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The private equity paradox:

roundtable insights on succession,
structuring and risk

Foreword

In an environment where private equity continues to grow in scale and complexity, the personal financial planning of its senior professionals has never been more important – or more challenging. A recent IQ-EQ roundtable, chaired by Jennifer Le Chevalier, highlighted a striking and persistent paradox: despite their expertise in structuring investments and managing sophisticated portfolios, many private equity partners face unique difficulties when planning for predictable events that affect their own wealth – and when unpredictable events occur, a lack of earlier planning can compound those difficulties.

The discussion brought together leading specialists in taxation, private wealth, family law and fiduciary services. Their collective insights underscored that the most significant challenges facing PE partners today extend well beyond investment performance. Cross-border tax exposure, the evolution of tax regimes in executives' home jurisdictions, succession planning, liquidity management, family matters and governance have become pivotal considerations in managing complex personal wealth. When these issues are not addressed, or are dealt with in a piecemeal way, avoidable friction, inefficiency and vulnerability can emerge.

The panel of tax and legal experts attributed this, in part, to common experiences, traits and demanding working environments. These executives are decisive operators, accustomed to rapid execution, yet often prefer to defer personal planning or “softer” issues such as family governance.

Family considerations may be shelved as a lower priority due to work demands, or viewed as too difficult, time-consuming or sensitive to address. A deal-making mindset can therefore work against thoughtful family structuring and effective succession planning.

“Private equity clients are comfortable with quantified risk, but family risk is harder to model, so it’s often avoided,” said Natasha Oakshett, a partner in the Withers private client and tax team.

These experiences and characteristics were prevalent enough to prompt reflection during the roundtable, as experts articulated why many clients struggle in this area. The consequences of inaction can be significant. Much of a PE partner’s wealth is tied up in illiquid assets within their firm’s funds. A sudden death, a contentious divorce or a family dispute could all trigger claims on assets that are difficult to access. Successful succession, tax and general wealth planning require time and careful consideration, which can be difficult for some executives to prioritise.

“Private market assets and private equity compensation rewards are among the most complex asset classes to inherit – yet they are often passed on without the next generation fully understanding them,” said Jennifer.

In this paper, we consider issues relating to structuring and advice, tax planning, succession and divorce, drawing on insights from the experienced practitioners who participated in the roundtable.



You can't plan what you can't see

When designing a financial planning strategy, an essential early step is to map and value a client's assets. Roundtable participants noted that in private equity, a complete picture is not always available at the outset, which can shape how planning evolves over time.

Private equity wealth poses a particular challenge. Partners accumulate carried interest, co-investments, GP stakes and angel investments across multiple platforms and networks. Their entitlement to economics in fund entities and management vehicles may be formalised through numerous classes of interests, each with differing rights and contingencies, requiring a detailed level of understanding for effective planning. There is rarely a single, reliable balance sheet for advisers to reference. Senior partners may also hold equity in their firm, which can be both highly valuable and volatile.

Advisers must understand both the documentation and [“the information behind the documents, to understand what's happening and advise clients well,”](#) said Claire Blakemore, a partner in the Withers divorce and family team.

[“Before you can plan effectively, you need to understand, line by line, the assets owned and how they are held. For many PE principals or their structures, given the fragmentation of custody options, that simply isn't clear,”](#) said Katrina Williams, Co-Head of a Jersey-based single-family office. This applies equally to investment and structural planning. While more technology solutions are emerging to support consolidated reporting, challenges remain.

Several roundtable participants described how clients often struggle to maintain accurate records of their holdings, leaving advisers to piece together stakes and valuations.

Given the wide exposure to portfolio companies available for investment, this mapping exercise can be slow and costly, and dependent on multiple parties, including current and former employers and fund administrators. [“A coordinated team that understands not just the data, but how to obtain it most efficiently and what it means in practice, is required,”](#) said Imogen Buchan Smith of EY Private.



The value of planning ahead

As financial advisers know, early planning is critical. PE partners should think strategically about long-term outcomes such as dynastic wealth, philanthropy and asset protection, and establish appropriate structures to achieve those goals.

“It’s far easier to build the right structure as wealth evolves than to try and retrofit one once the value is already there,” said Jennifer.

