



[www.private-banking-dot.com/asset-protection.html](http://www.private-banking-dot.com/asset-protection.html)

## **Asset protection**

**Asset protection is an increasingly important topic for wealthy private individuals all over the world. A good private bank is not only capable of advising you on your assets and investments and realise a good return for you, but of supporting you in a broader range of relevant financial issues as well, including the protection of your assets.**

## **Financial instability**

There are numerous reasons why people are interested in asset protection. And the term asset protection is used in many different contexts. In the current (financial) environment some people already speak of asset protection when discussing their (private) bank or its location. Will your assets be protected in your private bank (in your home country or elsewhere) in case of a tightening of the financial crisis?

The financial crisis in Cyprus in 2013 has shown the world that not every financial institution is secure, stable and safe and not every local government is able to stabilise a bank that has run into problems. Banking in such an institution could in a worst-case scenario result in an immediate loss of the majority of the assets you deposited in this institution, and in a best-case scenario in your assets being frozen for a long period of time.

## **Geographical instability**

Will your assets be protected in your private bank located in your home country in case social unrest, or any other (maybe political or religious) issue, shakes your country? Or maybe you live in a country with a government which is not democratically elected and which you cannot trust?

People have become more aware of the risks related to social unrest and geographical risk, especially since the so-called Arab Spring movement of 2011 and 2012. Asset protection is therefore definitely an issue if you live in an unstable country or in a country with a government that is not trustworthy. Not putting all your eggs in one basket is in such a situation essential for securing your future (wealth) and that of your family. In such a situation keeping (a part of) your assets in a Swiss private bank (geographic diversification) will create not only peace of mind, but, more importantly, immediate additional protection for your assets. A combination with trusts, foundations or life insurance may also be a good solution in some cases. And those structures are well known to Swiss private banks.

## **Marriage, divorce, inheritance and relatives by marriage**

Asset protection can be considered in the context of a marriage and in connection to other family circumstances:

Will your hard-earned assets be protected in case of a divorce? Will your spouse after a marriage of only a few years divorce you and take (or automatically possess) half of your assets?

When assets are transferred to the next generation, asset protection can be an issue as well. Will your children spend their inheritance within a couple of years or maybe even within months? Or will the family by marriage of your children end up with half of the assets you were so kind as to donate to your children?

A good private bank can assist you with advice relating to issues like a prenuptial agreement or a testament to prevent these kinds of issues.

### **Personal safety at risk**

Asset protection is sometimes not so much about safeguarding the assets you keep in your private bank, as about the safety of your dear ones. In many countries you and your family members will not be secure once it becomes known that you are wealthy. The more people in your surroundings are aware of your wealth, the higher the risk of extortion, kidnapping or brutal robbery. Identity theft is a growing problem also. In countries that do not have any bank secrecy, and where financial information is therefore easier to obtain, this risk is automatically higher. Keeping your investments in a private bank abroad is an easy way to counter this risk. A combination with not keeping your investments in your own name but via certain wealth planning products (e.g. Private placement life insurance) and/or structures, could improve the safety of you and your family members even more.

### **Creditors and sequestration**

Asset protection is also an issue if you own a business and/or are planning on selling your business. In some jurisdictions sequestration is already common practice, and in many jurisdictions it is becoming a more often used means of pressure. Because what is a better way of putting pressure on a creditor than to freeze all his/her bankable assets, both business and private banking accounts? A private banking account in a foreign jurisdiction could protect you against this pressure. In practice it is impossible for creditors to freeze your assets in your home country and the assets you keep in a private bank in Switzerland simultaneously.

But be aware, if you try to open a bank account in Switzerland when sequestration is already happening or on the horizon, you will most probably not succeed. Most of the Swiss private banks will not accept you as a client because of potential negative press exposure and other compliance reasons. It is therefore important that you think ahead and open an account at a private bank when everything in your business is still running smoothly. Like with many issues in life in general and especially when you are an entrepreneur, you have to think ahead in order to get the best result.

Having part of your wealth in a secure Swiss private bank can be truly considered as putting your money in a safe. We look forward to assisting you in this part of your asset protection planning.