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WEALTH PRESERVATION EXPERTS

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IN TIMES OF UPHEAVAL

Michael of Liechtenstein . Executive Chairman

Copernicus' realisation that the Earth revolves around the Sun and is merely one planet amongst many marked a significant turning point. If the Earth was not the immovable centre of the universe, what did that mean for humankind? Combined with Gutenberg's invention of the printing press, this realisation led Europe to re-examine the world. Copernicus changed the way we view the world; Gutenberg changed the way we engage with knowledge.

Today, we find ourselves in a similar situation with artificial intelligence (AI). True intelligence remains the exclusive preserve of human beings. However, AI demonstrates that it can become more efficient with AI support. Just as Copernicus and Gutenberg unlocked additional human capabilities, AI today enhances human productivity.



The world is in a state of upheaval. The hegemonic power structure has been eroded and is now facing competition from emerging powers that are highly advanced in the field of technology. Global trade is characterised by protectionism and over-regulation. On a societal level, we have reached a point where state control and regulation are becoming excessive. The individual's right to self-determination and personal responsibility are being eroded. A culture of a standardised society, with growing expectations of welfare provision, is emerging. Are we, in our interaction with AI, at risk of losing ourselves?

That depends on whether we can once again become aware of what it means to be human. A guiding principle is provided by Pope Leo XIV's encyclical *Magnifica Humanitas*, which emphasises instinctive judgement and critical thinking, humanity and common sense – qualities that a machine can hardly ever replace.

AI may surpass humans in terms of speed and processing power, but ultimately it merely mimics their intelligence. Just as it was some 500 years ago, the challenge today lies in questioning circumstances and developments more critically and becoming more aware once again of human capabilities. AI may be superior in some areas, but it cannot replace human intelligence, especially creativity and the notion of responsibility.

One of the truly human qualities is the ability to be innovative and entrepreneurial, and to take responsibility. In the field of wealth preservation many intangible facts are to be used. This includes, for example, managing one's assets prudently. This raises the legitimate question, how assets can be managed sustainably? Legal structures are needed that take this aim into account in the long term and ensure that assets are protected and can generate long-term benefits. The following pages provide an overview of the key legal forms that Liechtenstein has to offer.

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LIECHTENSTEIN'S KEY LEGAL FORMS

2026 marks the centenary of Liechtenstein's Persons and Companies Act (PGR). We are taking this opportunity to take a closer look at the foundation and two other legal forms, to highlight their differences and to explain their benefits. One legal form in particular is often overlooked, even though it deserves far more attention – the Liechtenstein Anstalt (establishment).

Liechtenstein foundation

A foundation is the most commonly chosen legal form; it is based on the civil law system and is an independent legal entity. A minimum capital of CHF/EUR/USD 30,000 is required for its establishment. The assets that founders dedicate to a foundation by means of an explicit declaration of intent are separated from their personal assets and become the legal property of the foundation.

Unless the structure is revocable, the founder's intentions are set at the time the foundation is established and remain irrevocable thereafter, which underscores the long-term purpose of a foundation. A foundation may provide for discretionary attributions to a class of beneficiaries or have fixed attributions to individual beneficiaries. The foundation's assets are managed by the foundation council in accordance with the founder's intentions as set out in the foundation's documents (articles, by-laws and other additional documents).

The foundation council manages the foundation's affairs, represents it externally and is responsible for ensuring that the foundation's purpose is fulfilled. Optionally, the foundation council may be assisted by an additional body (such as a protector or advisory board) with an advisory or monitoring function.

A foundation can be structured very flexibly and used for purely family-related purposes as well as for other private or charitable purposes. Furthermore, the Liechtenstein foundation law allows for a mixed foundation, which enables both private and charitable purposes to be combined.

The structure of the foundation determines the scope of beneficiaries' rights to information and disclosure. Beneficiaries may be natural or legal persons, groups of persons or specific categories of persons, as well as other foundations or charitable organisations.

Liechtenstein trust

Conceptually, a foundation is very similar to a trust; legally, however, these two structures differ significantly. The trust is modelled on the Anglo-Saxon legal system (common law). It is not a legal entity, but rather constitutes a fiduciary relationship (a legal institution sui generis) between the settlor and the trustee. The assets transferred to the trustee (trust property) form a legally separate special fund. No minimum trust property is prescribed.

Liechtenstein's trust legislation does not impose any restrictions on the duration of a trust (no rule against perpetuities) nor does it prohibit the accumulation of income (no rule against accumulations). Furthermore, a trust in Liechtenstein may be established in accordance with foreign law in its internal relationships (settlor – trustee – beneficiaries), thereby allowing for the structural options offered by a foreign trust law regime to be taken into account.

