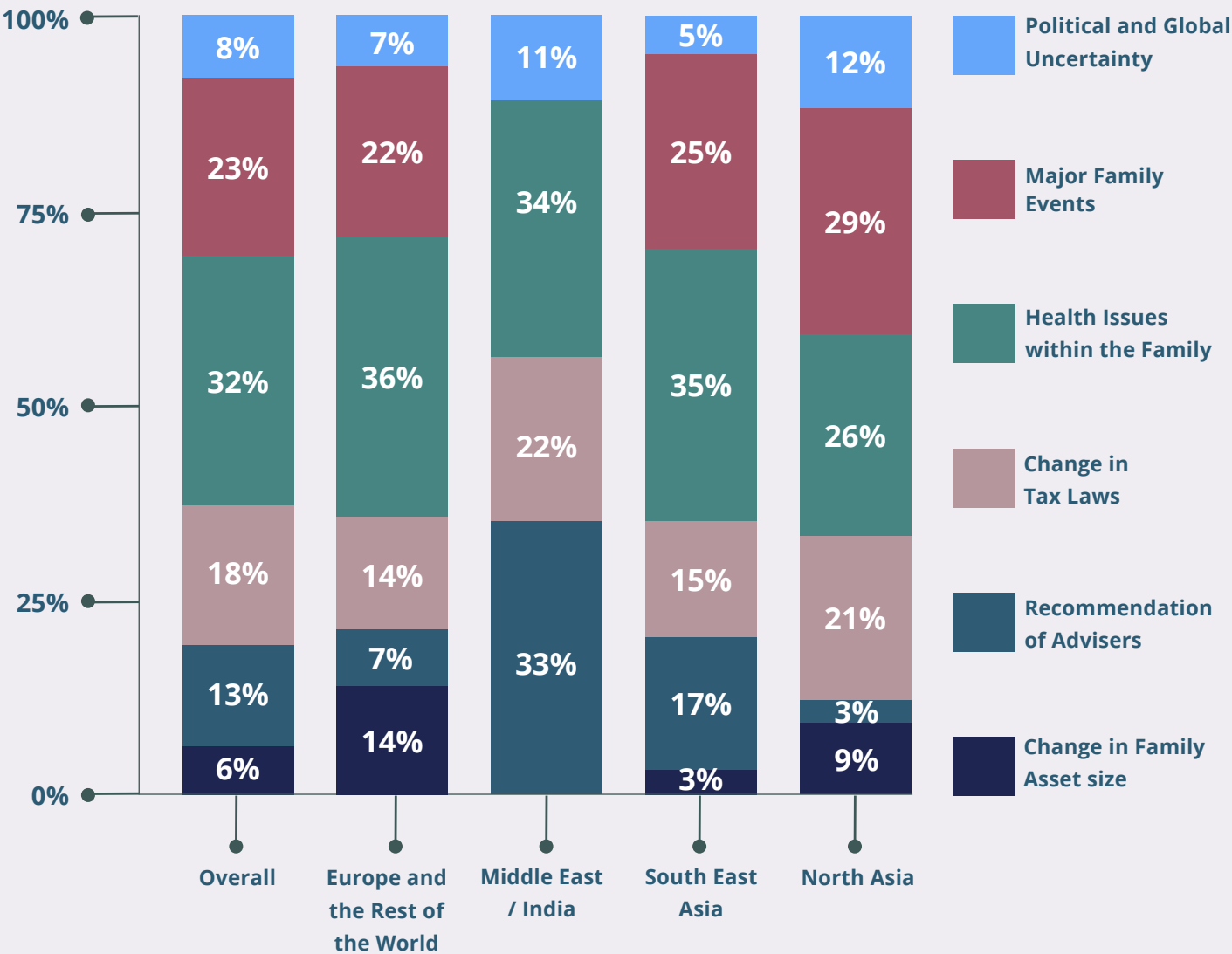
On a global scale, health issues within the family followed by major family events are the main motivators for establishing and reviewing a succession and legacy plan.

Regionally we see differentiation. For example in North Asia, major family events is the most significant driver. In South East Asia and Europe, the top driver is health issues.

Whereas in the Middle East and India, in addition to health issues, it is the recommendations of advisors.



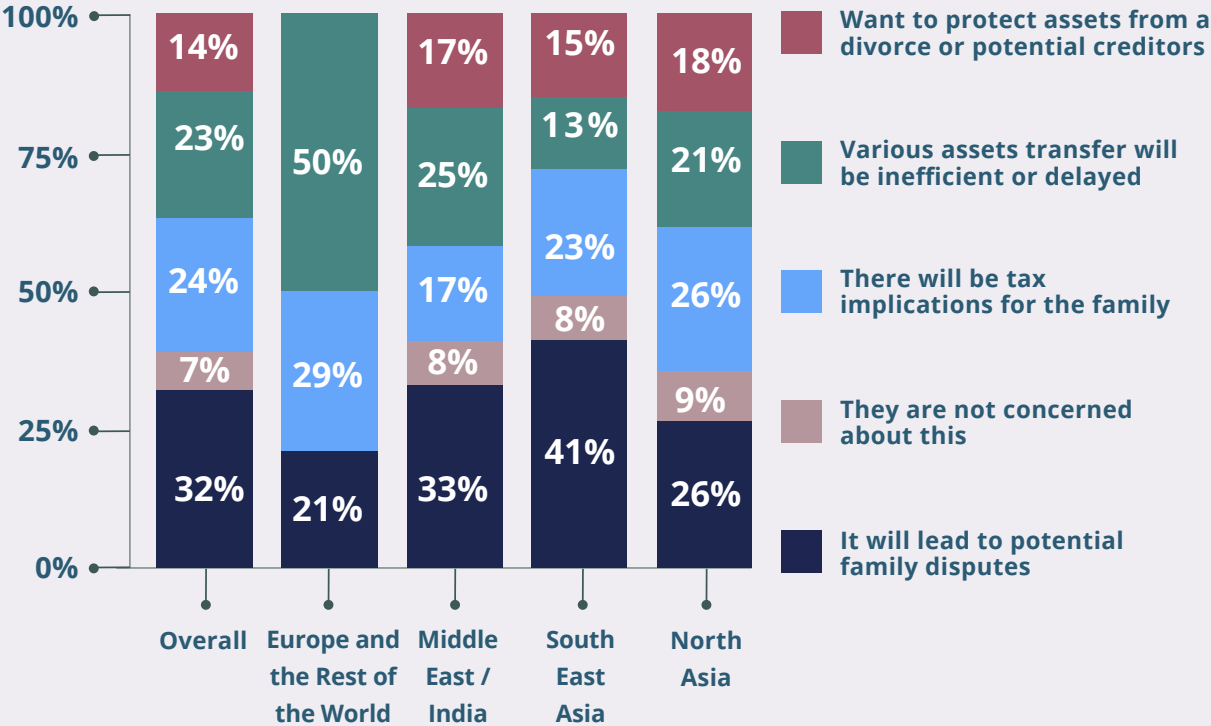
What are the most common triggers or events that have led to your clients establishing or reviewing their succession and estate plans?



