



FORWARD GROUP  
Trust & Corporate Services

**GUIDANCE NOTE**  
**PRIVATE TRUST COMPANY**

## Introduction

This guidance note is a summary of the purpose and uses of a Private Trust Company (PTC).

The guide will not be able to answer all the detailed question that clients may have and it is not intended to be comprehensive, as often PTC structures are large in nature and can be complex. We recommend you read our guidance note on the use of trusts if you are unfamiliar with how a Trust structure operates.

## What is a PTC

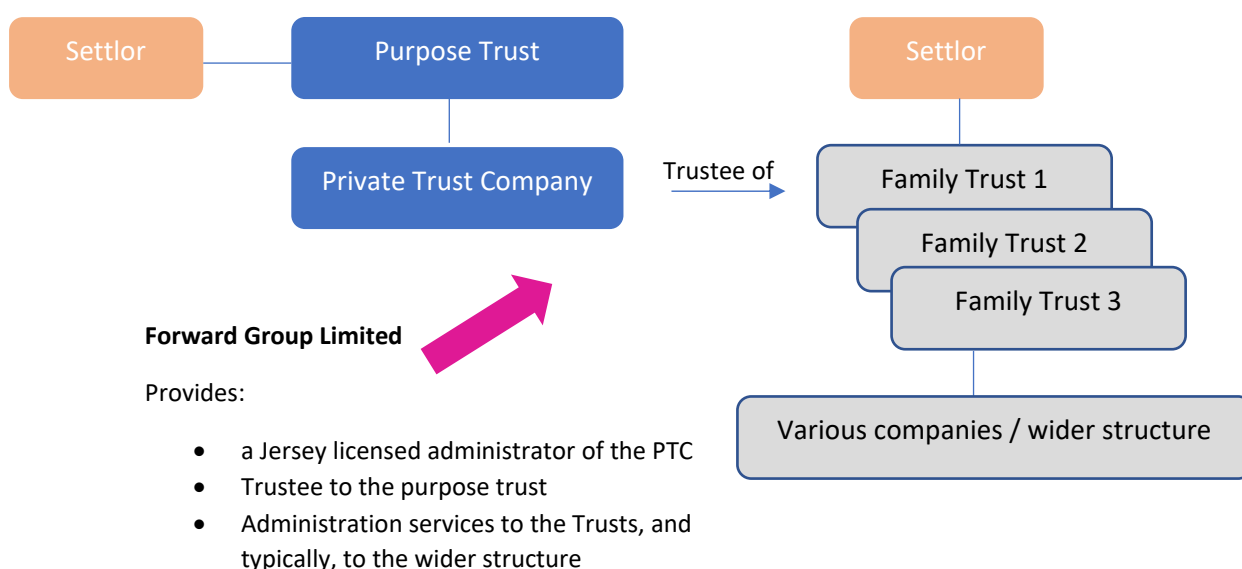
A Private Trust Company is, as the name suggests, a privately owned company incorporated specifically to act as Trustee of one or more family trusts. Like any other company, a PTC is run by its board of directors, who in the case of a PTC make the trustee decisions.

Although run by the board of directors, PTCs (and the underlying trust for which they act as trustee) are usually administered by a professional trustee who is experienced at carrying out trust and corporate administration such as Forward Group Limited.

The role of a Trustee is a regulated activity in Jersey and so not something that can be carried out by just any company. As a result a PTC requires an administrator in Jersey that is a regulated Trust and Company Business (such as Forward Group).

## Typical PTC arrangement

This is a typical PTC structure (although there is a great deal of flexibility and bespoke structures are often used to accommodate the needs of a family).



A purpose trust is used to separate ownership of the trustee from the Settlor or family to ensure that the settlor does not fall foul of any adverse tax or disclosure requirements. Occasionally a foundation is used for this purpose instead, depending on the specific family requirements.

A purpose trust is a special type of trust that exists for a specific purpose, in this case solely to hold shares in the PTC.

## **Benefits of a PTC**

### ***Control***

This is the main attraction of a PTC as PTCs provide a means by which the client, or their family, can retain a greater degree of control over a trust affairs without compromising the validity of the trusts.

The client can compose the board of directors with themselves, family members and any trusted advisers who have a heightened knowledge of the family's business and financial affairs and are empathetic to the needs of the beneficiaries.

Care does need to be given to the composition of the board of the PTC however, and also who is to have power to appoint and remove its directors. It is usually important that management and control of the PTC remains in Jersey as the tax residency of the Trusts usually follows the residency of the Trustee (in this case the PTC).

### ***Avoiding future changes in trusteeship***

Having a PTC as trustee of family trusts will avoid the need for future changes of trusteeship. Instead, only the management agreement between the PTC and the licensed administrator would need to be terminated and a new agreement would need to be entered into between the PTC and the new licensed administrator, with the old licensed administrator's PTC directors ceasing to be on the board of the PTC and the new administrators directors being appointed instead.

This can save of significant costs if the administration is moved as there are no legal agreements relating to the retirement or appointment of a new trustee, as the trustee does not change.

### ***Confidentiality***

Ownership of the structure can remain confidential when structured with the use of a purpose trust or other structure.

### ***Trustee liability***

Professional trustees are always aware of their liability and the risk of being sued, not only by beneficiaries but also third parties. As a result, professional trustees are reluctant to take ownership of assets or participate in ventures where substantial risks may be present.

PTCs (due to the composition of the board) can allow for riskier investments to be included in the structure which can be useful to some families, particularly where the majority of their wealth is held in a concentrated manner, or limited range of investments such as with family members holding unquoted or pre IPO investments.

### ***Philanthropy***

PTCs can make confidential philanthropic payments whilst ensuring the person managing the structure understands their thought process in providing for such causes.

### ***Flexibility***

A PTC can be more flexible and quicker in dealing with trust assets



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