

Research on Asset Inheritance of High Net Worth Family Trust in Recent Years

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Abstract

In recent years, with the rapid development of social economy and the acceleration of wealth accumulation, family trust has gradually attracted widespread attention and application as an asset inheritance tool. As a special wealth management tool, family trust aims to help families maintain wealth and achieve long-term wealth inheritance goals. In the research of predecessors, it mainly expounds the unique advantages of family trust on the basis of the huge demand for wealth inheritance in the Chinese market. The obstacles encountered by family trust in China's localisation and the innovation model proposed in response to the obstacles. In these studies, a series of problems arising from different policies and stages of development of the country have been ignored. With the economic development, the market demand for China's wealth inheritance continues to expand, and the Chinese government and related institutions are also gradually reforming. On this basis, this article uses the literature analysis method to understand the new policies proposed in family trusts in China and the practical problems faced by high-net-worth families in the post-epidemic era by consulting a large number of materials. Then use the comparative analysis method to summarise the development of family trusts in China through the research and comparison of family trusts in different countries, put forward constructive opinions on the inheritance of family assets with high net worth in China, discuss the research progress of family trust in the field of asset inheritance in recent years with a thinking method, and analyse it in different cultures. And the application and impact in the legal context.

Keywords: family trust, wealth transfer, mainland China trust, wealth management

1. Introduction

1.1 Research Background

Asset inheritance is an important socio-economic issue, especially in terms of wealth concentration and family wealth management. With the continuous accumulation of global wealth and the increasing demand for intergenerational wealth inheritance, people begin to seek more effective ways of wealth management and inheritance. In this context, family trust, as a flexible and multi-functional wealth management tool, has become one of the first choices for the majority of wealthy families.

1.2 Literature Review

The emergence of family trust is not accidental, but the product of gradual development and improvement in the legal and cultural environment of different countries and regions. Family trusts are characterized by the fact that they can be tailored to the needs and visions of the family to achieve the goals of wealth preservation, appreciation and inheritance. This flexibility and customization has made family trusts one of the most important tools in wealth management, favored by entrepreneurs, the wealthy and high-net-worth individuals.

1.3 Problem Statement and Objectives

Through in-depth research on the asset inheritance of family trust and related research results in recent years, it can not only deepen the understanding and awareness of family trust, but also provide more scientific and effective methods and strategies for family wealth management and inheritance, and promote the development and progress of wealth management field. As an important wealth management tool, family trust It is playing an increasingly important role in today's social and economic environment. Through the systematic summary and analysis of the asset inheritance research of family trust in recent years, it can provide theoretical support and

practical guidance for family wealth management, promote the smooth progress of wealth inheritance, and realize the long-term inheritance and continuous appreciation of family wealth. The research results of this paper will provide useful reference and enlightenment for academia, government departments and the public, and contribute to promoting the healthy development of the family trust industry and the sustainable development of social economy.

2. Research on the Role of Family Trust in the Inheritance of Assets in Recent Years

2.1 Concept of Family Trust

A family trust is a special form of trust designed to provide a long-term solution for the family's wealth management, inheritance and protection. It is a trust set up by family members for the purpose of providing financial welfare and wealth management to members of the family, both current and future members.

While a trust is a legal relationship involving the transfer of property by a trustor to a trustee who is responsible for managing and disposing of the property for a specific purpose. In the trust relationship, the trustor transfers the property to the trust, and the trustee manages and uses the property in accordance with the provisions of the trust documents or the instructions of the trustor, and finally distributes the income or property to the beneficiary.

2.2 Basic Characteristics of Family Trusts

2.2.1 Protracted Nature

Long-term nature is one of the important characteristics of family trust, which reflects the durability and continuity of family trust as a wealth management tool. The long-term nature of family trusts is reflected in their function as a vehicle for wealth transmission. Family trusts focus not only on the financial needs of current family members, but also on the interests of future generations of family members. Through family trusts, families can develop long-term financial planning and succession strategies to ensure that the property can be passed down from one generation to the next, and that it remains stable and increases in value along the way.