It is observed that clients have multiple concerns driving them. When asked to rank their client's level of concern regarding the consequences of not planning, overall **32%** are mostly worried that a **failure to plan will lead to family disputes**. This is followed by **negative tax implications** with **24%** of respondents citing this as a concern.



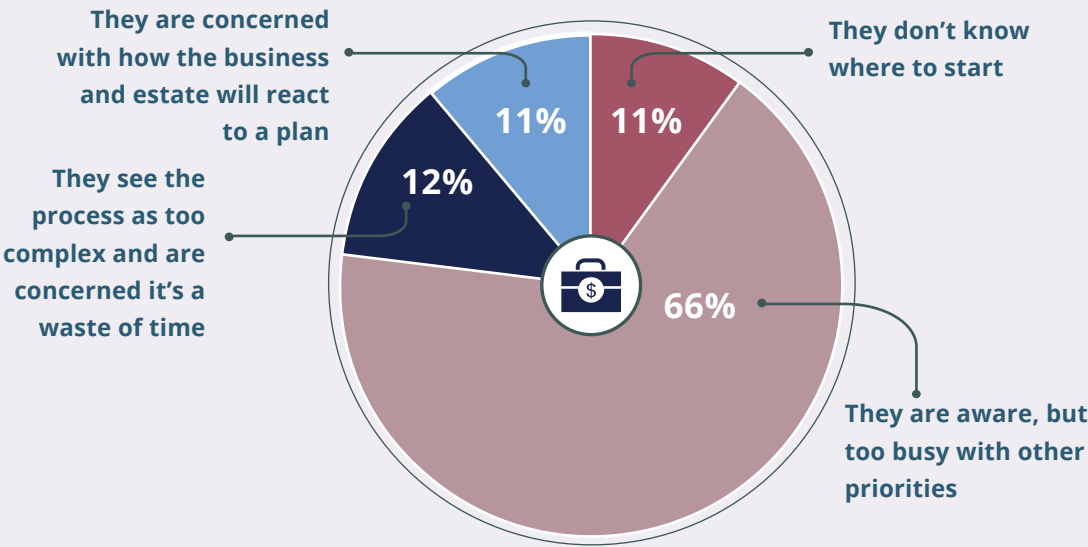
What concerns do clients have if there is no plan in place?



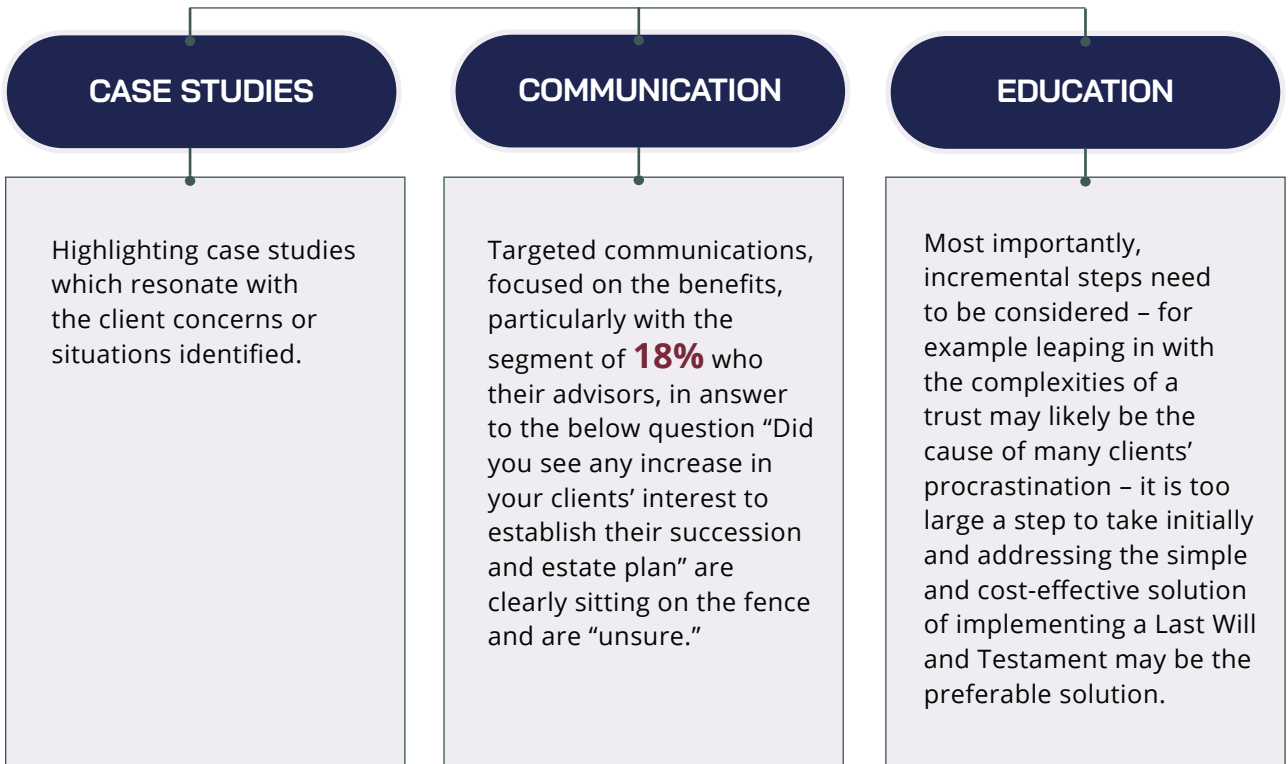
Of those clients that observed a need for planning, **66%** state they are “**too busy**” with other priorities, **11%** **do not know where to start**, **12%** find the **process too complicated**, and **11%** are **concerned about how the business and estate will respond**.



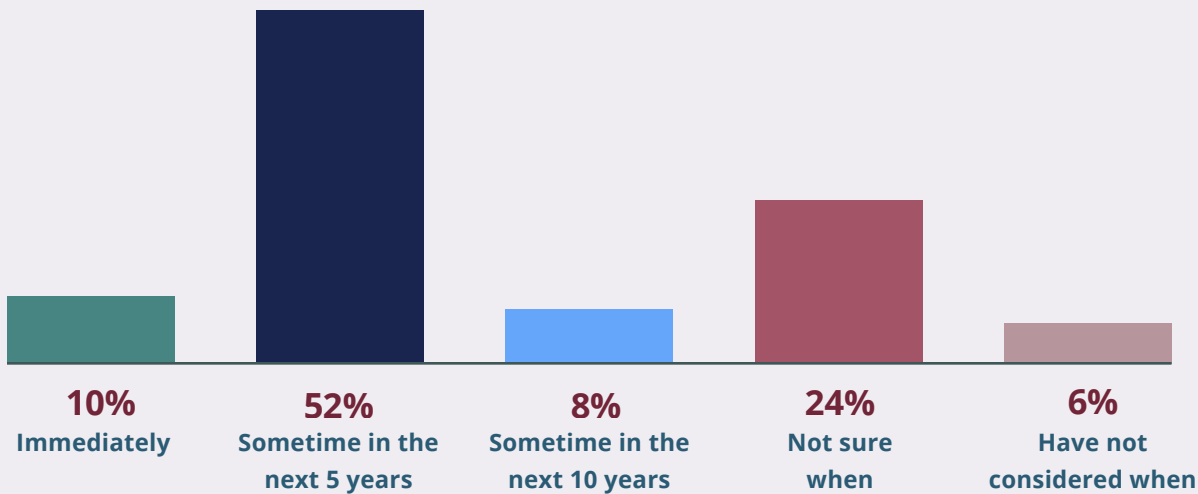
Of those clients that observed a need for a succession or estate plans but haven't taken action yet, it's mostly because:



There is a clear trend of increased interest following COVID-19 and other global events, with a notable portion of clients recognizing the importance of preparedness considering health threats. To capitalize on this trend, the wealth management industry needs to build further on the solutions identified in the “Awareness” analysis. In addition to enhancing financial education, delivering professional guidance, providing workshops, seminars and digital solutions, wealth managers need to consider:



Of those considering establishing a succession or estate plan, have any put a timeline on when they will take action?



