

FAMILY OFFICES IN SINGAPORE: GROWTH AND INCENTIVES

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Family offices are privately owned companies that are formed primarily for the purpose of the investment and wealth management needs of ultra-high-net-worth individuals (“UNHWI”). A family office may be either a single family office (run to serve the needs of one family) or a multi-family office (run to serve the needs of multiple families). With around 700 family offices in Singapore currently as compared to fewer than 100 family offices five years ago, the number of family offices in Singapore has jumped sevenfold since 2017. This significant increase in family offices reflects the growth in global wealth in recent decades. The family offices in Singapore engage mostly in the fields of asset management, tax advisory and trust services. The family office industry has grown on the foundation of Singapore’s reputation as a leading financial centre, alongside the widespread recognition that the family office structure is well-known and well-used by Asian families and businesses for their private banking and trust needs. Family offices are not a recent development. Amongst the more well-known multi-family offices is the family office of the Rockefeller family established in 1882 and which now functions as a global, multi-family office giant with its headquarters at the Rockefeller Plaza, New York City.

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At the Owners' Symposium of the Global-Asia Family Office Summit 2022 on 29 September 2022 held in Singapore, Singapore's Deputy Prime Minister and Finance Minister Lawrence Wong ("DPM Wong") mentioned that having a significant number of family offices in Singapore adds vibrancy to the financial services landscape in Singapore. In addition, DPM Wong mentioned further that "given the increased interest in philanthropy, the government will do more to help private capital and family offices maximise their philanthropic impact and do good. We aim for Singapore not just to be an economic and financial centre – but also a centre for philanthropy in Asia.". He went on to say that the Singapore Government will also provide more support to family offices that choose to build their philanthropic base in Singapore. Family offices in Singapore that donate to local charities and non-profit entities can expect to receive more support in the form of tax incentives to build their philanthropic base here. The government is also partnering with private banks to identify suitable regional causes and charities as well as to monitor the impact of such donations. Further, there are additional funding opportunities for family offices supporting innovative companies and mentoring promising entrepreneurs. As such, family offices may wish to consider using funds in philanthropic causes in Singapore and putting funds into sustainable fields such as green research and climate-related technology solutions.

DPM Wong also touched upon Singapore's strengths as a wealth management centre, mentioning Singapore possessing "a strong pool of talent across a whole range of professional services, including wealth and asset management, legal and tax advisory, trust services, philanthropy and governance to name a few". Having a strong pool of talent across the range of professional services firmly supports the establishment of family offices in Singapore. There are over 1,200 people who have been trained for the family offices industry since 2020, proving the availability of relevant professionals to support the proliferation of family offices in Singapore. To support the exponential growth in the family offices industry, the Wealth Management Institute (WMI) is strengthening talent pool via education through the WMI Family Office Programme while the Global-Asia Family Office Circle (GFO Circle) has been established to facilitate networking and knowledge sharing of best practices amongst family office principals, professionals, advisors and service partners. The GFO Circle is also supported by the Singapore Economic Development Board (EDB) and the Monetary Authority of Singapore (MAS).

Lim Ping Ping, the Head of Wealth Planning at LGT Bank mentioned that one of the drivers of the growth of family offices in Singapore may be attributed to the trend of Asian families pivoting towards housing their family office activities in a formal structure. Singapore provides a conducive environment and a transparent regulatory regime for international families, including those who have liquidity events and who have sold their businesses, to set up family offices in Singapore with ease. Furthermore, Singapore's strong reputation renders it an ideal location for families to establish their family office in and to participate in Asia.

For more legal insights about family offices in Singapore, please read our previous articles:

<https://www.cnplaw.com/guide-to-family-offices-a-legal-perspective-cnupdate>

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