The settlor transfers the trust property to the trustee. The trustee administers the trust property in his/her own name, but for the purpose specified in the trust deed or in the interests of the beneficiaries. As with a foundation, a trust may also appoint an additional body (such as a protector or advisory board) to perform an advisory or monitoring function in relation to the trustee.

Trusts offer a very wide range of structuring options and provide the opportunity to engage in economic activities. They may be set up as revocable or irrevocable, discretionary or with fixed attributions to beneficiaries. Trusts may also be established purely as special-purpose trusts, so that the focus is on the specified purpose, for example the long-term funding of research programmes.

In principle, the settlor is free to determine the terms of beneficiaries' rights. As part of a reform of the Liechtenstein trust law that came into force on 1 July 2026, the legislation now provides for the appointment of a person entitled to information in the case of private trusts, thereby strengthening trust governance.

Liechtenstein Anstalt

The Anstalt (establishment) is a creation of the Liechtenstein legislator and cannot be compared with public-law establishments in other jurisdictions. It constitutes an independent legal entity, adapts to a wide variety of requirements and considerations and offers a great deal of flexibility. The Anstalt can be structured in a manner similar to a foundation or a corporate body and, over the course of its existence, may, for example, evolve from a structure similar to that of a corporate body to one more akin to a foundation, or vice versa. It is particularly well-suited as a legal structure for holding assets and shareholdings, as well as for carrying out economic activities.

The minimum capital is CHF/EUR/USD 30,000. Unlike corporations such as a joint-stock company, the Anstalt does not have shareholders, but rather so-called bearer (or bearers) of the founder's rights. The bearer of the founder's rights generally constitutes the supreme governing body, unless the Anstalt is one without a bearer of the founder's rights (similar to a foundation), in which case the board of directors acts as the supreme governing body.

Whilst a foundation is only required to be registered in the Liechtenstein Commercial Register under certain conditions, an Anstalt must be registered in order for it to come into existence legally. In the case of an Anstalt, the board of directors is responsible for managing the Anstalt's affairs. It represents the Anstalt externally and is responsible for fulfilling its purpose. Here too, an addi-

tional body (supervisory board) may optionally be appointed to perform an advisory or monitoring function.

The founder defines the class of beneficiaries or designates individual beneficiaries. If no further provisions regarding beneficiaries are specified, there is a statutory presumption of the Liechtenstein Persons and Companies Act (PGR) that the bearer of the founder's rights is the beneficiary.

Which legal form is right for whom?

Legal understanding:

Whilst a foundation or Anstalt is suitable for individuals familiar with the civil law system, those from the Anglo-Saxon and Anglo-American legal traditions tend to prefer a trust. When structuring a trust with a view to securing its recognition, it is essential to ensure that the country of domicile of a person connected with the trust has not merely signed the Hague Trust Convention, but also effectively applies its provisions.

Purpose and alignment:

A foundation is an independent legal entity which binds assets permanently to specific rules (purpose and beneficiaries) intentionally stipulated by the founder. It is particularly well suited to ensuring that the assets set aside are used in accordance with the purpose specified by the founder over the very long term, often spanning several generations (i.e. children, grandchildren and subsequent generations).

A trust, in turn, constitutes a fiduciary relationship between a settlor and a trustee. The assets are managed by the trustee in the interests of the beneficiaries or to fulfil a specific purpose. A trust may be established for a fixed or indefinite period and is particularly suitable where there is a strong international dimension. The trust deed provides the necessary flexibility to accommodate complex international asset and family structures.

The Anstalt is an independent legal entity offering considerable flexibility in its structure. It allows for different approaches (such as a foundation-like or corporate-like structure), which may change over time. This may be of particular interest to entrepreneurial families who wish to retain certain powers of participation and control over the Anstalt through the bearing of the founder's rights.

Conclusion

The Liechtenstein company law offers a wide range of legal structures for international wealth, succession and business planning. The choice of the appropriate legal form depends on various factors, such as the intended purpose, the extent of cross-border involvement, the assets to be contributed, and the requirements regarding ongoing participation or monitoring rights.

The Liechtenstein financial centre distinguishes itself by its respect for property and its steadfast protection of property rights. It guarantees a reliable legal framework and planning certainty that spans generations. In the field of foundations, trusts and other legal structures, there is now a century of legislation and well established case law to draw upon. These provide the necessary basis for determining the long-term direction and use of assets with a view to the future, whilst taking due account of the legal, political, economic and family context.