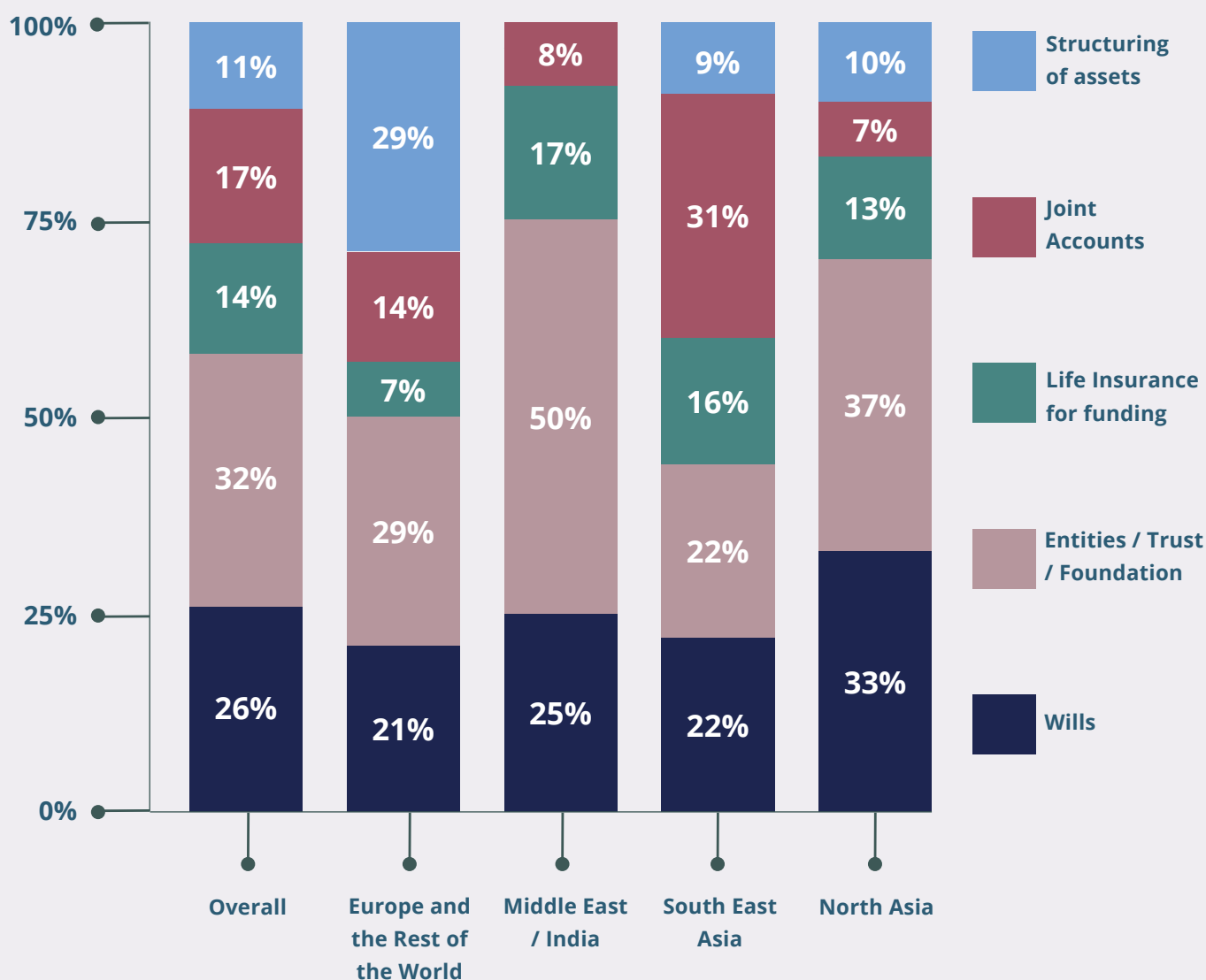
There is a significant percentage of clients wanting to take action either immediately or within the next 5 years. This trend of increased interest presents an opportunity for targeted communication emphasizing the need for professional guidance to highlight the importance and benefits of having a robust succession and estate plan in place.

SOLUTIONS

The distribution of client interests in various succession and estate planning solutions provides valuable insights into their priorities and awareness levels. The breakdown is as follows: **32%** in **entities such as trusts**, **26%** are interested mostly in **wills**, **17%** in **joint accounts** which for South East Asia has become **31%**, and **14%** in **life insurance**.



What is your clients' preference among the following tools for succession and estate planning?



Life Insurance as a key component

There is a clear opportunity to highlight the importance of life insurance in succession and estate planning. Wealth Managers should explain its benefits in providing liquidity, covering expenses, and ensuring financial security for beneficiaries. Demonstrating scenarios where life insurance is crucial can help clients recognize its value within their estate plan.

Analyzing these preferences reveals several key issues and conclusions:



MORE COMPREHENSIVE PLANNING REQUIRED

With **58%** of respondents indicating clients focus primarily on **wills** and **trusts**, there may be a tendency to overlook other critical components of a robust estate plan, such as life insurance and joint accounts. This focus suggests that clients might not be aware of the importance of a holistic approach to estate planning that incorporates multiple strategies to address various needs and scenarios.



MANAGING LEGAL COMPLEXITY

Whilst **26%** of clients are interested mostly in **trusts**, which **offer significant benefits in terms of control, tax efficiency, and privacy**, they also require a **higher level of legal and financial understanding**. This interest suggests that clients who are better informed or advised recognize the advantages of more sophisticated planning tools but may still need substantial guidance to implement them effectively.



POTENTIAL OVER-RELIANCE ON SIMPLE SOLUTIONS

The overall **17%** and for South East Asia **31%** of interest primarily in **joint accounts** may reflect a preference for simpler, more straightforward solutions that offer immediate benefits, such as avoiding probate. However, joint accounts may not be suitable for complex estates or for those wanting to ensure equitable distribution among multiple beneficiaries. Furthermore, if the joint account is not between spouses, some banks may still require evidence of probate to support the survivorship approach.



