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08-06-2006: OSK Trustees launches Business Succession Trust

By Gan Yen Kuan

OSK Trustees Bhd has launched the Business Succession Trust, the first of its kind in the country, which is designed to cater to the estate and succession planning needs of business owners.

Under the terms of the trust, the shareholders who have entered into a buy-sell agreement will assign life insurance policies to OSK Trustees, and appoint the latter to hold the policies on trust.

Upon death, the insurance policy proceeds will be used as purchase consideration for the deceased shareholder's shares in the company.

OSK Trustees chief operating officer Ong Eu Jin said the client could appoint an attorney under an irrevocable power of attorney, which allowed the sale of the shares to be made without having to wait for probate or letter of administration from the court.

"Most wealthy people are business owners and most of the wealth of business owners lies in their business, so it's important for them to protect their wealth," he told reporters after launching the product in Kuala Lumpur on June 8.

Citing a statistics by the Companies Commission of Malaysia, Ong said there were more than 690,000 companies and 2.9 million businesses registered as of May 2005, and it believed over 90% of business owners had not addressed their business succession issues.

"There have been a lot of disputes over business succession but no one addressed them; this is a niche and untapped huge market," Ong said.

He said the company would first focus on educating the business owners on the importance of setting up a business succession plan, through talks, articles and training conducted for financial planners.

"We do have some target (to sign up clients for the product) but mainly we want to raise awareness first and be visible and prominent," he said, adding that it would take about one year to achieve the purpose.

Ong said the company's private trusts had increased by 800% last year against 2004, and it would see immediate revenue generated from the newly launched product, as most of its existing clients were business owners.

OSK Trustees also signed the distribution agreement with four financial planning companies, namely Standard Financial Planner Sdn Bhd, CTLA Financial Planners Sdn Bhd, Lion Team Advisors Bhd and Manuplus Sdn Bhd, which will act as OSK Trustees' collaborative partners to promote the Business Succession Trust.

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