SQUIRE PATTON BOGGS

Family Office Insights

Trusts as Instruments of Affordable Care in Asia

November 2026

This article was previously published in IFC Review *and can be viewed here.*

In private wealth practice, trusts are often discussed as instruments of succession: who receives the assets, when, and on what terms. An inter vivos trust (whether discretionary or incorporating reserved powers) and a testamentary trust may differ in their legal operation, but the discussion commonly centers on the transfer of wealth between generations.

There is another question worth asking: how can a trust turn modest assets into reliable care? For a person who cannot manage money or make certain decisions independently, the immediate concern may not be who ultimately inherits an estate. It may be whether funds will remain available, whether they will be spent on the intended person, and who will notice if that person's needs change.

This article examines that question through two groups whose circumstances differ. The first comprises parents planning for an adult child with special needs after their own deaths. The second comprises older people seeking to provide for their own care if they later lose capacity, particularly where they cannot assume that a relative or trusted friend will be available to manage their affairs.

Hong Kong: Special Needs Trust

In response to parents' concerns about their children's care after their deaths, the Hong Kong government established the Special Needs Trust Office in December 2018. Under the scheme, the Director of Social Welfare Incorporated acts as trustee, offering an institutional alternative to entrusting the administration of funds to an individual carer or a private trust company. The trust applies funds provided by a parent or relative to a beneficiary's long-term care and daily needs.

Eligibility is limited. A settlor must be a parent or relative of the person with special needs, be at least 18 years old, be a Hong Kong permanent resident and not be an undischarged bankrupt when signing the trust deed. The beneficiary must have an intellectual disability, mental disorder or autism, and must be a Hong Kong permanent resident ordinarily resident in Hong Kong. Only one settlor may establish a trust for a particular beneficiary under the scheme.

The scheme separates financial administration from day-to-day care. The trustee administers the trust account, authorizes disbursements and reviews the care plan. An individual or organization designated by the settlor as "the carer" implements the plan and ordinarily receives regular payments for the beneficiary's benefit. The trustee may replace a carer where circumstances warrant and may depart from the settlor's stated wishes if it considers that doing so is in the beneficiary's best interests.

The settlor discusses the beneficiary's long-term care, projected expenses and proposed carer with the trustee. The settlor then executes a trust deed, prepares a letter of intent and care plan, makes a will providing for assets to pour over to the trust after death, and pays the first payment into the trust account. The care plan addresses anticipated needs such as accommodation, daily living, medical treatment, rehabilitation, education and social participation. Once effective, the trust is irrevocable except if the beneficiary has passed or is no longer ordinarily resident in Hong Kong before activation. Others may contribute after activation, but a donor must confirm that the agreed care plan will not be amended as a condition of the donation.

The first payment is at least HK$143,000, comprising six months at the Hong Kong Guardianship Board's monthly living-expense limit of HK$20,500, plus the first-year trustee fee of HK$20,000. It will be higher if six months of expenses under the care plan exceed HK$123,000. Before the trust is activated, the first payment is held in a deposit account, and no annual trustee fee is charged.

Singapore: Special Needs Trust Company

Singapore's Special Needs Trust Company (SNTC) launched its trusteeship scheme in October 2009. It is a not-for-profit trust company and registered charity and, since April 2025, a wholly owned subsidiary of SG Enable, which was set up by Singapore's Ministry of Social and Family Development. SNTC administers trusts for individuals with special needs, while the Public Trustee's Office holds and invests the trust funds. The principal value of the funds is guaranteed by the Singapore government, and the ministry subsidizes SNTC's fees by 90% to 100%.

The Singapore scheme also connects financial provision with a personalized care plan. SG Enable case managers work with the caregiver-settlor to assess the beneficiary's needs and estimate the funds required for long-term care. The settlor's wishes concerning disbursements are recorded in a letter of intent, which can be updated as the beneficiary's needs change. After activation, SNTC arranges monthly or periodic disbursements and reviews the care plan with the appointed caregiver. Case managers also make periodic home visits to check on the beneficiary's welfare.

The eligibility criteria are broader in some respects than Hong Kong's. A settlor must be at least 21, have mental capacity, and not be an undischarged bankrupt. The beneficiary must be a Singapore citizen or permanent resident residing in Singapore, with the relevant disability supported by the required evidence. SNTC's description of special needs includes physical, sensory, intellectual and developmental impairments, and may also include mental disabilities and dementia.