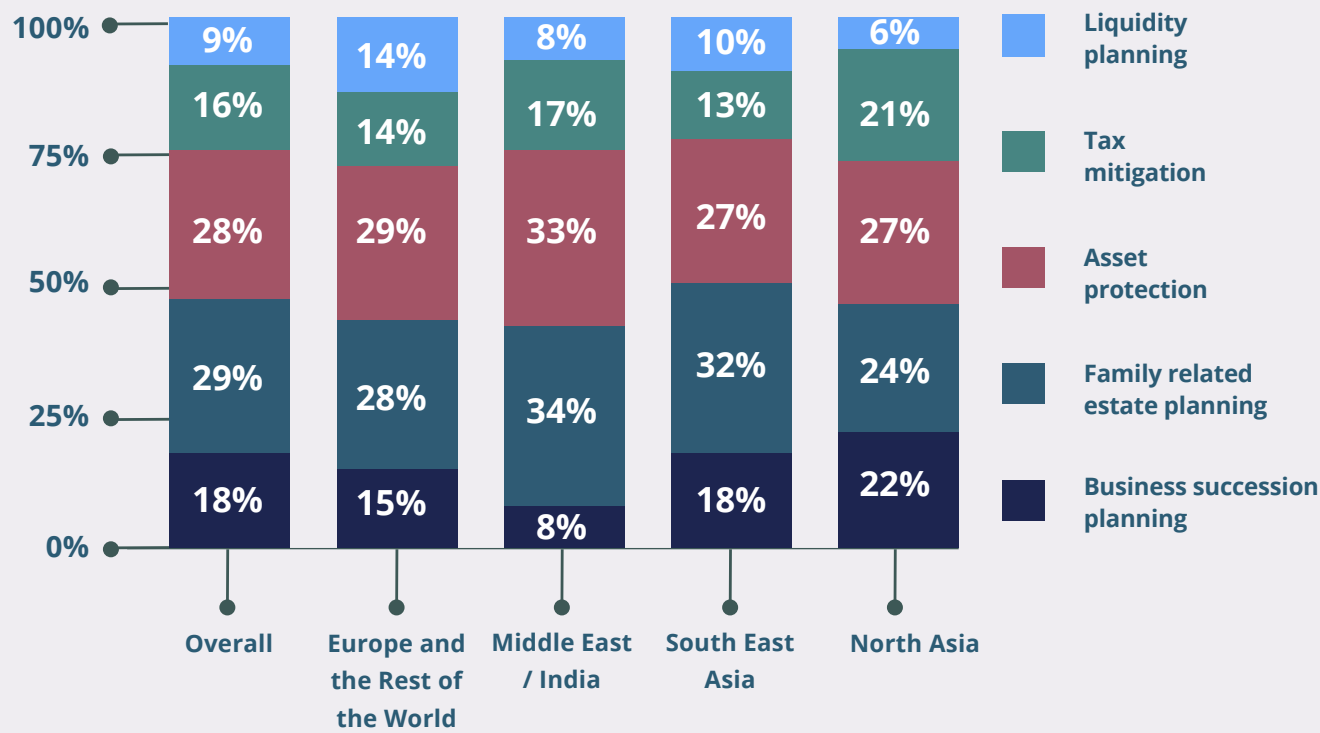
INCREASED AWARENESS OF LIFE INSURANCE BENEFITS REQUIRED

Only **14%** of respondents expressed clients' interest in **life insurance**, indicating a **possible underestimation** of its **value in estate planning**. Life insurance can provide liquidity to cover **estate taxes, debts**, and other expenses, ensuring that heirs are not burdened with financial obligations, and in some cases can provide tax deferral and increased privacy as well as estate equalization, answering to clients' need for **"tax mitigation"** especially for those in **North Asia** and **Europe** who place higher importance to this factor. Furthermore, only **52%** of the respondents indicated that they were **aware** of the succession planning characteristics of **life insurance**, and this awareness may reflect a lack of understanding as to how life insurance often forms part of a holistic element of the overall succession and estate plan.

When it comes to the most important purposes that HNW clients expect Succession and Estate Planning to serve, overall **29%** prioritize “**family related estate planning**” and **28%** emphasize “**asset protection**”. Yet different geographical trends are spotted from **Middle East and India** with only **8%** of clients there giving **importance to Business Succession**.



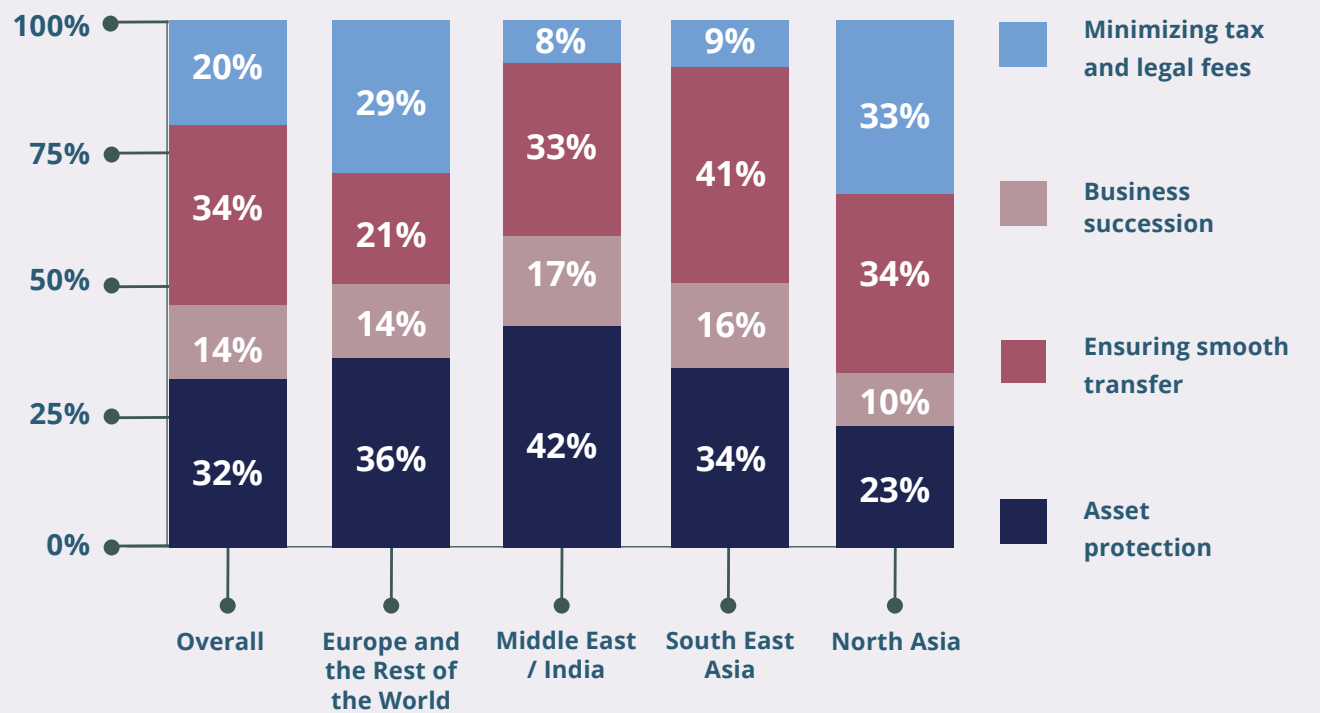
What is the key motivation and purpose for your client to establish a Succession and Estate Plan?