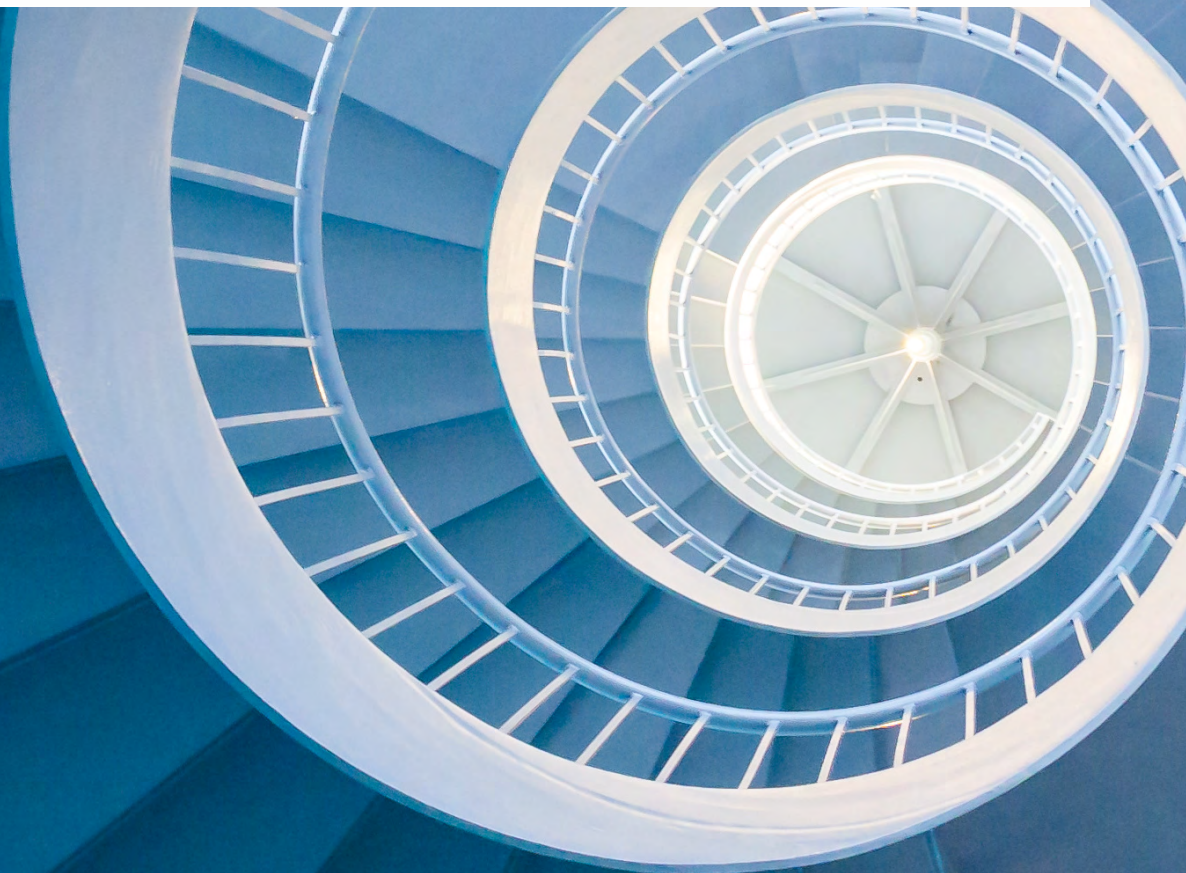
Advance planning is particularly advantageous for PE partners, who often accumulate substantial wealth over time. Transferring assets into tax-efficient structures at an early stage can significantly reduce future tax liabilities.

However, as Imogen noted, “By the time many individuals engage with planning, the value is already there – and the flexibility to structure it efficiently is significantly reduced.”

In practice, the intangible nature of family affairs, combined with the gradual (but not always guaranteed) accumulation of wealth, can lead to procrastination.

PE partners are comfortable quantifying risk, but personal financial planning is different. “You’re coming down to something that’s soft, for lack of a better description, and there are too many variables that can’t be predicted,” said Natasha.

