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NEXT-GEN LEADERSHIP, EVOLVING TAX LANDSCAPES, AND DIGITAL TRANSFORMATION: TRIDENT TRUST'S MARKUS GROSSMANN'S INSIGHTS FOR 2025





As part of the Hubbis Private Client Insights – Year-End Review 2024, Markus Grossmann, Regional Managing Director at Trident Trust, shares his insights on key trends shaping private wealth management across Asia, the Middle East, and beyond. From the growing role of the next generation in family offices and succession planning to the impact of evolving tax regimes and global regulatory changes, Trident Trust is at the forefront of advising UHNW clients through this dynamic landscape. Looking ahead, the firm is focusing on education, tailored governance structures, and technological advancements to support intergenerational wealth transfer and address emerging challenges such as digital assets and cyber risks.



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MARKUS GROSSMANN
Regional Managing Director
 Trident Trust

Are we seeing the next-gen taking more of a leadership role when dealing with the family office, governance issues and succession planning?

The intergenerational transmission of wealth presents significant opportunities for the next generation, as well as for wealth managers and private client advisors who support them. Trident Trust continues to play an active role in advising the current generation while encouraging the early involvement and education of NextGen.

Earlier this year, our Trident Singapore office launched the Trident Knowledge Series with a roundtable event entitled "Intergenerational Transmission of Wealth: Threats and Opportunities". With a massive intergenerational wealth transfer anticipated in the near future, we explored strategies to unlock the potential of this transition. We identified that by focusing on the following priorities, we can effectively engage both generations, ensuring a seamless transition and sustained family wealth management.

1. Advising the Current Generation: While the NextGen often seeks independence, our primary focus remains on advising the current generation. We should encourage them to involve the NextGen in financial discussions to ensure successful transition.

2. Promoting Early Engagement: We are observing a growing trend of families involving Millennial children

in wealth management and succession planning. We must continue to encourage the older generation to engage the NextGen early in the process.

3. Providing Educational Opportunities:

Offering workshops and training sessions for the NextGen adds significant value, helping them build relationships with peers and advisors, while preparing them for future responsibilities.

4. Recognizing Different Perspectives: The NextGen often brings different outlooks and motivations. Introducing them to philanthropic activities, such as charitable giving, can be a meaningful first step towards greater involvement.

5. Implementing Structured Succession Plans:

Using structures like pooled asset trusts provides clarity and control. These structures allow the current generation to retain decision-making authority while facilitating a smooth transition to the NextGen and ensuring capital protection within the trust.

What are the key tax, legislative or regulatory developments that will affect UHNW clients in 2025?

Globally, several tax and regulatory trends are poised to impact UHNW clients in 2025.

Many jurisdictions are introducing global-minimum tax regimes targeting wealth structures that pay low or no tax. Controlled Foreign Corporation (CFC) taxes have been in place in various jurisdictions for some time and most recently have been introduced in jurisdictions like Taiwan, which now obligates offshore trustees to report income generated in structures they administer. This is a significant departure from conventional practices where reporting obligations typically fall on the taxpayer. At the same time, we see fundamental tax changes in the United Kingdom affecting non-domiciled individuals and long-term residents. This is prompting many clients to revisit their structures and reconsider longer term plans as to where they see themselves in the near- and medium-term future.

With the lifetime gifting exemption potentially sunset in 2026, clients in the US are re-evaluating their estate plans following recent election results.

Globally, regulators are increasing oversight, requiring licensed bodies to carry out ongoing transaction monitoring and closer reviews of the activities in the

structures they administer. This includes discussions with clients about the suitability of reserved powers structures and complex holding company arrangements.

Do HNW clients understand the broader private international law implications (succession, matrimonial property, divorce etc) of migration, other than the tax consequences?

They certainly do, and they are becoming more sensitive to the topics as the market continues to mature.

In a recent presentation hosted by our Trident Hong Kong team in collaboration with STEP China, we emphasized the critical importance of family governance and discussed the role and responsibility of advisors to help clients understand and respect the structures crafted for them. This involves more than just legal documentation; it requires fostering understanding and alignment with the family's values and strategies.

One key message was that culture can easily overshadow strategy if clients do not truly comprehend and value the structures in place. This underscores the importance of good record keeping, accurate and up-to-date accounting, and compliance with obligations like the BVI Annual Financial Returns, the first filing deadline for which just passed in fall 2024.

Clients are also increasingly aware of matrimonial risks, whether related to the wealth generator or from the perspective of the descendants/family members, and how critical it is to get good guidance in the relevant jurisdictions. This is highlighted by the staggering

statistics that nearly half of all marriages in Hong Kong in 2023 involved a Mainland spouse, meaning that cross-border marriages are more commonplace than one might think and requiring expert guidance. For instance, while Hong Kong's personal income taxation rules are well understood by private clients and their advisors in the Mainland, its matrimonial laws (based on common law) differ significantly from the PRC's civil law system. This divergence can have substantial implications for family wealth and succession planning.

What are UHNW clients' biggest priorities and concerns and how do you see that changing?

From a Dubai perspective, the priorities of UHNW clients in the GCC region remain relatively unchanged, with a key focus on wealth preservation and succession planning, whilst also striving for sustainable growth. New trends that continue to emerge on the investment front include impact investing, particularly in areas such as health and climate change.

Looking ahead, the biggest shift for UHNW clients will likely be the rise of digital assets and blockchain, which have the potential to reshape their investment strategies, while younger generations are expected to advocate for a greater emphasis on social responsibility and inclusivity.

Meanwhile, their current concerns centre on navigating economic volatility and geopolitical risks, as well as keeping up to date with recent changes in tax regimes. Some of the more recent threats facing UHNW clients include safeguarding privacy in the face of increasing data proliferation and ensuring online data security amid a rise in cyber-attacks. ■