Ensuring a smooth transfer and asset protection are the primary objectives and is consistent across all regions, with Europe, the Rest of the World and North Asia conscious of tax and legal fees.



Which key drivers and motivation for your clients’ succession and estate planning are most important?



The findings of the solutions lead to some further interesting conclusions to those already derived. These can be:

TAILORED
SUCCESSION &
ESTATE PLANNING
SOLUTIONS

Given the diverse interests of clients, it is crucial for wealth managers to offer personalized succession and estate planning solutions aligned with each client’s unique needs, financial situation, and goals. Wealth Managers should conduct thorough assessments to determine the most suitable combination of wills, trusts, life insurance, and joint accounts - recognizing there is no one-size-fits-all solution.

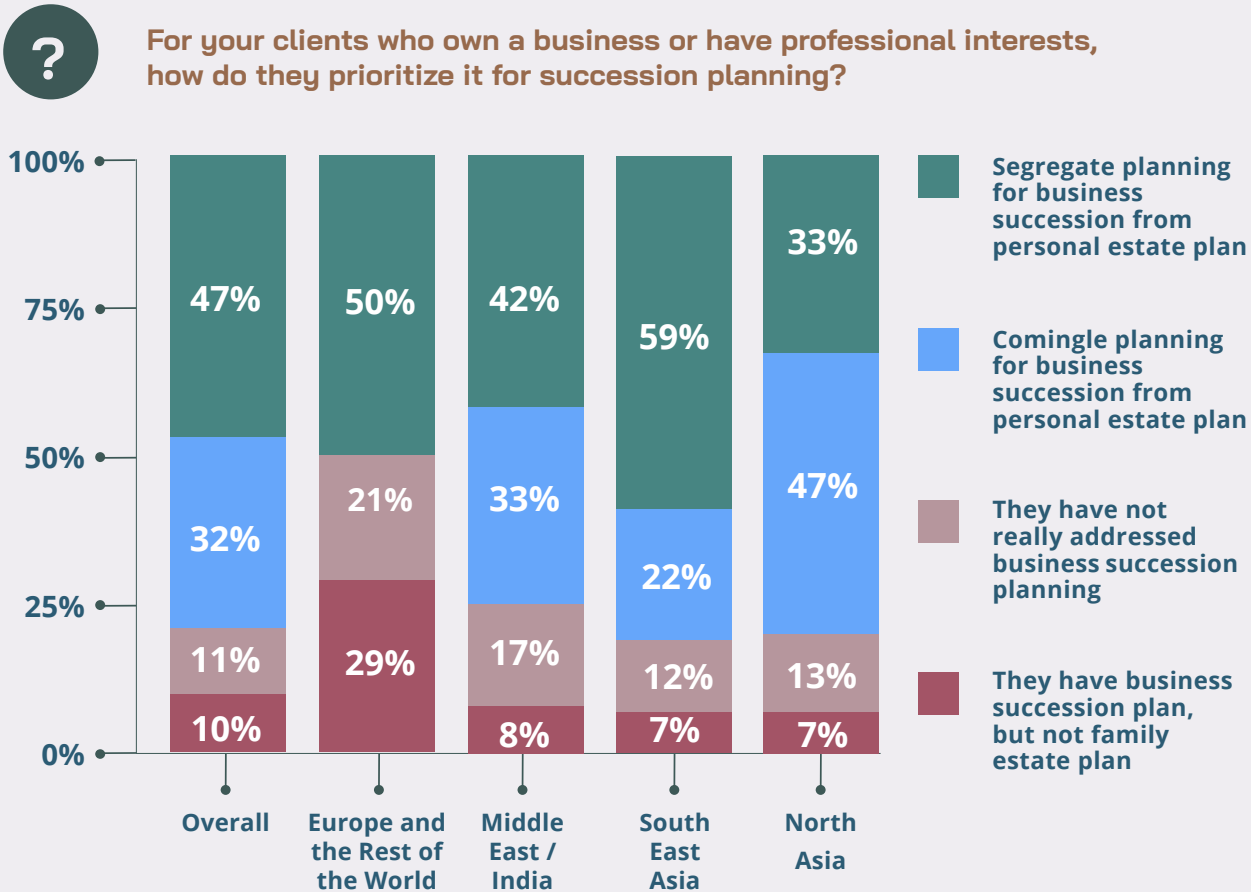
ADDRESSING
PROBATE
CONCERNS

The emphasis on wills and joint accounts highlights a desire to avoid probate and ensure smooth asset transition. Wealth Managers should discuss strategies to minimize probate exposure, as well as the benefits of using trusts and beneficiary designations effectively.

COMPLEXITY
MANAGEMENT

The interest in trusts indicates that many clients are receptive to more advanced planning tools. Advisors need to simplify these complexities and offer clear, actionable steps. Providing workshops, informational sessions, and detailed guides can demystify the workings and advantages of trusts.

Given many HNW have business or professional interests, it’s important to have a segregated plan for the estate and business/professional interests to avoid uncertainty at the time of need.

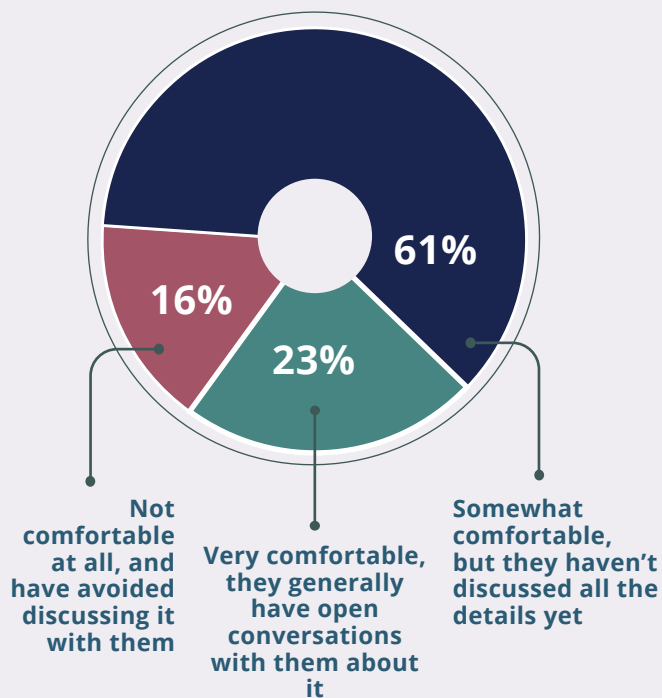


COMMUNICATION

The results regarding clients' comfort levels in discussing their succession and estate plans with their family and beneficiaries reveal important insights into familial communication and potential barriers to effective succession and estate planning.

