

Future Today

HOW TO PROTECT AND TO PRESERVE

Richard and Patricia were sitting on the terrace of their hotel in St. Moritz, a little tired but relaxed. They had just completed the long journey from Zurich over the Julier Pass and were now enjoying the afternoon sun and the magnificent Engadin Mountain landscape. As always, Richard was a little excited because tonight "his favorite daughter" was to join them.

Patricia and Richard had no children of their own but since the tragic death of Richards' sister and her husband, their daughter Louise had been living with them. Although Louise was already 10 years old at the time, Richard and Patricia loved their niece like their own child.

Louise was a child of her time: very intelligent and at the same time very idealistic. As many young people of her age, she felt that the world was not only urgently needing some radical changes to make it a better place, but also that this could be done if desired without any major problems. She was strongly committed to environmental protection, which is why the school subject "Environmental Systems and Societies" (ESS) was particularly close to her heart. Louise had been attending a Swiss boarding school for 3 years with the intention of completing her IB in 2 years. Richard and Patricia were always delighted when they had the occasion to have the young woman back at home.

At that time, Louise had been hiking with her ESS group through the Swiss National Park near the Italian border. Again and again the conversation turned to the government, which

in the eyes of the young people had done too little for environmental and climate protection and had also done so much wrong. Martin, their German teacher who was in charge of the group's environmental project, suddenly came to talk about the many trusts and foundations based in countries like Switzerland that, **in his opinion, had only one goal, namely tax evasion and dubious tax optimisation.** When Martin asked the rhetorical question of how much good could be done for the environment with these trusts, the group remained silent.

That evening Martin's opinions were still on Louise's mind when she had dinner with her aunt and uncle.

She only had a rough idea of her uncle's job, who was a lawyer in Zurich, but nevertheless had decided to confront him during dinner with Martin's remark about trusts. Just before the main course was served, she began her tirade about tax evasion and trusts. She had resolved to remain matter-of-fact, even though it was difficult when she thought of her ESS lessons.

Her uncle listened quietly. He knew the usual accusations well and knew that they were mainly based on ignorance, since Europeans were rooted in Roman civil law and knew very little about the common law on which trust law was founded. He did not blame Louise. Quite the opposite, he appreciated her commitment to environmental issues, even if he thought some of her ideas were a little too extreme. He was also happy to be able to have a serious discussion with his niece. After Louise had finished her reproaches, and had gradually calmed down, Richard took the opportunity to ask in a calm tone:

"Do you actually know where the notion of trust originates from?". Louise was a little surprised at this question and just shook her head. Her uncle quietly responded. **"The trust as we know it was established in England more than 1,000 years ago and goes back to the time of the Crusades.** In those days, if a nobleman or knight decided to join a crusade to the Holy Land, he needed someone he could trust to manage his fortune and look after his wife and young children in his absence. One has to recall that at that time crusades took several years and there was practically no way to transmit news. Besides, it was far from certain that the knight would return at all." Louise nodded, but immediately asked what this had to do with trusts.

"I will tell you", her uncle continued. "The nobleman's assets were often embezzled by his steward. Since this person had to be endowed with appropriate powers, these transactions were legally binding. Imagine the shock a nobleman suffered when he came back years later to find that his family were living in poverty and that he owned next to nothing - a bit like the beginning of the story of Robin Hood." Richard knew full well that Louise loved this story, and of course the romantic film based on it. He smiled as he continued, "There was only one way to regain possession, and that was by royal decree. A very lengthy and difficult procedure. So, there was a great need for legislation, and so the principle of trusts was created. The concept was Almost exactly as we know them today, with the settlor, beneficiaries, a trustee and the protector. So now you can see, **a trust was and is about asset protection and estate planning.** There is really nothing wrong with a structure which ensures that assets are largely protected and available for its beneficiaries. This is quite normal, don't you think?"

"But" Louise shook her head impatiently again. "But what"? Richard asked and continued. "I think it's time to tell you something you don't already know. Even before your parents died, they set up a trust of which you Louise are the sole beneficiary. Your entire inheritance is deposited in this trust and your parents have stipulated that I, as protector, will oversee this inheritance for you until the end of your education. After that, the entire inheritance will be paid out to you. **As you can also see, your own trust still fulfils the same purposes as it did during the Crusades, namely the protection of assets for the next generation.** Your parents were only thinking of your welfare and your future."

Louise could not hold back her tears and hugged her uncle.

Since 2023, all Swiss trustees need a license from the Swiss Financial Market Supervisory Authority FINMA and **CAREY ZURICH** is proud to be only the 12th Swiss trust company to have obtained this license. Having been in the trust business for 20 years, we know all the ins and outs of trusteeship and are committed to serving the needs of trusts or foundations and their beneficiaries with all the Swiss thoroughness and reliability that you would expect, because we care(y).



Beat H. Haering

CAREY ZURICH

The Company, established in 2003, is an owner-managed Multi-Family Office and FINMA-licensed trustee company providing tailor-made functional structures to private clients, international families and corporates. Our clients can count on Swiss quality, high ethical standards, efficiency and trust – because we care(y).

As the holder of a professional Swiss trustee license, the company is supervised by the Swiss Market Supervisory Authority FINMA.

Carey AG

Alderstrasse 49, 8008 Zürich

T: + 41 (0)43 499 11 44

www.carey.ch