



ST. JAMES'S PLACE  
WEALTH MANAGEMENT



RAISING CHILDREN IN CHINA

PARTNERS IN MANAGING YOUR WEALTH



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## ESTATE PLANNING ABROAD

*“We live in a complex and ever-changing world. The need to plan  
for our financial wellbeing has never been more important.  
No one plans to fail yet many fail to plan.”*

Spiros Christoforatos  
Head of Business, Mainland China

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## WHAT IS A WILL?



Loosely speaking, a will is a legal document that sets out your wishes regarding the distribution of your property and the care of any minor children if something were to happen to you.

If you pass away without a will, you die intestate, this means that the state will oversee the distribution of your assets. Depending on what country you are from (and often what state/province), your assets will be distributed according to a pre-set formula.

In some instances, this results in half of your estate being allocated to your spouse and the other half to your children. This can cause serious consequences such as the sale of the family home or limited access to cash. If your children are still minors, a court representative will be appointed to look after their inheritance, often resulting in subpar investment vehicles.



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## WHAT HAPPENS IF YOU DIE IN CHINA?



When a foreigner passes away in China, the Embassy or the Consulate General is notified by a relative, the Public Security Bureau (PSB), or the Foreign Affairs Office (WAIBAN). The Embassy or Consulate General is responsible for providing the official notification to the next of kin on the disposition of the deceased remains and property.

The next of kin should present valid document(s) to prove kinship with the deceased. If the next of kin is not in China, they will need to give power of attorney to someone in the mainland (usually a relative, friend or funeral home) to make decision / arrangements on the disposition of the remains.

After the local death certificate is issued, the next of kin is required to bring the death certificate and the deceased's passport to the local Entry and Exit Administration of Public Security Bureau (PSB) to cancel the Chinese visa.

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## WHAT HAPPENS TO MY ASSETS?



If an expat dies in China, his or her money will go to their family. The situation is the same as if a Chinese citizen dies and his family members inherit his assets.

The expat's family members need to present the deceased's identification documents and a death certificate to a Chinese embassy or consulate in their native country to get a kinship relationship certificate, which will be needed to get an inheritor certificate from Beijing notary office.

If there is a family dispute over the inheritance, a Chinese court will hear the case, depending on the location of any property and the deceased expat's place of residence. Unclaimed assets will belong to the government. The bank will transfer any money in the deceased's account to the inheritors, or alternatively, pay inheritors the money on presentation of the required documents, such as an ID or death certificate.



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## WHAT IS A PERMANENT GUARDIAN?



A legal guardian is an adult designated to care for a child in case both parents die before that child reaches adulthood.

In your will, you can designate a person (guardian) to care for your children if you die before they become legal adults. You can also designate a property guardian or trustee to manage your children's inheritance until they reach adulthood. You can appoint one person to act as both personal and property guardian or choose two people to carry out each role.

## WHAT IS A TEMPORARY GUARDIAN?



A temporary guardian is someone located within China who can step in immediately and look after the children until the permanent guardians arrive from back home.

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## WHY IS IT IMPORTANT TO HAVE A TEMPORARY GUARDIAN WHILE LIVING ABROAD?



If there is no evidence of guardians being appointed, the State (Chinese government) takes responsibility until a guardian is found. If no suitable person is available or willing to do it, then the State remains in charge of the orphaned child or children for the rest of their minority.

The law in most Common Law countries (such as China) makes the child or children Wards of Court. The court will then supervise arrangements for their immediate care, which could mean a state-run institution, a charitable home, or foster parents.

The court will then ask for applications from people who may be interested in taking on the legal guardianship of the children or seek to place the children with those relatives. It will consider applications, probably interview the applicants, and then award one of them the right to the children.

This process obviously takes time and the children may well be in the care of their close families if they are nearby. But if there is no family, the State has the legal right – and indeed obligation – to keep the children in a place of safety.



*“Saving is a very fine thing, especially when  
your parents have done it for you.”*

Sir Winston Churchill

## SAVING THE FUTURE

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## GLOBAL EDUCATION TRENDS



The average student faces a funding gap of ¥127,190 and 83% of students are juggling work and study. To allow their child to focus on their education, 77% of parents interviewed globally plan to take care of their child's basic living cost.

60% of university students agree that their education to date has prepared them for the world of 2030 and beyond. This supports the reason why 68% of parents believe in investing in their child's university education.

84% of parents are contributing towards their child's university education from day-to-day income. However, it is common for parents to make personal sacrifices while doing so, with 53% of parents stopping or reducing their leisure activities.

Source: HSBC Global Report, The Value of Education, 2018

If saving for our children was once regarded as an aspiration, it is increasingly becoming a necessity if we want them to have the best possible start to their adult lives.



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## COST OF UNIVERSITY



The United Kingdom and Australia are placed in the top 3 most popular destinations where parents would consider sending their children to university (source: QS Quacquarelli Symonds, 2018).