As a result, structures are often implemented hastily in response to financial pressure rather than developed holistically. “Planning can often be triggered by immediate tax concerns such as legislative change, rather than long-term strategy,” according to Katrina.



Tax and cross-border friction

Tax planning is frequently delayed, then rushed, and is almost always more complicated than PE partners expect. This is particularly true for partners who relocate and become subject to competing tax regimes.

As Imogen explained, “The objective from a tax perspective, where multiple jurisdictions are involved, is to avoid mismatches and unintended tax leakage where possible.”

Carried interest provides a clear example. Some countries tax it as capital gain, others as income. In the UK, the distinction is narrowing. From April 2026, “the carry that a PE partner receives will be deemed to be trading income and, as such, will be subject to income tax and national insurance contributions,” Imogen noted.

There is further nuance. From April 2026, the UK income tax rate applied to carried interest taxed as trading income will depend on whether it is classified as qualifying or non-qualifying. Qualifying carry, broadly linked to longer investment holding periods, is taxed at a lower rate, while shorter-term gains face higher rates. As Natasha noted, this new regime sits alongside the existing tax framework, which can still treat carry as employment income in certain scenarios. Despite attempts at simplification, partners will therefore continue to need to assess which income tax regime applies when planning for carried interest.

Imogen added that while the new regime may simplify long-term tax treatment by imposing a single charge, advisers will face significant short-term complexity in working through the detail with PE partners and firms.

Cross-border issues can also result in double taxation where carried interest is treated differently across jurisdictions. With proper planning, internationally mobile partners may mitigate tax leakage through available tax credits.

“Planning often falls behind because the complexity isn’t in the structure – it’s in how the rules apply to each underlying asset or interest,” said Natasha.

Recent UK policy changes illustrate how challenging relocation planning can be. Some incoming executives expected the UK’s foreign income and gains (FIG) regime to shelter PE rewards.

In practice, this is rarely the case. Participants noted that carried interest may fall outside FIG where it is treated as employment-related remuneration rather than trading or passive income.

Additionally, longstanding anti-avoidance rules may attribute carried interest back to the individual who performed the relevant work. As a result, where a partner transfers an interest that provides rights to carried interest – for example,

to a trust or family investment company – they may still be taxed on it as though no transfer had occurred, potentially creating tax liabilities before any mitigating mechanisms apply.

Early planning can help address these challenges. Carried interest typically begins with limited value but significant upside. Transferring interests into trusts or similar structures at an early stage can reduce upfront tax exposure. As asset values increase, so too does the cost of transfer, potentially triggering capital gains and inheritance tax liabilities.

“It’s far easier to build structures as wealth evolves than to deal with it ten years down the line,” advised Jennifer.

For individuals now taxable on an arising basis, there is a new practical reality associated with tax compliance – the challenge of monitoring and collating data on many fragmented positions, provisions to tax advisors, and projecting tax liabilities arising throughout the year.

The liquidity problem

Private equity wealth is inherently illiquid. Liquidity pressures often arise at moments of personal stress, such as death, divorce or unexpected tax liabilities, making liquidity planning a critical component of any strategy.

“There is often a mismatch between the timing of capital calls and distributions, exits and new investment opportunities – structures can be asset-rich but cash-constrained,” said Katrina.

As Natasha noted, clients frequently worry about the impact of their death on their families: “What will it mean for my surviving spouse? Will they be required to fund capital commitments or financial obligations, such as guarantees, at a time when they lack access to liquidity?” Reviewing fund documentation is critical in determining whether obligations such as capital calls or clawbacks survive death, and whether interests may be transferred to a permitted transferee.

Effective planning helps ensure liquidity is available to meet tax liabilities and capital calls. Solutions may include third-party credit facilities, structured borrowing such as Lombard loans, or reallocating other assets. Trust structures may provide lending options, though participants noted that trustees may be cautious about permitting borrowing beyond certain thresholds. Insurance can be another tool, although appropriate structuring is essential.

“The question isn’t just what something is worth – it’s whether that value can be realised when needed,” said Claire.

Involving the family

Although families are the ultimate beneficiaries of many planning structures, they are often excluded from early discussions. Involving them sooner can improve governance and shared understanding.