Long-term nature requires family trust to be sustainable in financial management and investment strategy. Family trusts usually set long-term investment objectives and risk management strategies to ensure the sound growth and preservation of property. The trustee needs to formulate and adjust the investment portfolio according to the trust documents and the needs of the family, adapt to the market environment and economic situation at different stages, and provide continuous support for the preservation and appreciation of the family's wealth.

The long-term nature also involves the long-term stability of the legal framework and regulatory mechanism of family trusts. Family trusts often involve complex legal and tax issues and need to operate in a sound legal environment and regulatory system. Therefore, the establishment and operation of family trusts need to consider the long-term nature and stability of the legal system to ensure the legitimacy and continuity of the trust.

More importantly, it is also reflected in the inheritance of family values and mission by family trust. Family trusts often carry family values and missions, including family sense of responsibility, social mission and cultural traditions. Through family trust, families can pass on their core values and mission to future generations, guide them to play an active role in wealth management and social responsibility, and achieve long-term family development and social responsibility, which helps to build family unity and cohesion. As a long-term wealth management tool, family trust requires cooperation and consensus among family members to promote family unity and cohesion. By participating in the formulation and management of family trusts, family members can deepen mutual understanding and trust, jointly safeguard the interests and honor of the family, and enhance the cohesion and centripetal force of the family.

In short, long-term nature is one of the important characteristics of family trust as a wealth management tool, reflecting its durability and continuity in wealth inheritance, financial management, legal framework, family values and unity and cohesion. Through effective use of family trusts, families can achieve long-term inheritance and management of wealth and safeguard their long-term interests and development.

2.2.2 Customization

Customization is one of the important characteristics of family trusts, which emphasizes that family trusts as a wealth management tool can be customized according to the specific needs and visions of the family to achieve the specific goals and interests of the family.

The customization of family trusts is reflected in their personalized trust design. The establishment of a family trust usually requires the formulation of detailed trust documents, including the purpose of the trust, the beneficiaries, the scope of the trust property and the way of management, etc. Trust documents can be tailored to

the specific needs and visions of the family, ensuring that the trust best serves the family's interests and objectives.

In terms of its flexible property arrangement, the family can flexibly choose the type and scope of trust property according to its own financial situation and objectives, including different types of assets such as cash, stocks, bonds and real estate. Through reasonable property arrangements, families can maximize the goals of wealth management and inheritance.

The customization of family trusts is also reflected in the choice of trustees. The trustee is the key figure in the operation of a family trust. His/her responsibilities include managing and using the trust property, acting in accordance with the provisions of the trust documents or the instructions of the trustee, and being responsible to the beneficiaries. According to the characteristics and needs of the trust, the family can choose a professional and reputable trustee to ensure that the trust can be effectively managed and operated.

In the flexibility and adaptability of management strategies. Family trusts often need to develop long-term management strategies, including investment portfolio, risk management, asset allocation and other aspects. These management strategies need to be adjusted and optimized according to factors such as market environment, family needs and legal requirements to ensure the steady growth and preservation of trust properties.

2.3 Establishment and Operation of Family Trusts

The establishment of a family trust usually needs to follow certain legal procedures and requirements. The trustor usually needs to draft the trust documents and determine the purpose of the trust, the beneficiaries, the scope of the trust property and the way of management, etc. In some jurisdictions, the establishment of family trusts also requires review and registration by the relevant regulatory authorities. First of all, in terms of property selection, the property of family trust can include various forms of assets, such as cash, stocks, bonds, real estate, etc. The trustor can flexibly choose the type and scope of the trust property according to the financial situation and objectives of the family. The choice of trustee is also very crucial. The trustee is the key person in the operation of a family trust. His responsibility includes managing and using the trust property, acting in accordance with the provisions of the trust documents or the instructions of the trustor, and being responsible to the beneficiaries. Trustees are usually experienced and reputable individuals or institutions whose choice requires careful consideration.

Then it comes to the issue of beneficiary's rights and interests. The beneficiary of family trust is the ultimate beneficiary of the trust, and its rights include enjoying the income of the trust property and applying for the distribution of the trust property. Beneficiaries are usually members of the family, including current and future descendants.