Bearing in mind current developments, it is advantageous not to hold all one's assets personally, but rather to separate certain assets and have them managed independently. For entrepreneurial families in particular, this allows for greater freedom and flexibility in their personal lives. At the same time, this approach helps to protect assets from fragmentation, keep them together and ensure they are aligned with long-term objectives.

	Foundation	Trust	Anstalt
Legal entity	Yes	No	Yes
Legal nature	Civil law	Common law	Civil law
Asset attribution	Foundation	Fiduciary relationship	Anstalt
Minimum capital (CHF/EUR/USD)	30,000	–	30,000
Administration	Foundation Council	Trustee	Board of Directors
Beneficiaries	Yes	Depending on its structure	Depending on its structure
Organisational structure	Asset structure	Fiduciary structure	Asset structure or corporate structure
Alignment	Long-term and purpose-oriented legal separation of assets for the benefit of beneficiaries	Focus is on beneficiary arrangements or on the fulfilment of a purpose	Foundation-oriented or corporate-oriented approach

PCC AND PURPOSE TRUST



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Liechtenstein, a jurisdiction providing fiduciary services, is renowned for its liberal foundation and trust laws, both of which have a legal history stretching back 100 years. In 2015, the legislature expanded the range of Liechtenstein legal forms to include the Protected Cell Company (PCC), a special form of asset organisation. Furthermore, the reform of trust law completed this year has provided clearer regulations governing purpose trusts.

Let us begin with the PCC. It is not a separate legal form in its own right; rather, all legal forms provided for under Liechtenstein's Persons and Companies Act (PGR) may be established as a PCC. This requires entry in the Liechtenstein Commercial Register, upon which the PCC acquires separate legal personality.

How does a PCC function?
Let us compare a PCC with an apartment building and its individual flats. The apartment building represents the core, whilst the individual flats represent the segments. Accordingly, the PCC comprises a core and one or more independent segments (also known as cells). The core comprises assets (the core assets) that are not allocated to individual segments. A segment constitutes a separate area in terms of assets and liabilities but does not have its own legal personality. Segments have their own areas of activity and their own assets. The core assets and the assets attribuable to each segment remain separate from one another.

The PCC may pursue only one or more of the following purposes:
- Non-profit or charitable purposes
- Exploitation of copyright, patents, trademarks, designs and models
- Acquisition, management and disposal of equity interests in other companies (subsidiaries)
- Deposit guarantee and investor compensation schemes in accordance with the applicable EEA legislation

Structural features
The provisions applicable to the legal form chosen for the PCC shall apply to the minimum capital in relation to core assets. A statutory reserve equal to this minimum capital must be set aside for each segment. The governing body of a PCC (foundation council, board of directors, etc.) is also determined by the legal form chosen for the PCC. As the segments themselves do not have legal personality and do not have their own governing bodies, the governing body of a PCC is also responsible for representing the individual segments.

A PCC enables liability to be segregated and allocated amongst the independent segment assets. A PCC allows a structure similar to that of a group of companies to be established without the need to set up multiple legal entities. Consequently, administrative costs are lower. The PCC is taxed in accordance with its chosen legal form; the individual segments are not liable for tax. If, for example, a foundation is chosen as the legal form for the PCC, the PCC is taxed in accordance with the tax regulations applicable to foundations.

Conclusion PCC
The PCC offers an alternative to the traditional charitable umbrella foundation. Smaller charitable projects are implemented through the PCC's governing body. These synergies result in significantly lower costs.

With a view to transferring assets to future generations, each family member can be allocated their own segment. Assets from the core assets of a PCC can be transferred to the various segments in stages, according to value and asset class (securities, property, etc.). In this way, family businesses can be kept together whilst still being divided proportionally amongst the descendants. From a liability perspective, the shares remain separate as a result of the segmentation.

Purpose Trust
Purpose trusts are trusts in which a key element of a traditional trust is missing: the beneficiaries. In their place is a sufficiently defined, lawful purpose. Due to the absence of beneficiaries, it is the responsibility of a trust enforcer to ensure that the rules of the purpose trust are adhered to and that the defined purpose is fulfilled. Purpose trusts may be established for charitable or private purposes. The provision concerning the person entitled to information, which has recently been incorporated into Liechtenstein trust law, also applies to purpose trusts. The person entitled to information is the trust enforcer.

The purpose trust is suitable for business purposes, particularly for holding shares in family businesses via a Private Trust Company (PTC). The PTC acts as the trustee of an ordinary trust through which the shares in a family business are held. The shares in the PTC are, in turn, held by the trustee of the purpose trust. Under this structure, the shares in the family business do not form part of a settlor's estate. As there are no beneficiaries in a purpose trust, the trust cannot be terminated or amended by unanimous decision of the beneficiaries; the trust assets are preserved in the long term.

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