

How do you plan to transfer your assets to future generations?



These are the basic recommendations that should be taken into account when planning to transfer your patrimony to the next generation.

These are the basic recommendations that you should take into account if you want to ensure that your patrimony will be conserved to benefit future generations.

Planning your succession so that your patrimony can be enjoyed by future generations is something that one generally does not consider until later in life. However, there is no need to wait, as this can be done at any time; and the sooner the better.

Below, we will explain the principle vehicles that exist to plan for your succession, facilitating the transfer of assets to future generations.

Perhaps the most common question is: How am I going to maintain, within my family, the patrimony that I have worked for, that I am currently generating, and that is in the process of growing?

The A, B, Cs of estate planning:

First: Identify the assets that make up your patrimony and draw up a complete inventory of the assets.

Second: Consider whether you want to maintain the patrimony within the family, for the benefit and enjoyment of future generations, while at the same time avoiding probate and succession legal proceedings, which can be costly and time-consuming.

Third: Choose your estate planning vehicle. Among the most popular vehicles for estate planning purposes are the trust and the private interest foundation. Both offer ample flexibility for the administration and distribution of wealth to future generations.

Fourth: Once the vehicle has been chosen, consider the rules that you will establish within the vehicle for the administration and distribution of the assets to your heirs. In this step, you must define whether you will distribute the assets entirely to the second generation, or whether you will keep these, at least partially, under administration, for the enjoyment of the third generation and beyond.

Fifth: Choose the person or institution that will manage the estate planning vehicle. This is an important consideration. If you choose a Panamanian trust, for example, the same will have to be managed by a person

or institution with a local fiduciary license. If you choose to organize a private interest foundation, you will have to consider who the members of the foundation council will be and how they will change over time.

What Estate Planning Vehicle can I choose?

In Panama, the estate planning vehicles that are most popular are private interest foundations and trusts.

Choosing between these structures is a personal decision. Both structures are effective and used both locally and abroad.

The trust is a legal act between a person called the settlor and a person called the trustee, to whom the settlor transfers his assets for the trustee to maintain and manage according to the rules that the settlor establishes in the trust instrument.

In this vehicle, the trustee becomes the legal owner of the assets.

Under Panamanian law, the trustee must be a person or institution with a fiduciary license.

On the other hand, a private interest foundation is a separate legal entity, similar in this regard to a corporation.

The private interest foundation also has an administrative body called the foundation council, which must be made up of a minimum of three natural persons or one juridical person. There are no limitations regarding the nationality of the members of the council, and council members can even be beneficiaries of the structure.

In both structures the objective is the same: to manage the assets for the benefit of the beneficiaries.

Beneficiaries are not Owners

It should be noted that the beneficiaries of these structures do not have a proprietary right over the assets within them. In other words, they do not have any

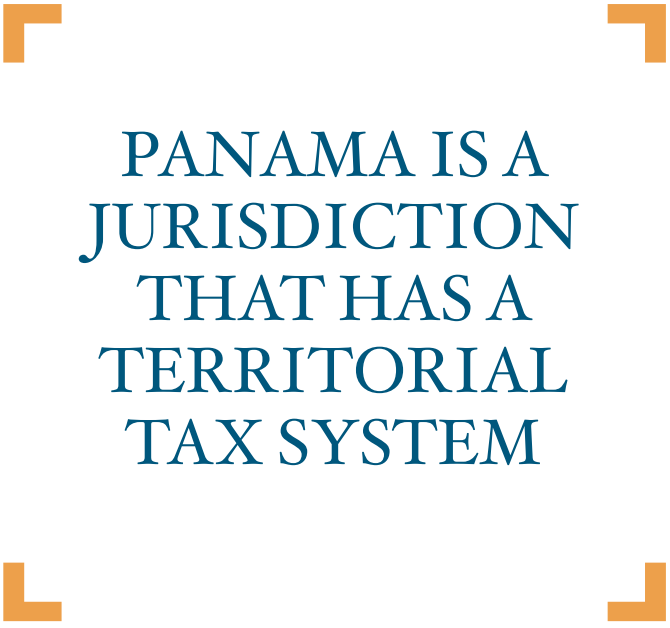
ownership interest in the assets in trust or in the foundation.

The beneficiaries have the right to receive a benefit, in accordance with the provisions of the constitutive documents of the respective structure.

To take into account: Panamanian tax system

Panama is a jurisdiction that has a territorial tax system, that is, income tax is only generated with respect to income from a Panamanian source.

These vehicles will only have to pay income tax in Panama to the extent that they are generating income from a Panamanian source or if they have assets that generate such income.



PANAMA IS A JURISDICTION THAT HAS A TERRITORIAL TAX SYSTEM

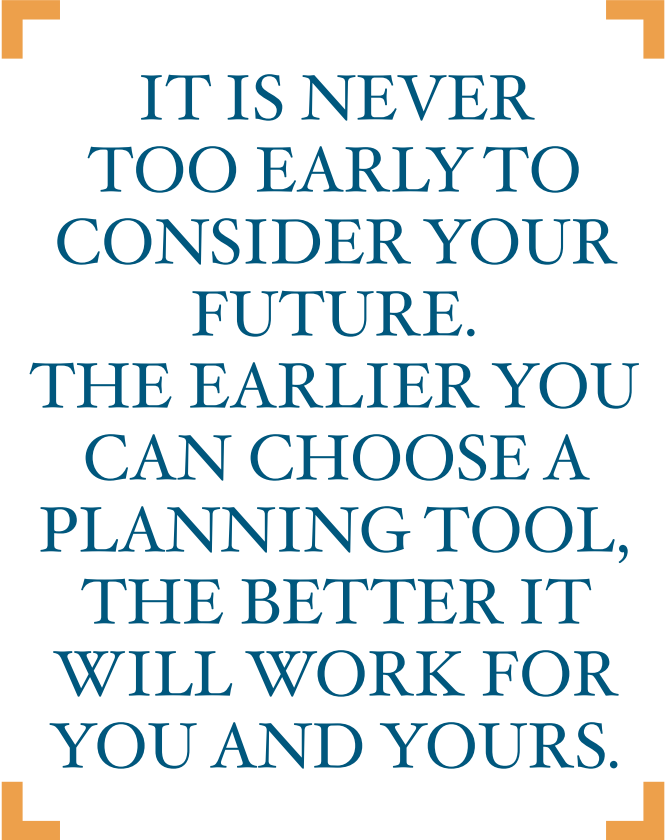
Estate planning is a personal choice

Choosing an estate planning vehicle is a personal matter. We can help identify and explain the alternatives, and consider all the characteristics of each of the vehicles so that the client can choose the alternative that suits his or her personal interest.

Where to begin?

First: Organize your patrimony and plan for your succession. Take the time to do it, even if you don't feel ready. It is always good to start, even with something simple, because these structures can be modified as time passes, depending on life circumstances.

Second: Choose a good legal advisor. This person will work with you through the years and help you to adapt the structure to suit your needs. Therefore, choose someone with whom you have affinity and someone that you trust to build your planning.



IT IS NEVER
TOO EARLY TO
CONSIDER YOUR
FUTURE.
THE EARLIER YOU
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YOU AND YOURS.

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