Most importantly, the operation of a family trust needs to be monitored and managed to ensure that trustees perform their duties in accordance with the provisions of the trust documents and the requirements of the law. The trustor and beneficiary may participate in the supervision and management of the trust through the agreement in the trust documents or relevant legal procedures.

Through reasonable operation and establishment, family trust provides an effective wealth inheritance and protection mechanism for families, helps families realize intergenerational wealth inheritance and long-term planning, provides professional and diversified management services for family assets, and helps families realize wealth appreciation and steady investment. To promote the unity and cooperation between family members, strengthen the cohesion and continuity of the family, safeguard the interests and reputation of the family, provide a certain degree of legal protection and privacy confidentiality for the family's property, and avoid property losses and disclosure caused by personal bankruptcy, litigation and other reasons.

3. The Essence Analysis of the Rise of Mainland Trust

3.1 Background of the Rise of Trust

As a special wealth management tool, trust has gradually attracted wide attention and application in recent years. Behind its rise lies a complex and profound social and economic background and legal system reform. This paper will conduct an in-depth analysis of the nature of trust, and discuss its role and significance in wealth management, asset inheritance and social governance.

With the development of social economy and the increase of wealth concentration, wealthy families and enterprises are increasingly in need of more professional and personalized wealth management services. Traditional wealth management methods have been unable to meet the complex and changeable needs of wealth management, so trust as a flexible and multi-functional wealth management tool has gradually attracted attention.

With the aging population and the increasing demand for intergenerational wealth inheritance, the problem of asset inheritance has become increasingly prominent. There are many problems and risks in the traditional way of property inheritance, such as inheritance tax and family disputes. As an effective asset inheritance tool, trust can help families plan property inheritance and avoid unnecessary disputes and losses.

At the same time, the legal systems of many countries and regions have been gradually improved and updated, providing a more sound legal guarantee and institutional environment for the development of trust. Through legislation and judicial practice, the legal status and operation mechanism of trust have been clarified and standardized, which has laid a solid foundation for the rise and development of trust.

3.2 Analysis of Trust Essence

The essence of trust lies first in the separation of property arrangement and utility. The principal transfers the property to the trustee for management and disposal, but does not deprive himself of ownership of the property, only temporarily relinquishment of control of the property. The trustee manages and uses the property in accordance with the requirements of the truster and the provisions of the trust documents, and finally distributes the proceeds or principal of the property to the beneficiary. This separation of property arrangements from utility makes trusts a flexible and effective wealth management tool.

Another important feature of trusts is that they can achieve risk diversification and protection of assets. By transferring the property to the trustee for management, the principal can diversify the assets into different projects and asset classes and reduce the investment risk. At the same time, trust property is often subject to strict legal protection, which can avoid property losses caused by personal bankruptcy, litigation and other reasons. At the same time, trust has unique advantages in asset inheritance, which can help families achieve intergenerational wealth inheritance and long-term planning. Through the establishment of a trust, the trustor can clearly stipulate the use and distribution of the property, protect the rights and interests of the beneficiary, and avoid the occurrence of the division or waste of the property due to inheritance disputes. Such long-term estate planning and inheritance arrangements contribute to the stability and continuous appreciation of family wealth.

As a flexible and multifunctional wealth management tool, trust plays an increasingly important role in today's socio-economic environment. Its essence lies in the separation of property arrangement and utility, which provides new ideas and methods for wealth management, asset inheritance and social governance. With the development of the social economy and the improvement of the legal system, the trust will continue to play its important role, and continue to innovate and improve to adapt to the changing social needs and economic environment.

4. Trust Selection Scheme for High Net Worth Families in China

4.1 Selection Background and Needs of Chinese High Net Worth Families

In China, with the rapid economic development and increasing personal wealth, high net worth families have an increasing demand for wealth management and inheritance. As an effective wealth management tool, trusts have been widely used among high net worth households.

High net worth families usually want to pass on their wealth to future generations to ensure the continuation and appreciation of family wealth. They pay attention to the security and protection of assets and hope to avoid property losses caused by personal bankruptcy, litigation and other reasons. At the same time, it is necessary to consider the factors of tax planning, seek the optimal financial structure and scheme, reduce the tax burden, hope to realize the family values and mission through the trust, support social public welfare undertakings, etc.