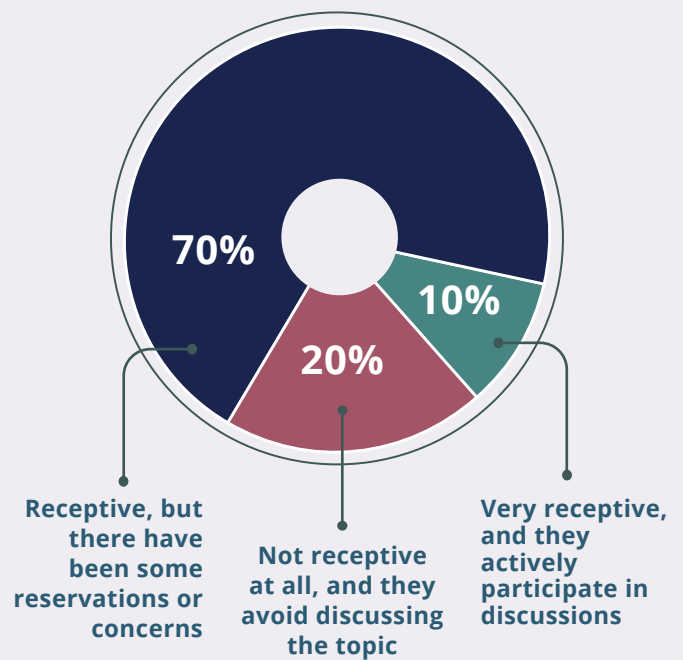
?

How comfortable, on average, are your clients with discussing their succession and estate plans with their family and beneficiaries?



?

How receptive, on average, have your clients' family and beneficiaries been (to your knowledge) to discussing their succession and estate plans?



From this we can observe some important issues which need to be addressed by clients and their families regarding the communication. These can be summarised as follows:



SIGNIFICANT DISCOMFORT

A noteworthy **16%** of clients are **not comfortable at all** while **61%** are **"somewhat comfortable"** discussing their plans with family and beneficiaries. This discomfort can result in a lack of clarity and preparedness among beneficiaries, potentially leading to disputes or challenges in executing the estate plans.



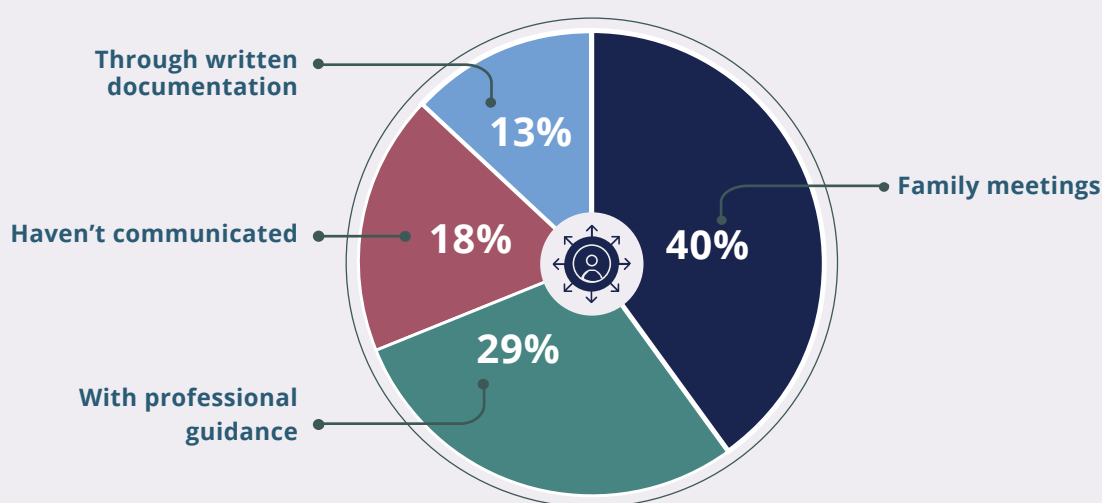
RELUCTANCE TO CONVERSE

20% of families and beneficiaries are **not at all receptive to discussing plans**. While a huge **70%** have **reservations and concerns about actually discussing the plans**.

The importance of families having open discussions about their succession and estate plans in a structured way cannot be understated. In the first instance, in the event of lack of communication, it can often be the surviving spouse who suffers considerably as information, documentation and lack of planning create an administrative and legal nightmare. This will be further exacerbated with the transfer of the estate to the next generation where the opportunities for discord and disharmony can be increased as a result of the lack of previous communication and expectation management.



What strategies or methods have your clients, on average, used to communicate their estate and succession plans with their family and beneficiaries?



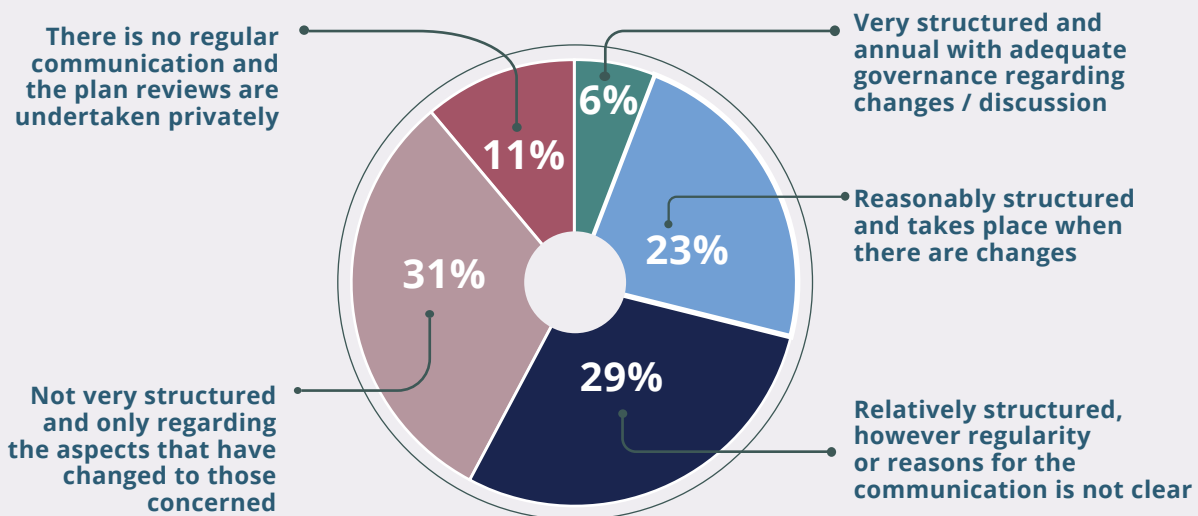
There is a need to improve communication between clients and their families and beneficiaries regarding the succession and estate plan. While a small percentage of clients are very comfortable with these discussions, the majority are only somewhat comfortable but avoid detailed conversations, and a notable minority are entirely uncomfortable. Addressing these communication gaps through facilitated discussions, educational resources, and ongoing support can help ensure that succession and estate plans are clearly understood and effectively implemented, reducing the potential for future conflicts and ensuring a smoother transition of assets and responsibilities.

Structuring of communication to ensure it is effective and regular review is essential.

The Survey found only **6%** of families maintain **“Very Structured and Annual”** reviews, while **23%** have a **reasonably structured** approach. Regular reviews are essential, similar to how asset managers conduct portfolio reviews.



How structured and regular is the communication between the beneficiaries/ family regarding their succession and estate plans?



PROMOTE OPEN COMMUNICATION

From the outset, encourage clients to hold family meetings with support from a third party, such as a wealth manager, legal advisor, or estate planner. For larger families, structured workshops can enhance understanding of the succession and estate plans and provide a deeper learning experience.