An SNTC account requires an initial deposit of SG$5,000. It may receive further cash contributions, including proceeds directed to it under a will and payments through Central Provident Fund or insurance nominations. Unlike Hong Kong's arrangement, which is activated following notification of the settlor's death, the SNTC trust may be activated upon the caregiver-settlor's death or incapacity. On activation, SNTC assesses the beneficiary's immediate needs, and works with relevant parties to arrange the transfer of funds into the account. If the trust balance is projected to cover only another five years of support, SNTC alerts the appointed caregiver and discusses options, including topping up the trust, adjusting expenditure or seeking other community resources.

Taiwan: Elderly care trusts

Elderly care trusts in Taiwan have developed through regulatory encouragement and the participation of financial institutions. The Financial Supervisory Commission (FSC) has promoted trusts for older people and people with disabilities since 2016. Its Trust 2.0 initiative, launched in September 2020, sought to move the trust industry beyond an emphasis on wealth management towards services tailored to clients' needs at different stages of life. The subsequent Phase 2 plan made economic security for older people and people with dementia a particular priority.

Taiwan's approach treats the administration of payments as one component of later-life support. Trust 2.0 encourages cooperation among trust businesses, social welfare organizations, medical providers and long-term care institutions. Its measures include facilitating payment for medical and care services, training advisers to understand older clients' needs, and building the capacity of social welfare organizations to serve as trust supervisors where appropriate.

Participation has grown. As at the end of June 2026, the FSC reported that 30 trust businesses offered elderly care trust products, with 227,649 cumulative beneficiaries and approximately NT$207.5 billion in cumulative trust principal. Growth in uptake has also exposed an oversight question. In a finding reported in 2025, Taiwan's Control Yuan, the constitutional oversight body, noted that only about 2% of elderly care trust cases as at the end of 2024 had appointed a trust supervisor. A supervisor can provide an additional means of scrutinizing the trustee's administration and protecting a beneficiary whose ability to question decisions may decline. The Control Yuan called on the FSC and the Ministry of Health and Welfare to do more to promote the appointment of trust supervisors. Separately, the FSC's Trust 2.0 measures support training for social welfare organizations that may serve in that role, and promote the development of care trusts for people with disabilities, alongside those for older people.

Hong Kong: Futu's Pension Family Trust

In Hong Kong, an older person would generally consider a bespoke private trust or a commercial product with retirement-care features. Against this background, Futu Trustee's Pension Family Trust is a recently published commercial example. It is a private-sector product designed for families below the traditional high-net-worth trust market, illustrating a different route to making care-focused trusts more accessible. Unveiled in January 2026, it combines provision for the settlor's retirement and possible incapacity with eventual wealth succession. Its stated entry threshold is HK$3 million in assets, with a one-off establishment fee of HK$28,000 and an annual management fee starting at HK$10,000 with an annual charge of approximately 0.2% to 0.3% of assets under management. The extent of that service will depend on the providers and payment arrangements available under the particular trust.

The trust provides for regular retirement distributions and, under the arrangements described by Futu Trustee, may make direct payments to participating medical and elderly care providers if the settlor becomes incapacitated. This offers a means of applying trust funds to care expenses without relying solely on payments to a family member. The product can also accommodate certain annuity and insurance policies. A letter of wishes allows the settlor to record instructions about investments, healthcare arrangements and other needs that may be updated as circumstances change, while the digital platform provides online access to information about the trust assets.

The product illustrates how a commercial trustee may structure a trust around the settlor's own later-life needs as well as eventual succession. Its published entry threshold and fees make it a useful example of a more standardized offering. Futu Trustee also states that the trust can make direct payments to certain elderly-care and medical providers in mainland China, a feature that may be relevant to Hong Kong clients considering cross-border care.

A care trust does more than hold money. It should make sure the money is used when and where it is needed. To work well, it must be affordable, respond to changing needs, and have someone checking that the person receives proper care.

Contact



Patricia Woo
Partner, Corporate
T + 852 2103 0322
patricia.woo@squirepb.com

The opinions expressed in this update are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

© Squire Patton Boggs. All Rights Reserved 2026.

72807/11/26