



# The Cook Islands Review

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## “When a tradition gathers enough steam to go on for centuries, you don’t just turn it off one day.”<sup>1</sup>

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Privacy of one’s financial affairs is diminishing due to the current political movement towards global transparency on tax matters. With the global implementation of regimes such as FATCA and the Common Reporting Standard, aspects of an individual’s financial affairs will be shared with other countries where he/she is a tax resident. Given the far reaching nature of such regimes, some may question the continued use of offshore wealth structures. Trusts have become, after centuries of use, the traditional vehicle for wealth structuring for many reasons other than the privacy they afford - reasons that encompass personal, business and philanthropic objectives. As governments across the world focus on automatic exchange of information and the erosion of an individual’s right to privacy, it is timely to remind ourselves of the many other planning opportunities provided by trusts:

1. Succession planning – the passing of wealth to the next generation can be a sensitive, complex and challenging exercise. The flexibility of a trust allows for the succession of family wealth or businesses in accordance with the unique objectives and values of the head of the family. The division, investment and distribution of assets can all be managed through an appropriately structured trust.
2. Avoidance of probate – settling assets from the estate into trust before the settlor’s death will avoid the administrative cost and burden of probate. Assets subject to probate will be frozen until the process is completed, which may take months or even years. Probate is a matter of public record and can be extremely costly when assets are sited in different jurisdictions.
3. Wealth protection – assets transferred into trust at the right time for legitimate reasons can be protected from existing and future creditors and those who may try to take them by force or legislation.
4. Pre-marital planning – trusts are commonly established and funded prior to the marriage of a settlor, or his/her children, thereby protecting assets from spouses and their families.
5. Pre-migration planning – assets and affairs can be structured in a fiscally efficient manner through the use of a trust before a settlor becomes resident in another country.
6. Philanthropy – for those wanting more active involvement in achieving their philanthropic objectives, a trust structured for charitable purposes can provide the ideal administrative and funding vehicle.

Through a carefully constructed trust, settlors can retain elements of control over trust assets; obtain certainty as to how and when beneficiaries receive assets; protect assets from uncertain political and socio-economic climates; avoid forced heirship rules; and structure businesses to ensure effective management and corporate succession. So whilst confidentiality may no longer be completely assured, if a trust is established with tried and tested laws and an experienced and robust trustee, all other reasons for structuring and managing wealth through a trust remain as relevant as ever.

<sup>1</sup> Chinua Achebe (1930-2013).



Rarotonga, Cook Islands.



**On the island of Aitutaki,  
Cook Islands.**

## Articles Published:

The following articles were published recently:

“**Captive in a World of Uncertainty**” by Tamatoa Jonassen, FSDA CEO, published in Issue 117 of the Captive Insurance Times magazine. The article discusses the use of a Cook Islands captive insurance in an ever changing uncertain world. Click [here](#) to read the full article.

“**CEO Insight Interview with Tamatoa Jonassen, CEO, Cook Islands FSDA**” by Henry Martin for CEO Insight magazine. Tamatoa discusses the positive strides in compliance that positions the Cook Islands as a trusted financial centre. Click [here](#) to read the full article.

“**Limited Liability Company: A Flexible Corporate Vehicle**” by Tamatoa Jonassen, FSDA CEO, published in the 2017 China Offshore 7th Annual Company Formation Guide. Tamatoa introduces the establishment, administration and use of LLCs in wealth management structures. Click [here](#) to read the full article.



**The lush green mountains of Rarotonga, Cook Islands.**

**“The FSDA is  
planning an event  
in Hong Kong in  
November...”**

## On The Road

**China:** Tamatoa Jonassen, FSDA CEO, has just returned from China where he visited four major cities making presentations to high net worth Chinese individuals interested in establishing international structures for investment purposes. The presentations were well received and covered by media in China. Tamatoa travelled with Dr. German Cheung of Metis Global Limited. Metis is a recently licensed trustee company in the Cook Islands that employs trusted and experienced Cook Islands professionals.



**Tamatoa Jonassen, FSDA  
CEO presenting in Beijing  
China, May 2017.**

**Las Vegas:** Alan Taylor, FSDA Marketing Director, just returned from Las Vegas, Nevada speaking at the Southpac Trust Offshore Planning Institute Conference 2017. Alan updated an audience of US attorneys and professional advisors on the Cook Islands financial services industry, in particular the International Trusts Act 1984, as amended, and joined a discussion panel on global tax and regulatory trends. Southpac Trust operates a licensed trustee company business in the Cook Islands.

**Hong Kong in November.** Planning for the FSDA’s Cook Islands Road Show in Hong Kong is underway. The FSDA will be joined by members of government and the private sector to show case the Cook Islands financial services industry. Details will be provided on our website and in future editions of this newsletter as they become available.



**Tamatoa Jonassen, FSDA  
CEO presenting at 2015  
China Offshore, Shanghai.**



**Cook Islands  
Financial Services  
Development Authority**

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bridge to financial security.**

Visit  
[www.cookislandsfinance.com](http://www.cookislandsfinance.com)

## **Fact Sheets**

We have published a set of Fact Sheets highlighting Cook Islands financial services and products. Click [here](#) to view the Fact Sheets or access them through our website clicking on “News” followed by “Publications.” Further Fact Sheets will be published throughout the year.

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## **Visit Our Website**

We regularly add topical items under our Industry News webpage and post articles to highlight Cook Islands financial services and products to advisors, intermediaries, clients and those with an interest in what the Cook Islands can provide. Please visit our [website](#) for more information.

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## **About Us**

The Cook Islands Financial Services Development Authority is a government agency tasked with the development of the financial services industry in the Cook Islands. The FSDA was established in 2009 and functions independently from the Financial Supervisory Commission that regulates the industry. The FSDA focuses on promoting the Cook Islands, coordinating on industry relevant issues, and developing financial products and services. The FSDA is an important point of contact for any financial institution looking to establish a presence in the Cook Islands. Individuals seeking a Cook Islands financial service provider can find details on our website at [www.cookislandsfinance.com/service-providers.php](http://www.cookislandsfinance.com/service-providers.php).

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**“One Foot Island” on the island of Aitutaki, Cook Islands.**

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**Important Information: The Cook Islands Financial Services Development Authority does not provide advice, recommendations or opinions regarding legal and/or tax matters under any circumstances. To the extent that this communication, or anything referenced herein may concern tax matters, it is not intended to be used, and cannot be used, for the purpose of avoiding tax liabilities or penalties that may be imposed by law, foreign and domestic. The Cook Islands Financial Services Development Authority strongly recommends that before any person makes a decision to create a structure, professional legal and tax advice should be taken in his/her country of residence.**

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