

Nerine Trust

Trust Assets – “Non Bankable” Assets

An Opportunity, Not a Problem

The acceptance of “non bankable” assets (broadly defined as assets which are not in readily realisable form, such as stock exchange listed investments or debt instruments or cash deposits) into a Trust is not an automatic process with some professional trustees – in fact, it may be that a trustee will refuse to accept such assets into a Trust. There may be a number of reasons for such a decision, including:

- the trustee may be a member company of a financial services group offering ancillary services such as banking or investment advice and the administration of non bankable assets does not fit into the Group’s core business strategy

- the trustee may be concerned about potential financial liability to the beneficiaries in the event that the non bankable asset – perhaps shares in a private operating company – decline in value and the beneficiaries allege negligence on the part of the trustee in that the trustee did not sufficiently monitor the activities and financial position of the company

The decision as to whether or not to accept non bankable assets into a Trust arguably is an indication of the nature of relationship with the beneficiaries envisaged by the trustee.

There may be a number of compelling reasons for the settlement of non bankable assets upon a Trust, including estate and fiscal planning and succession planning. For those objectives to be met and the trustee to play its role in that planning, the trustee will require a clear understanding of all the objectives, how those affect the beneficiaries and how the assets fit into those objectives.

The trusteeship of such assets will require the trustee to provide a level of personal service which can only be successfully delivered through an appropriate level of commitment by the trustee.

Nerine has undertaken a number of such trustee assignments and witnessed the advantages which can be gained in the growth of family wealth through the holding of non bankable assets in Trusts.

Our independence from any other financial services business including banks or investment houses releases us from the business constraints, imposed on other trustees who will only administer “bankable” assets and we are willing to work with settlers, beneficiaries and their advisers to produce tailor made solutions for their estate and succession planning requirements.