Family trusts are a common and appropriate option for high-net-worth families. Family trusts can be tailored to the needs and visions of the family and meet multiple goals such as wealth inheritance, asset protection and family unity.

4.2 Family Trust

High net worth households face many challenges and considerations in wealth management and inheritance. In this context, choosing a family trust as a wealth management vehicle is a common and appropriate choice. Family trust is a form of trust specifically designed for family wealth management and inheritance, which is flexible, customizable and long-term, and can meet the multiple needs and goals of high net worth families.

First of all, one of the reasons why high net worth families choose family trusts is to achieve wealth inheritance and continuation. Family trusts can help high-net-worth families plan their wealth succession and ensure that assets can be passed down through generations and remain stable and increase in value along the way. By formulating detailed trust documents, the family can clearly stipulate the use and distribution of the property,

ensure that the property is effectively managed and protected during the succession process, and avoid family division and wealth loss caused by succession disputes.

Family trusts provide a mechanism for high net worth families to protect their assets. High net worth families often face a number of risks, including personal bankruptcy, litigation, divorce, etc., which can have a serious impact on the family fortune. By transferring property into a trust, the family can effectively protect the property from external risks, avoid property loss and division caused by personal events, and ensure the stability and security of the property.

In addition, family trusts also help to strengthen family unity and cohesion. In the establishment and operation of family trusts, cooperation and joint decision-making among family members are required, which helps to enhance the connection and mutual trust among family members. By participating in the management and decision-making of the trust, family members can deepen their understanding and communication with each other, jointly safeguard the interests and reputation of the family, and enhance the cohesion and centripetal force of the family.

Family trusts also have tax advantages. In China, family trusts can reduce the family's tax burden and improve the tax efficiency of the property through reasonable property arrangement and tax planning. Through the establishment of family trust, high net worth families can make full use of preferential tax policies to maximize the preservation and appreciation of wealth, provide a more robust guarantee for the long-term development and inheritance of the family, and provide a flexible and multi-functional wealth management tool for high net worth families. Family trusts can be customized according to the specific circumstances and needs of the family, including the purpose of the trust, the beneficiaries, the scope of the trust property and the way of management, etc., to meet the specific requirements of the family. Family trust has high flexibility and can be adjusted and optimized according to the development and changes of the family, providing more effective support for the family's wealth management and inheritance.

The choice of family trust as a wealth management tool for high net worth families has multiple advantages and rationality. Family trusts can help high net worth families achieve multiple goals such as wealth inheritance, asset protection, tax optimization and family unity, providing a strong guarantee for long-term family development and inheritance.

4.3 Charitable Trust

The choice of philanthropy by high net worth families is a complex and far-reaching decision, which is not only related to the family's own sense of social responsibility and values, but also involves the influence and contribution to society. In China, with the rapid economic development and wealth accumulation, more and more high-net-worth families have begun to consider giving part of their wealth to charity. There are multiple motivations and considerations behind this choice.

High net worth families choose philanthropy to reflect social responsibility and public welfare spirit. As wealth increases, high net worth households are aware of their privileged position and responsibility in society. They know that their wealth comes from the support and development of the society, so they are willing to give back to the society and help those in need. This embodiment of social responsibility and public welfare spirit drives high net worth families to choose philanthropy as a way of life and expression of values.

Choosing charity is also an inheritance of family values and mission. Many high-net-worth families pay attention to the cultivation of social responsibility and public welfare awareness in their family culture and traditions, passing down such values from generation to generation. Choosing charity is not only a continuation of the family values, but also a manifestation of the family mission. Through charity activities, family members can participate together, deepen the connection and unity among family members, and inherit the cultural heritage and social responsibility of the family.

In addition, high net worth families' choice of philanthropy can also establish a good social image and reputation for them. In today's society, the social responsibility and public welfare behaviors of entrepreneurs and high net worth families have attracted much attention and praise. By participating in philanthropy, high net worth families can not only establish a good social image, but also win the respect and recognition of the society, and build a good social reputation for themselves and their families.

