

Fact Sheet:

Cook Islands Wealth Protection



A Cook Islands solution to wealth protection.

Cook Islands Wealth Protection

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Background

The Cook Islands established itself as an international finance centre in the early 1980s with the enactment of the International Companies Act 1981-82. However the cornerstone of the Cook Islands international financial services industry is the International Trust established pursuant to the International Trusts Act 1984. Since that time the Cook Islands has, through amendments to those Acts and subsequent legislation, developed a wealth protection framework by focussing on this essential aspect of wealth planning.

This has made the Cook Islands an industry leader in the preservation and protection of wealth and the trust jurisdiction of choice for many high net worth individuals, their families and their professional advisors. The Cook Islands' focus on protecting wealth has been in response to the need and right of individuals to have wealth protected from those who attempt to take it by force, litigation or legislation, whether through illegal, unethical or immoral means.

The Structure

A typical Cook Islands Wealth Protection structure has several components allowing both flexibility and protection:

- The Settlor establishes a Cook Islands International Trust.
- A Cook Islands licenced trustee company provides the Trustee.
- The Settlor and family members can be discretionary beneficiaries of the Trust.
- A Protector can be appointed to monitor the activities of the Trustee, and can be granted absolute or veto powers or a combination of both.
- The Settlor can provide a letter to the Trustee detailing his/her wishes in regards to the investment and distribution of assets both during and after his/her lifetime.
- The Trust owns 100% of a limited liability company ("LLC") incorporated in the Cook Islands, or other jurisdiction appropriate to the client's circumstances.
- The Settlor, or his representative, is the Manager of the LLC.
- Assets are held and managed within the LLC or entities underlying it.

Features

- The Trustee is not required to be involved in the management of the LLC or its assets.
- The Trustee can be granted power to remove and replace the Manager of the LLC in certain circumstances to protect the interests of the Manager and the assets under his/her control
- The Manager is not personally liable for the debts, obligations or liabilities of the LLC.
- The Trustee is not subject to foreign judgements or forced heirship rules.

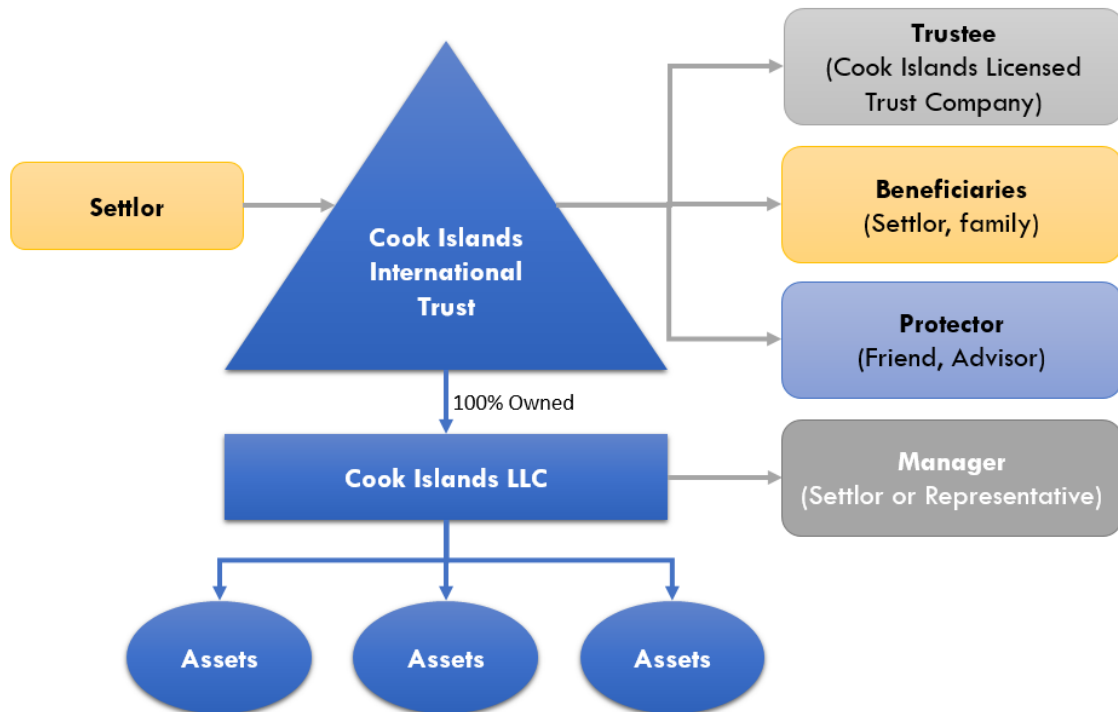
"... the trust jurisdiction of choice for many high net worth individuals, their families and their professional advisors."

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“Enhanced protection of assets from unforeseen creditors.”

Benefits

- Assets held within the structure, including family businesses, can be managed and operated by the Settlor and his/her family without interference from the Trustee.
- The Settlor’s personal and business assets can be passed to the next generations in an orderly fashion in accordance with his/her wishes.
- A change in Manager of the LLC does not give rise to fraudulent conveyance claims.
- Enhanced protection of assets from unforeseen creditors.
- Legitimate confidentiality of ultimate ownership of assets within the structure.



Structure Diagram: Cook Islands Wealth Protection

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