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A new model of special needs financial planning in Hong Kong

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Launch of the SNT in HK

Early 2019

Government to act as trustee

Affordable trust service for individuals whose special needs render them unable to manage their own financial assets

USA – SNT & PSNT

SNTs have been long standing : first-party or third-party SNT

Pooled special needs trusts (PSNTs) were developed to pool together the funds of numerous SNTs

Benefit from economies of scale

All run by NGOs or independent NGOs affiliated with the state

Have built up sufficient assets to engage professional investment services at a reasonable rate

Singapore - SNTC

SNTC: Singapore's ONLY not-for-profit trust company

Supported by and accountable to the Government

Funds invested by Public Trustee Office

Specialised expertise (social workers) for beneficiaries

Hong Kong - SNT

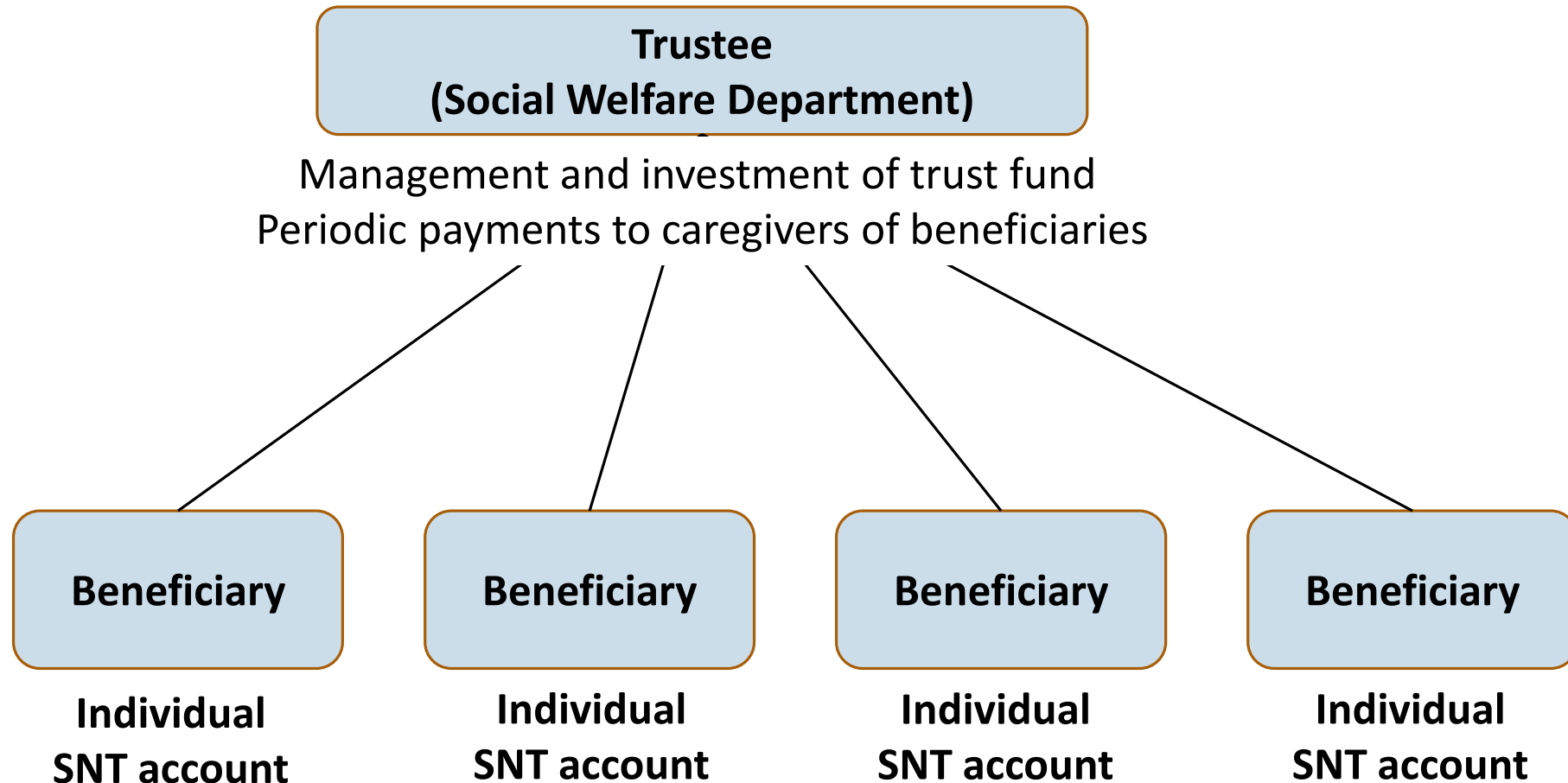
Civil society advocacy for reliable, affordable, and sustainable trust service

NGO initiatives & townhall events in 2015-2016

Policy Addresses 2016 to date; SNT office opened in early 2019

Drew inspiration from US PSNTs and Singapore SNTC

Structure of the HK SNT



Governance of the SNT

HK Government as trustee, advisory Board of stakeholders and professionals

Funds to be managed by professional investors

Trust service to be delivered by a new SNT office of the Social Welfare Department

SNT Service Flow (adapted from Singapore SNTC)

Pre-set up planning

Appointment with
SNT a/c manager



Develop Care
Plan



Identify Source of
Funds



Set Up of Trust &
Pre-Activation

Interim review of
care plan



Post Activation



Account Manager

- Meet up with Appointed Caregiver(s)
- Disbursements according to care plan
- Conduct home visits



Termination of Trust

Stage 1: Pre-set up Planning

Eligible settlor / beneficiary / caregiver

Minimum capital threshold

Only cash

Flat management fee (AUD3,800/yr)

Stage 2: Setting up an SNT account

1. Settlor sets up an SNT account



2. Settlor executes a will to bequeath designated assets in favour of the SNT trustee – government to provide a standard clause in the will.

Pre-activation management

Standardised investment portfolio; no guarantee of principal.

Review of care plan by account manager (staff from the Social Welfare Department)

Stage 3: Activating the SNT account

Upon settlor's passing, executor to transfer funds from the estate to the SNT account. Mechanisms to ensure activation:

- Delay in probate process?
- Revocation of wills and codicils?
- Executor owes duty to inform the SNT office, but breach?

Post-activation management

Periodic distribution to appointed caregiver as per care plan – no plan on direct payment to service providers

Emergency expenses?

Monitoring mechanisms

4. Termination of the SNT account

Exhaustion of trust fund

Passing or emigration of the beneficiary.

Distribution of surplus, if any.

Challenges of the SNT

Cost-effective and sustainable?

Fee level

Impact on social benefit entitlement; Limited benefit to grassroot families

Monitoring of caregivers