### UNITED KINGDOM

As an international student in UK, the average annual tuition fee is ¥131,440 (source: The Complete University Guide 2017/18). Living in the UK will cost a further ¥109,177 per year (source: QS Top Universities, 2018). Although a university degree for domestic students is notably cheaper at ¥82,778 per year, British graduates could still be saddled with an average debt of ¥474,295 upon graduation (source: House of Commons Library, 2018). In fact, 83% of them are expected never to finish repaying their loans (source: Institute for Fiscal Studies, 2017). Elli Symonds, 2018).

### AUSTRALIA

On average, sending your child to Australia to pursue an undergraduate degree will cost you ¥151,614 annually (source: Study Move, 2018). The cost of living in Australia would cost you a minimum of ¥79,504 per year (source: QS Top Universities, 2017). Like many other countries, domestic students will pay lesser for an undergraduate degree in Australia, an average of ¥43,237 per year. This assumes that the university is a Commonwealth Supported Place. However, graduates will still end up with an average debt of ¥196,646 (source: Australian Scholarship Group, 2018).

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## GETTING STARTED



Many parents do not feel the need to save for their children's future as they mistakenly believe that an education loan is the solution to support them in their further studies. While these loans can help, parents often overlook the additional expenses that accumulate over time, such as accommodation, travel and living expenses.

Furthermore, many do not realise the burden of repaying a loan that they may pass on to their children. Graduates who have the responsibility to repay their loans could find themselves facing a decreased financial capacity to start a family or buy a house, which could also hinder their ability to start saving for retirement at an early age.

It is also important to note that tuition fees – not to mention housing and other living expenses – have soared in recent years, at a rate that dramatically outpaces inflation. Given this phenomenon, it is not realistic to expect that these costs 20 years from now would be the same as it is today.

We all have a part to play in our children's development - have you considered how you are going to fund this important stage in their lives?

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## MAKING A START



How much do you need to invest? Quite simply, as much as you can afford. The important thing is to start investing as soon as you can so that your money has plenty of time to grow. This is true whether you save on a regular basis or invest lump sums as and when you wish.

It's surprising how much even small amounts of money saved on a regular basis can grow given time. To give you an idea, the table below shows how much a regular investment could be worth.

Amount invested each month	5 years	10 years	15 years
¥ 5,000	¥ 341,447	¥ 779,646	¥ 1,342,013
¥ 15,000	¥ 1,024,342	¥ 2,338,939	¥ 4,026,040
¥ 30,000	¥ 2,048,683	¥ 4,677,879	¥ 8,052,079

These figures are purely for illustrative purposes and assume you had invested in a fund that grew by 5% net of charges each year and investments are made at the start of each month. These figures are only examples and are not guaranteed – they are not minimum or maximum amounts.

What you will get back depends on how your investment grows and on the tax treatment of the investment. You could get back more or less than this.



# PROTECTING YOUR FAMILY

*No one can predict the future, but everyone should prepare for it.*



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## PROTECTING THOSE THAT MATTERS



Whatever your plans for the future, whether for yourself, your family or your business, careful financial planning can make a real difference to your life and those you can care about, both today and in the future.

We all understand the importance of insuring items such as the family home, vehicles and valuable possessions, but are you confident you have adequate financial protection? If the answer is no, then you could be taking unnecessary risks with your future financial wellbeing.

### FAMILY PROTECTION

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Death or serious illness of a family member can be a painful time, while it cannot compensate emotionally for the loss, life assurance can take away the financial pressure.

### INCOME PROTECTION

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If you were unable to work for a period of time due to an accident or illness, could your family continue to pay the bills?

### HEALTH INSURANCE

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Are you covered for emergency care in China? Or aware of the long term cover you have if you need to return home to continue treatment?

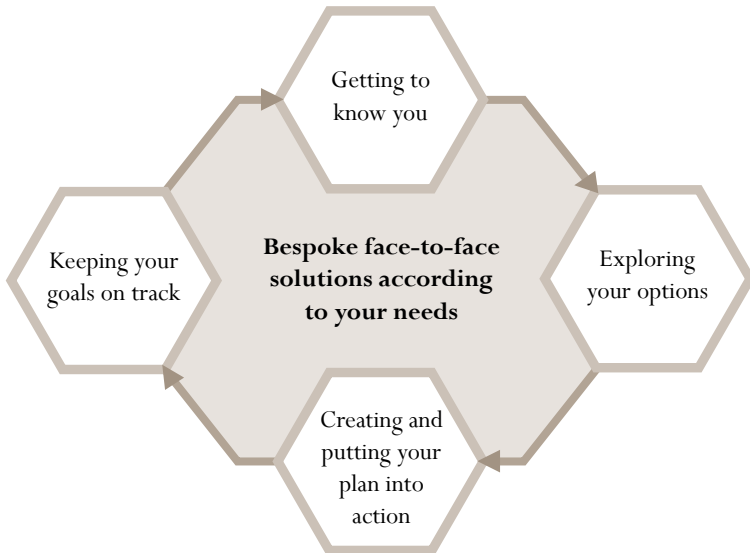
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## MAKE THE MOST OF YOUR TIME IN CHINA



The most important aspect of any financial plan is to have a plan. Simple as it may sound, many people fail to plan.

At St. James's Place, we will help you assess your current circumstances and guide you to finding the most suitable path to achieving your financial objectives.



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WEALTH MANAGEMENT

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