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Private Wealth

## Family Offices

# Family constitutions: your blueprint for harmony and prosperity

*Paul Roper, Director, Private Wealth*  
*Sheena Huggett, Director, Private Wealth*

Many of VG's client families successfully co-ordinate their family wealth strategy through a Family Constitution, or Charter – a document that outlines the family's shared values, principles, ethos, vision and mission and particularly in the context of family businesses, the family's shared wealth and assets.

While this is not a new concept (the first example dates back to 1722), it remains a powerful blueprint for family harmony and prosperity today.

Here's why and how.



**Paul Roper**

Director, Private Wealth  
T +44 01534 712411  
E [proper@vg.je](mailto:proper@vg.je)



**Sheena Huggett**

Director, Private Wealth  
T +44 01534 500448  
E [shuggett@vg.je](mailto:shuggett@vg.je)

It's as simple as...  
working with people you trust.



## Why have a Family Constitution?

A Family Constitution provides a clear governance framework detailing roles positions and powers. It sets guidelines for leadership and ownership transitions, ensuring smooth succession in businesses or shared family responsibilities. It also helps to define the family's unique culture and ways of working, encourages good financial stewardship and provides a pathway for conflict resolution.

## 7 Fundamentals

Every Family Constitution is unique, tailored to the specific needs of the family. Here are seven fundamental elements to consider:

### 1. Purpose

What's this family's rationale for creating a Family Constitution? Is it to govern the family business, manage wealth or ensure harmony within the family or a combination of these. Avoid differing interpretations by making sure it's clearly defined and written down.

### 2. Consensus

Use the drafting process as a forum for discussion, helping to navigate areas of alignment and disagreement.

### 3. Identity

A common understanding of the family's history, relationships and culture will help the family work together on how they want to preserve their wealth.

### 4. Management

Regularly revisit the constitution to ensure it remains relevant as circumstances change and family members mature.

### 5. Buy-in

Engage all family members – commitment from everyone at the outset is crucial to successful outcomes in the future.

### 6. Next Generation

Involve the next generation fully so they can play a significant role in time, including maintaining or evolving the constitution.

### 7. Implement

The process of creating a constitution is crucial - it drives the family's governance framework.



## Aligning Advisors with the Family

Many families typically use offshore legal structures such as trusts, foundations and holding companies to protect their assets, ensure privacy and facilitate succession planning. The Family Constitution also acts as a bridge between the family, its advisors and the professionals managing these structures and can therefore be an extremely powerful instrument.

In setting out the family's intentions, expectations and priorities, the Family Constitution reduces ambiguity about the family's wishes. This helps the trustees, directors or council members manage the structures in line with the family's objectives, it streamlines decisions as well as ensuring the family's goals are upheld even during leadership or circumstantial changes.

## Conclusion

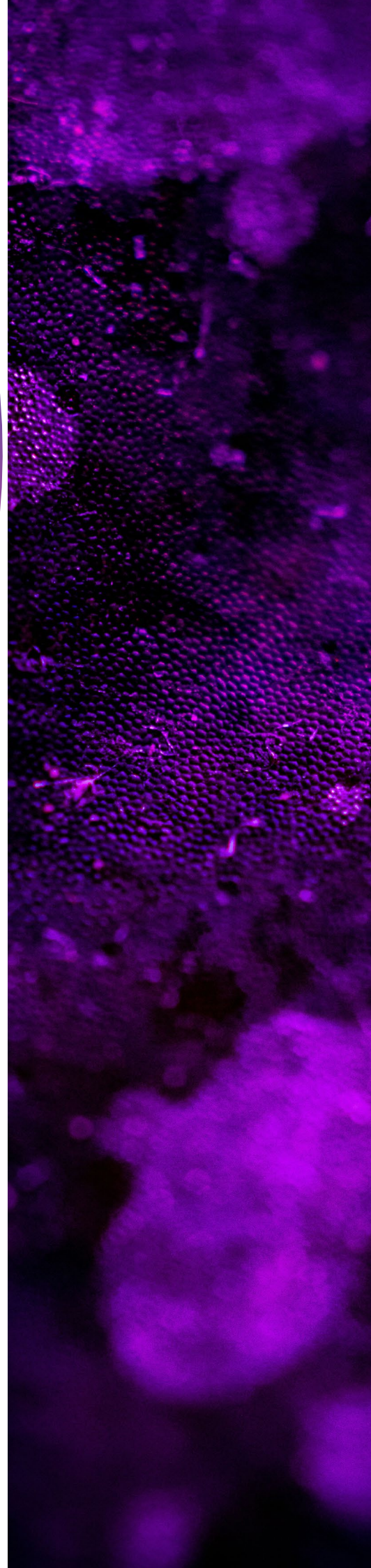
Formalising a family's wishes and agreements in a Constitution has consistently proven to be a sure blueprint for family harmony and prosperity.

Any family seeking structured harmony and planning can find a Family Constitution useful.

However, those families involved in multi-generational businesses, seeking wealth preservation or shared investments find it particularly advantageous.

**“Formalising a family’s wishes in a Constitution is a blueprint for family harmony and prosperity.”**

*Paul Roper*  
*Director of Private Wealth, VG*



# VG - a place for Family Offices

## Caring

Family Offices have trusted VG for decades to understand their financial and non-financial objectives and provide flexible and efficient solutions,

## Excellence

VG is a leading provider of private wealth, based in Jersey. We specialise in administering companies, trusts, foundations, funds and other structures. We do this for more than 1100 structures and £16.6 billion of assets across a range of classes for families and clients globally.

## Partnership

VG clients know they have a dedicated and experienced team committed to fostering deep relationships. On average our clients partner with us for more than 10 years and we live by our values of excellence, caring, integrity, partnership, responsibility and positivity.

## Why Jersey

Jersey is a leading international finance centre with a robust and stable legal and regulatory framework, a highly skilled and experienced workforce, and a reputation for excellence and innovation. Jersey offers a range of attractive features for family offices, such as:

**Tax neutrality.** Jersey does not impose any capital gains tax, inheritance tax, wealth tax, or withholding tax on non-residents, and has a low corporate tax rate of 0% for most companies. Jersey also has a network of tax treaties and information exchange agreements with over 100 jurisdictions, ensuring compliance with global standards and facilitating cross-border transactions.

**Asset protection.** Jersey has a strong tradition of respecting the rule of law and upholding property rights. Jersey offers a variety of legal structures, such as trusts, foundations, companies, and partnerships, that can provide asset protection, confidentiality, and control for family offices. Jersey also has a sophisticated and flexible trust law, which allows for the creation of purpose trusts, reserved powers trusts, and private trust companies, among others.

**Succession planning.** Jersey legal structures can help family offices to plan for the smooth and orderly transfer of wealth and values across generations, while taking into account the diverse and complex needs and wishes of the family members. Jersey trusts and foundations can provide for the continuity of the family office, the preservation of the family legacy, and the promotion of the family philanthropy. Jersey also has a modern and user-friendly probate system, which facilitates the recognition and enforcement of foreign wills and grants of probate.

**Innovation.** Jersey is at the forefront of innovation and technology in the financial services sector and offers a range of cutting-edge solutions for family offices, such as digital assets, fintech, regtech, and green finance. Jersey also has a supportive and proactive government and regulator, which are committed to fostering a business-friendly and competitive environment for family offices.

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Private Wealth



Funds



Corporate