

Dynastic planning



We are a distinct legal practice,
with a leading reputation in our
chosen services and sectors.

Our approach is relationship-driven
and internationally minded, with
great people dedicated to giving
clients just what they need.

A vibrant, agile firm which is,
above all ... just different.

Understanding Dynastic Planning

LG's Private Client team understands the natural tendency for wealth to be dissipated after three generations unless a structure and a process are put in place to preserve it. This 'rags to rags' theme has become known as 'wealth entropy'.

Ultra-high-net-worth families cannot expect to create a dynasty simply by setting up a trust. Families with concerns about wealth entropy need the same disciplines and formalities as are required for corporate structures. These form what has become known as Family Governance. LG's Private Client team is the leader in the field having developed bespoke solutions for many of the world's wealthiest families to avoid dissipation of their power and wealth.

LG's Private Client team

LG's Private Client team are experts in Dynastic Planning and draws on its long experience in dealing with families and institutions in the offshore world, particularly in the Middle East and Asia as well as Latin America, the Channel Islands, Switzerland and the Caribbean. Our reputation and experience in trust conflict resolution is particularly helpful in assisting our team to recognise and avoid situations where family conflict can lead to wealth dissipation.

A Dynasty is a family or group that maintains power and wealth for several generations.



Employing the most up to date legal and commercial thinking, our structures represent the most sophisticated and bespoke wealth solutions available.

Advantages – incorporating a dynastic structure

- **Value enhancing** – dynastic structures can actually improve the equity and credit rating of the underlying businesses and investments (where applicable)
- **Risk management** – management of risk and the avoidance of costly litigation is a fundamental aspect of dynastic structures
- **Engaging the family** – implementing corporate-style governance and involving family members in a democratic system with clear succession mechanisms
- **Central administration** – creating a family office, an efficient hub to administer and manage family wealth
- **Unique** – each dynastic structure is a bespoke creation designed specifically for the founder, family and assets involved

Disadvantages – the risks faced when family wealth is not structured

- **Breach of confidentiality** – without protection, disclosure of underlying beneficial interests (and the associated risk to reputation and privacy) is a significant and ongoing concern
- **Wealth entropy** – wealth outside specially designed dynastic structures is likely to be dissipated in a few generations, may be vulnerable to third party attack and is more likely to be frozen in response to disputes
- **Family division** – one of the most effective ways of destroying a family and the businesses and investments which it represents
- **Cost** – family ownership of assets, outside a centrally managed dynastic structure, can become over-complicated with replicated administrative and reporting functions

LG's Private Client team understands what is needed to stop wealth entropy.

LG delivers an 'excellent level of service' and is well known for its strong international practice, assisting German, Russian, Indian, and Far Eastern clients. The group also assists a number of Middle Eastern clients. 'The sheer size of the department' is a draw for many clients, and 'their strength in depth coupled with a youthful age average equals a proactive service across the department'.
Legal 500 2009

Implementation and impact of dynastic planning

A dynastic structure needs to display best practice in both family and corporate governance to ensure the continued good reputation of the family and the success of the business – and to prevent family conflict from destroying the family wealth.

Preventing family conflict from damaging family wealth

Sibling rivalry, following the death of a family business's founder member, can be highly damaging to the family's reputation and the success of the business.

Family disputes can lead to:

- unwanted publicity;
- short term management and investment horizons;
- share register paralysis;
- management inefficiency; and
- reputational damage to the family and the business or its management.





LG's Private Client team understands a family's need for privacy and confidentiality.



Stakeholder value

Dynastic structuring is of interest to publicly traded and/or rated companies where one family holds a significant percentage of its issued share capital. Large, but unpredictable, shareholdings can have the effect of depressing the market value of a company's shares as well as adversely affecting its credit rating, where appropriate.

Rating agencies have confirmed that they will suppress the rating of a business if an unstable majority shareholding puts the value of the whole undertaking at risk.

LG's Private Client team has presented a dynastic structure to a rating agency. This resulted in an improved rating for the family business due to the incorporation of proper family and corporate governance procedures in the structure, stabilising control of the underlying business.

... 'dynamic and constructive attitude – the team really understands the time pressures we are working under and always goes the extra mile to help.'
Chambers UK 2009

“... the lawyers [offer] ‘dynamic and pragmatic advice, which is always thorough and clear.’”
Chambers UK 2009

LG's Private Client team

The LG Private Client team of twenty five experienced lawyers specialise in complex international estate planning for wealth owners and their families. Our team includes leading individuals who are recognised in the private client world for their expertise in reaching practical solutions to difficult issues facing clients with assets in multiple jurisdictions. Our strong links with offshore institutions, banks and advisers in different jurisdictions enable us to provide a seamless service to our international clients.

The LG Private Client team is just one department in a full service multi-jurisdictional law firm which understands the needs and concerns of families which own substantial fortunes whether in business or any other form of investments

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