

SETTING SAIL FOR BERMUDA

The Atlantic island of Bermuda, which hosted the prestigious America's Cup this year, boasts an attractive wealth offering that really pushes the boat out for HNWs, says *Helen E Cooper*



THE 35TH AMERICA'S CUP yacht races were held in Bermuda waters this summer, giving the small North Atlantic island global publicity. Besides shining a light on the attractiveness of the island as a perfect location for sailors and superyachts, the event further accentuated its potential as a prospective home for the wealthy – and a suitable base for their financial operations.

Since the 1920s, many HNWs have included a Bermuda element in their financial architecture – and what worked for Noël Coward and Ian Fleming still holds good for individuals or families today. It's not even necessary to live on the island to reap its benefits. One's wealth may be domiciled in Bermuda even if busy lives make permanent residence there difficult. In fact, Bermuda residence is generally available only to those qualified to work in certain industries, including financial services and hospitality, and UHNW services.

WEALTH OF OPTIONS

Three options are available to those who would like to reside in Bermuda. The first is the residential certificate, which grants indefinite residence to those who are retired, and who own or rent property there. A second option is permission to reside on an annual basis, which is renewable, may suit those still employed elsewhere in the world, and whose circumstances may change. The third option is an annual work permit, which allows a person to live and work in Bermuda for a specific period. It, too, is renewable, and senior executives of certain companies may apply for permanent residence if they meet specified criteria.



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One of the attractions of establishing a family office in Bermuda is the range of vehicles for holding assets and employing staff. These include private trust companies (PTCs), exempted companies, and partnerships. A PTC is a special kind of exempted company; Bermuda was one of the first offshore jurisdictions to introduce modern legislation on PTCs. Bermuda PTCs do not have to be licensed, which makes their incorporation and management straightforward. The PTC offers real advantages for many: greater involvement in trust administration through board representation, for example. The board representation can be the settlor, or his or her family or professional advisers.

'Exempt' Bermuda companies, which can be limited by shares or by guarantee, are used when the owners are predominantly non-Bermudian. Exempted companies may hold property and securities of almost any kind without restriction. 'Exempted' partnerships are also mainly owned by non-Bermudians. The partners in a general partnership have unlimited joint and several liability for all the firm's debts and obligations. Liability can effectively be limited by ensuring that all partners are limited liability companies. Partnerships may elect to have separate legal personality.

SMOOTH OPERATION

Bermuda levies no corporation, income or capital gains tax, nor stamp duty, other than that relating to local real estate. The absence of exchange controls, rapid incorporation once the decision is made, and fairly low establishment and ongoing regulatory fees are also part of the attraction.

Finally, Bermuda offers attractive options in regards to staffing a family office. The lack of income tax, and just a limited payroll tax, make attracting international staff or transferring staff from overseas easier. The island has a rich talent pool to supply support staff for family offices. Those looking for a hands-off approach will gravitate towards respected local businesses that offer comprehensive company and trust management services.

With the exposure that Bermuda received during the America's Cup, it should come as no surprise that UHNWs are looking at the British Overseas Territory as more than just a recreational destination. Coupled with its integrity and accountability, it is an obvious choice for many wealthy individuals or families. The easy-going pace of life on the island, complemented by complex and sophisticated security, makes Bermuda an ideal and shrewd option for those looking to maximise the benefits of their financial structure for themselves and their children.

Helen E Cooper is a director in the Private Client & Trust department at the Bermuda office of Conyers Dill & Pearman