

Introduction to private trust companies (PTC)

What is a PTC?

PTC's are used by individuals and families, who wish to establish and manage their own trust company, as opposed to transferring assets to a third-party trust company.

A privately owned company is incorporated specifically to act as trustee of one or more family trusts. It is run by its board of directors, responsible for making trustee decisions.

The board comprises Affinity representatives and may also include family members and/or trusted advisors.

Consideration should be given to:

- Ⓢ The physical location of the directors, due to potential management and control implications and possible disclosure obligations
- Ⓢ The nature of the underlying trust assets and whether director and officer insurance cover is required
- Ⓢ The appointment of professional co-directors, such as Affinity representatives, to provide continuity and assist with succession planning.

What are the Roles?

Purpose Trust

A purpose trust is created with the sole purpose being to hold shares in the private trust company which will act as trustee of the family trust(s).

Enforcer

The enforcer is typically a trusted family adviser who is in place to ensure that the purpose of the purpose trust is carried out.

PTC

The PTC is essentially a limited liability company which is created to act as trustee of the trust(s).

The shares in the PTC may be held by an individual, a Jersey purpose trust, or by a Jersey foundation and is generally recommended so that the ownership of the PTC is not attributable to any particular person - known as an "orphaned structure". This helps to avoid practical issues on the death of an individual owner, such as probate formalities and the suitability of the person to whom the shares may pass upon the individual's death.

Each PTC is tailored on a bespoke basis to meet each family's needs, depending on the individual requirements of the family.

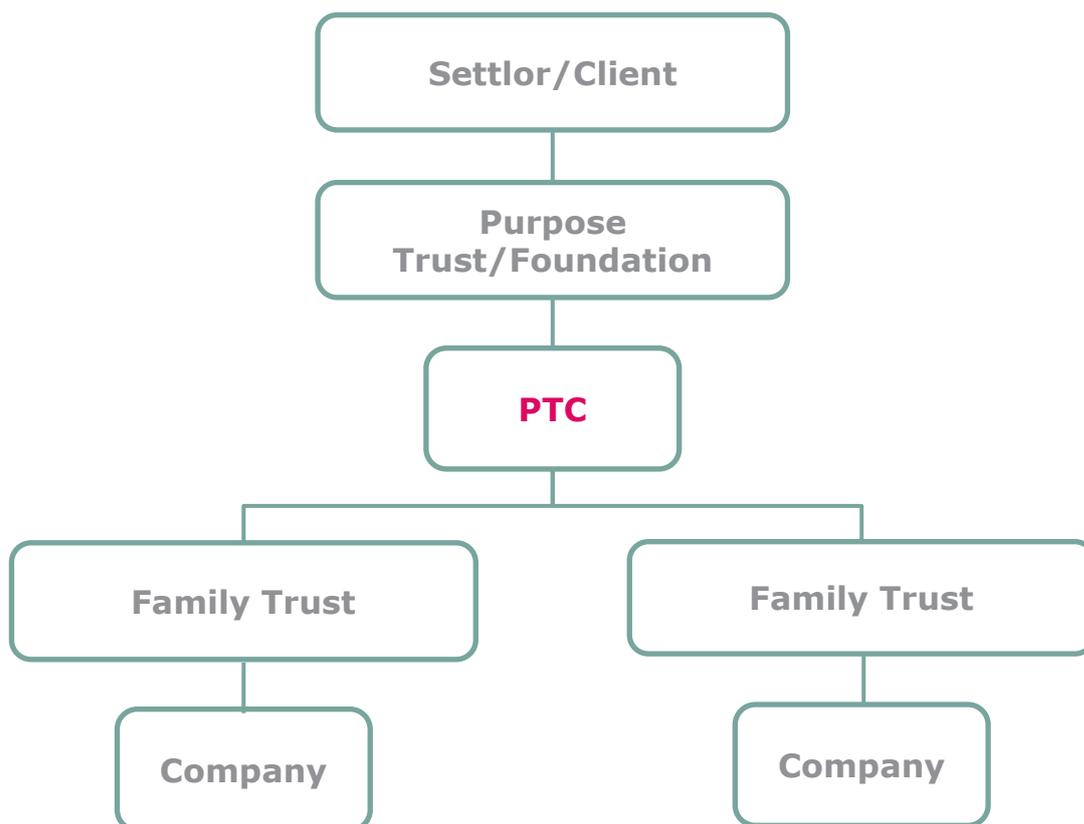
A Jersey incorporated and/or administered PTC is exempt from the licensing requirements, under the Financial Services (Jersey) Law 1998, so long as:

- Ⓢ It provides Trust Company Business (TCB) services only in respect of a specific trust or trusts and does not provide or offer services to the public
- Ⓢ The administration of the PTC is conducted, under an administration agreement, by a regulated TCB like Affinity, who are experienced in carrying out trust and corporate administration
- Ⓢ The TCB notifies the Jersey regulator of the name of the PTC and its owner.

The trust(s)

The PTC acts as trustee to the trust and provides the services of a trustee in accordance with the trust instrument establishing the trust. For more information on trusts, please see our [Introduction to trusts](#).

PTC Structure Diagram



Affinity's role in a PTC

- ④ Provision of professional directors to the board of the PTC
- ④ Trustee of the purpose trust
- ④ Administration services to the PTC including: bookkeeping, statutory records and accounts, provision of company secretarial, registered office facilities, and general administration
- ④ Administration services to the underlying trust and companies including: record keeping of trustee/director decisions, acting as authorised signatories, bookkeeping and preparation of accounts, statutory filings, and all general administration
- ④ Regular dialogue with: the family, lawyers, accountants and trusted advisors
- ④ Ensure compliance with the local regulatory requirements for a PTC such as ensuring it remains for private use by the family
- ④ Family Charter – we encourage clients to create a formal statement of the purpose, investment principles and philanthropic intentions of the PTC, to encourage a uniform approach and reduce the scope for family disputes to occur
- ④ Investment oversight
- ④ Wealth reporting service – to provide a consolidated picture of assets whether that be in relation to only the trust or for the wider family wealth, if required, which may be tailored to meet the family's needs and can include:
 - Portfolio risks: liquidity, diversification, shortfall
 - Single holding and sector research
 - Forecasts (return, income) and recommendations
 - Ongoing monitoring.

Why establish a PTC?

Control

The client, their wider family, and/or trusted advisors may be involved with the ongoing management of the trust(s), without compromising their validity.

Subject to any relevant tax or legal considerations, control may be exercised in one or more ways:

- ④ As a board member of the PTC, alongside Affinity representatives
- ④ As the enforcer of the purpose trust
- ④ As the protector of the trusts
- ④ As a member of any sub-committee e.g. investment committee.

Importantly, the assets are owned by the PTC, as trustee of the trust(s) and not by Affinity.

Involvement

As board members, the family become familiar with the management of their assets and contribute to trustee deliberations.

Agility

Changing a PTC's board of directors is generally simpler than a change of a trustee.

Consolidation

A PTC may be highly effective when consolidating the administration of various family trusts and investments.

Privacy

By keeping the trusteeship of a family trust within the family, confidentiality can be maintained.

Succession

A PTC can introduce the next generation to their wealth in a controlled, structured and meaningful way.

Responsiveness

Given their familiarity, the directors of a PTC are often better informed than a professional third-party trustee, enabling quicker decisions.

Flexibility

PTCs can consider higher risk commercial transactions, than a traditional trust can.