ADDRESSING DISCOMFORT

It is important to identify any barriers to open discussion, which may include emotional, relational, or informational issues. Advisors should work with clients to understand these discomforts and apply a structured approach to overcome them.

PROVIDE DETAILED GUIDANCE

A detailed discussion guide can assist families in addressing the key topics of their succession and estate plans. The process should be gradual to avoid overwhelming clients and may require multiple meetings to cover all necessary details effectively.

EDUCATIONAL RESOURCES

Providing general education without focusing solely on individual circumstances can lay the foundation for informed decision-making. Workshops, seminars, and digital resources can help families commit to learning and taking action.

PERIODIC REVIEWS

Succession and estate plans require periodic adjustments as family circumstances evolve. A structured review process helps to manage changes effectively, ensuring alignment with family needs.

LEVERAGE TECHNOLOGY

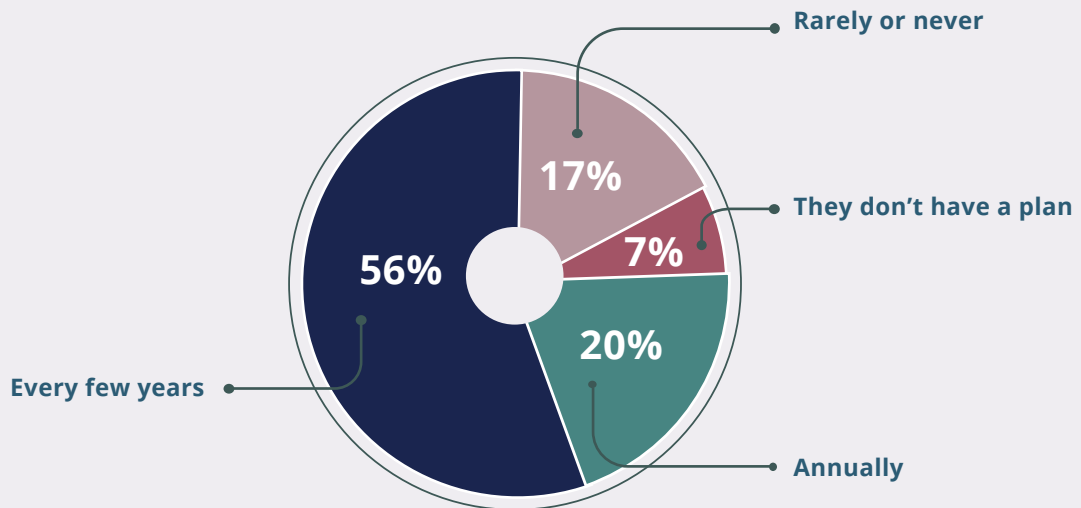
With families and assets dispersed globally, leveraging digital tools like virtual meetings is vital. These technologies can help facilitate effective family discussions and formal meetings, enhancing overall communication.

REVIEW

There is a clear correlation between the ability of the family to communicate within its own eco-system and the importance for the family to seek and obtain supporting professional advice at review time, ensure the plan(s) remain current.



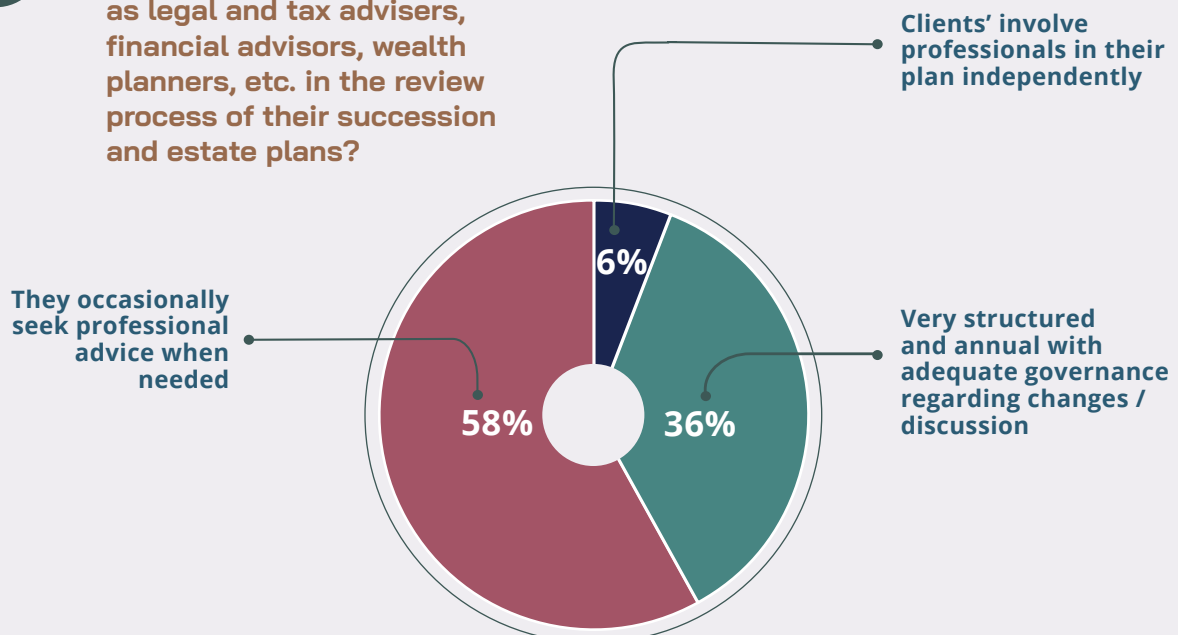
How frequently do your clients review their succession and estate plan(s) to ensure it aligns with their current wishes and circumstances?



This predominantly occasional interaction with professionals is then further reflected in the frequency with which clients review their plan arrangements. Here, the findings revealed the need for more consistency in the review.



Do your clients involve any professionals, such as legal and tax advisers, financial advisers, wealth planners, etc. in the review process of their succession and estate plans?



An assessment of these results leads to the following considerations:

SUBSTANTIAL PROFESSIONAL ENGAGEMENT

A combined **94%** of clients **engage with professionals to some extent**, indicating a strong recognition of the value that professional advice brings to succession and estate planning. However, only **36%** regularly consult with professionals, suggesting there is room for increasing the frequency of professional involvement.

OCCASIONAL PROFESSIONAL ADVICE

The majority **58%** of clients **seek professional advice only occasionally**. This indicates that while these clients appreciate professional input, they may not consistently integrate it into their regular review processes, potentially leading to gaps in their planning.