In practice, high net worth families choose various ways of philanthropy, which can be achieved by setting up charitable foundations, donating to education projects, supporting medical and health undertakings, and carrying out environmental protection activities. For example, some high net worth families will set up their own charitable foundations to manage and distribute charitable funds and carry out various public welfare activities.

Other households may prefer to donate directly to specific charities or projects, such as donating to schools, hospitals, disaster relief agencies, etc. Considering the efficiency and transparency of the use of charitable funds. When choosing charitable projects and organizations, families need to conduct sufficient research and understanding to ensure that the funds will be used effectively and make a real difference and impact for social good. At the same time, families also need to pay attention to the management and operation mechanism of charitable projects to ensure that the use process of charitable funds is transparent and open to social supervision.

High net worth families choose philanthropy as a positive social behavior, which not only reflects the family's sense of social responsibility and public welfare spirit, but also inherits the family's values and mission, and helps to establish a good social image and reputation. The process of high net worth families choosing charity is a meaningful and challenging process, which requires the joint participation and efforts of family members. Through charitable activities, high net worth families can realize their own value, bring real help and change to society and others, and promote social harmony and development.

However, there are some challenges and tests for high net worth families to choose philanthropy. First of all, charity activities require a lot of time, energy and resource investment, and family members need to overcome various difficulties and challenges to maintain continuous enthusiasm and motivation. Secondly, the effect and impact of charitable activities often take a long time to show up, and families need to be patient and confident to push forward the development of philanthropy unremittedly. In addition, the selection and management of charitable activities also require the family to have certain professional knowledge and ability, and family members need to constantly learn and improve their own ability.

5. Conclusion

The demand of China's high-net-worth households for asset trusts has shown a steady growth trend. With the accumulation of wealth and the improvement of awareness, more and more high-net-worth families choose to include their assets in the trust plan for management, preservation and appreciation. The scale of China's high-net-worth family asset trust is constantly expanding. According to the data, by the end of 2023, the scale of high-net-worth family trust assets managed by China's trust industry reached more than 20 trillion yuan. In recent years, with the uncertainty of the economic situation and the fluctuation of the financial market, the asset trust status of high-net-worth families has also been affected to a certain extent. Due to the outbreak of the epidemic and the slowdown of the global economy, the portfolios of many high-net-worth families may be impacted. The volatility of asset classes such as the stock market and the real estate market increases, resulting in the decline or fluctuation of asset value. In a low interest rate environment, the low yield of traditional fixed-income products also makes high-net-worth households face certain challenges in asset allocation. However, despite some challenges, asset trusts for high-net-worth families still have certain advantages. At present, China's high-net-worth family asset trust is showing a steady and rising development trend. With the improvement of China's economic resilience, the scale of trust assets has gradually rebounded steadily.

China's high net worth family trust selection scheme needs to be customized according to the specific situation and needs of the family. By choosing the right type of trust, trustee, trust property arrangement, and undertaking financial planning and tax planning, HNW families can achieve multiple goals such as wealth inheritance, asset protection and social responsibility. As a flexible and multifunctional wealth management tool, trust can meet the needs of high net worth families while also promoting family unity and social development. Therefore, high net worth families should prudently choose trust schemes based on their own circumstances, and strengthen supervision and management in the process of trust establishment and operation to ensure effective operation of trusts and achieve expected goals.

In the future, it can be expected that the demand of China's high-net-worth households for asset trusts continues to increase and the scale of assets continues to expand. With the continuous development of China's trust industry, the personalised demand of high-net-worth families for asset trust is increasing. They hope to get professional wealth management services, formulate personalised investment strategies according to their own risk tolerance and goals, and realise asset preservation and appreciation and wealth inheritance. Asset trust will become an important tool to realise the inheritance of family wealth. Through the establishment of trust plans and the formulation of inheritance plans, wealth inheritance will be realised.

In short, when choosing a trust scheme, Chinese high net worth families should fully consider various factors such as family wealth inheritance, asset protection, tax planning, and family mission and social responsibility. Through customized trust schemes, high-net-worth families can achieve long-term inheritance and management of wealth, safeguard the long-term interests and development of the family, and at the same time contribute to social welfare undertakings and achieve a win-win situation of social responsibility and family mission.

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