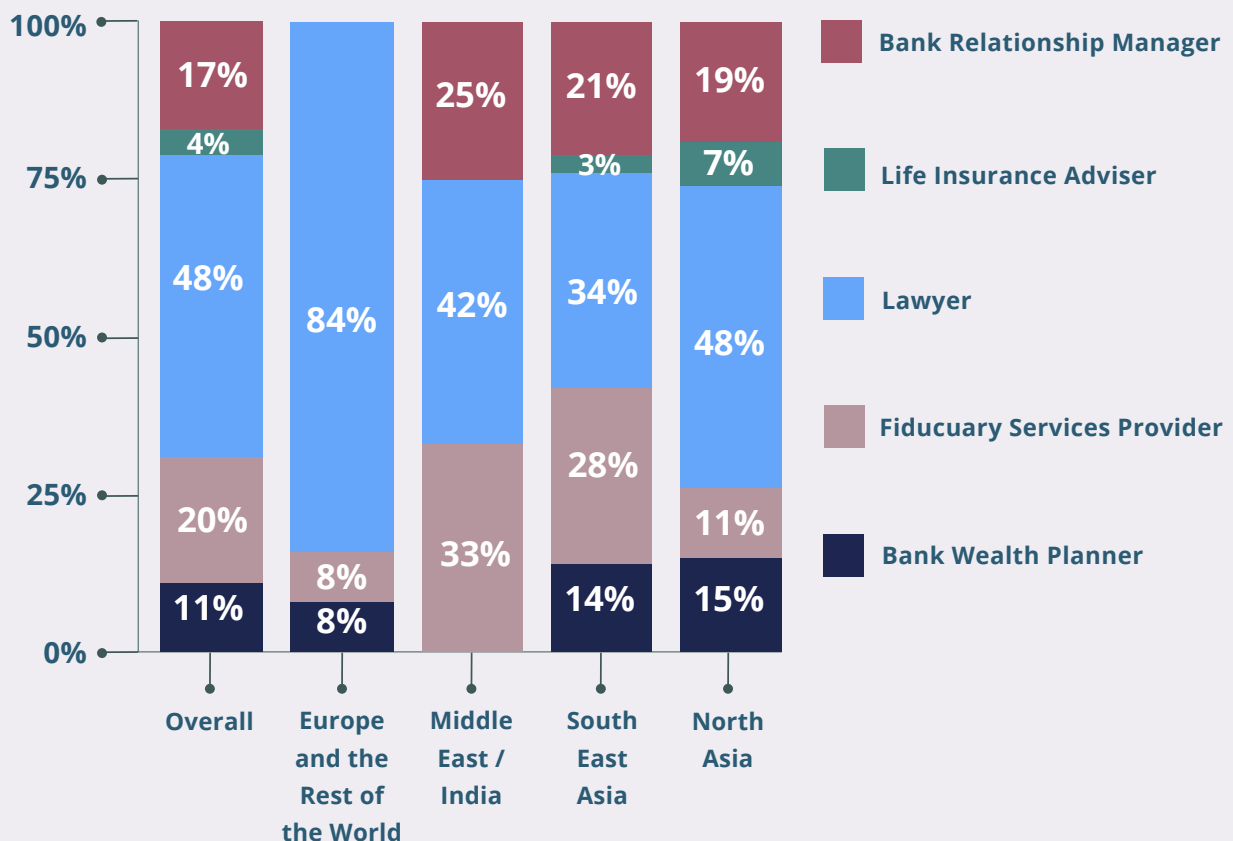
INDEPENDENT REVIEW

A small minority **6%** of clients **review their plans independently**. This group may either feel confident in their own understanding or be unaware of the complexities and potential pitfalls of **not involving professionals**.

Lawyers are the preferred source to go to for advice when reviewing their plans.



Preferred sources to go to for review and advice:



Wealth managers could consider suggesting actions for their clients and encouraging regular professional engagement with succession and estate planning experts.

Enhancing Client Engagement and Access to Professional Services

These can be summarised as follows:

EDUCATIONAL AWARENESS PROGRAMS

Launch awareness programs highlighting the benefits of regular professional involvement in estate planning, such as ensuring compliance with current laws, maximizing tax efficiency, and avoiding common pitfalls. Clients can be offered incentives to commit to regular consultations with professionals, such as discounts on services or bundled packages that include periodic reviews.

PARTNERSHIP PROGRAMS AND PROFESSIONAL NETWORKS

Establish partnership programs and connections with professional networks to provide clients with seamless access to trusted advisors. These partners might include lawyers with country specific knowledge and fiduciaries such as trustee and corporate services providers. Relationship Managers should be in a position to either offer a seamless service through internal resources or more likely by engaging with approved third-party partners.

FACILITATE ACCESS TO PROFESSIONAL SERVICES

This can be achieved in the wealth management world by providing professional integrated services offering succession and estate planning and legal, tax, and wealth managements services, making it easier for clients to access comprehensive support within a holistic approach.

EDUCATE CLIENTS AND ENCOURAGE REGULAR REVIEWS

The need for client education comes up many times when assessing the Survey results and this is critical to the overall process. Appropriate materials with case studies and the open discussion of the issues are vital to get clients to pay attention to this important factor in the management of their wealth.

The Survey indicates that while a **majority of clients** value **professional advice** for their succession and estate planning, there is a significant portion who only seek it occasionally or **review their plans independently**, which also reflects their general approach with their families on the topic.

To enhance the effectiveness of estate planning, it is crucial to **promote the benefits** of **regular professional engagement**, **facilitate easier access** to **comprehensive advisory services**, and **provide targeted education** to **highlight the importance** of **professional input**. By encouraging more frequent and integrated use of professional advisors, clients can ensure their plans are robust, up-to-date, and aligned with their evolving needs and circumstances.

CONCLUSION

The Survey highlights the importance and complexity of succession and estate planning, revealing both progress and ongoing challenges. While there is a growing awareness among HNW clients of the importance of these plans, a significant gap remains in their implementation and understanding of the necessary steps. This gap presents an opportunity for wealth managers to enhance client education, offer personalized solutions, and leverage digital tools to improve planning outcomes.



The Survey also exposed some interesting regional variations which will be the subject of further follow up and discussions. The implications being that whilst there may be some more obvious cultural variations, there may also be issues related to the period in the cycle of the wealth management industry within the region, which highlights opportunities to adopt best practices from elsewhere and for wealth managers to differentiate themselves.



Key findings indicate that while clients recognize the need for estate planning, many are only somewhat familiar with the intricacies involved. Procrastination, complexity, and lack of guidance are major barriers to effective planning. Wealth managers are encouraged to employ targeted communication strategies, provide professional guidance, and offer accessible educational resources, such as workshops and seminars, to bridge these gaps.



The Survey also emphasizes the need for holistic and tailored estate planning solutions that incorporate various strategies like wills, trusts, and life insurance to meet diverse client needs. Wealth managers play a crucial role in demystifying complex tools and promoting comprehensive planning approaches.



Effective communication with family members is another critical area, as many clients feel uncomfortable discussing their plans, which can lead to conflicts and a lack of preparedness among beneficiaries. Facilitated discussions, educational resources, and ongoing support can help improve these conversations and ensure smoother transitions of assets.



Regular reviews and professional involvement are essential but often lacking. While many clients engage professionals occasionally, few do so consistently, potentially leaving gaps in their plans. Wealth managers should promote the benefits of regular professional engagement and facilitate easier access to comprehensive advisory services.

In conclusion, The findings emphasize several critical factors for successful succession and estate planning. These include education, proactive strategies, and transparent communication. By addressing these areas, wealth managers can better assist HNWI in preparing for the future, ensuring their assets are managed and distributed according to their wishes, and contributing to broader economic resilience.

KEY TAKEAWAYS

What to keep in mind regarding Succession and Estate Planning when engaging with your clients