“I often find that advisers are dealing primarily with the PE partner, while the spouse has little insight into what is happening,” said Natasha.

Early engagement is especially important as surviving spouses and children are often required to navigate complex probate and estate processes. Participants agreed that families benefit from financial education, particularly where dynastic wealth supports long-term philanthropic or family office structures.

“This asset class is exceptionally challenging to inherit without adequate knowledge. Combined with fragmented or opaque reporting, this can create significant stress for both advisers and families at an already difficult time,” Jennifer warned.

Regular reviews and clear communication remain essential. Some families formalise governance through investment policy statements or statements of purpose, while others gradually transition illiquid holdings into more diversified structures.

“Succession planning isn’t just about transferring wealth – it’s about ensuring recipients can operate effectively within the structures they inherit,” said Imogen.

Divorce dynamics

Divorce presents a particularly complex challenge for PE partners, often requiring the valuation and division of illiquid and opaque assets.

“Valuations in private equity divorces are inherently uncertain – and that uncertainty is where most disputes begin,” said Claire.

A divorcing spouse may seek an independent valuation of a PE partner’s interests rather than relying on internal appraisals. Settlements must also consider future carried interest payments, capital calls and potential clawbacks.

The legal landscape adds further complexity. English case law remains unclear on whether carried interest should be treated as an asset or income. While often described as a hybrid, courts frequently characterise it as capital in practice.

These issues can lead to prolonged proceedings, sometimes forcing former spouses into ongoing financial relationships while assets crystallise.

Pre- and post-nuptial agreements can help mitigate these risks and are increasingly upheld by courts where entered into with full disclosure and independent legal advice. Carefully structured trusts may also play a role, though effectiveness depends on implementation and alignment with marital agreements. Without proactive planning, PE partners face avoidable exposure if relationships break down.

Act early, with purpose

Private equity partners operate in a world defined by precision, discipline and forward-looking analysis. When applied to structuring, tax, succession and family governance, these principles can deliver significant benefits. A coordinated approach helps partners navigate the increasing scale and complexity of personal wealth while reducing reactive decision-making.

Participants acknowledged, however, that implementation is not always straightforward. Illiquid assets, opaque valuations and cross-border exposure add complexity, while demanding professional lives can limit focus on personal planning. These challenges often become more acute during periods of change, including death, divorce or relocation.

Where planning begins early and remains integrated, many pressures can be mitigated. Effective planning starts with visibility, building a clear understanding of assets, obligations and their life cycle. Early engagement with experienced advisers allows structures to evolve alongside wealth rather than being retrofitted later. Tax considerations must be addressed proactively and reviewed regularly.

Equally important is the human dimension. Early family engagement, financial education and clear governance frameworks reduce the risk of future conflict. Succession planning should be treated as an evolving process rather than a one-time exercise.

Ultimately, the opportunity lies in planning early, holistically and with intent. An integrated approach across tax, legal and fiduciary disciplines enables PE partners to protect not only the value of their wealth, but its long-term purpose and legacy.

Profiles



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IQ-EQ



Jennifer Le Chevalier is a Director of Private Wealth at IQ-EQ Jersey and moderated the roundtable discussion. She has over 30 years' experience as a private client professional, supporting families and wealth owners to achieve optimal outcomes through effective planning across a broad range of asset classes. She has particular experience in succession planning and family governance. During her career, she has been recognised in several industry rankings, including Who's Who Legal and Citywealth, and has held prior board-level roles.



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Katrina Williams is Co-Head of a Jersey-based single family office, which she co-founded in 2025. She brings more than 17 years' experience at board and partner level within leading, formerly independent Jersey trust companies, where she led relationships for prominent principals in the private equity and hedge fund sectors. Her work has focused on administering structures with significant alternatives and private markets exposure. Katrina is a Chartered Accountant and STEP-qualified. She has been recognised in numerous industry rankings, including Who's Who Legal, Global Elite Thought Leaders and Citywealth, and has previously served on the judging panel for the PAM Private Markets Access Awards.



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Natasha Oakshett is a Partner in the Withers Private Client and Tax team. She advises UK-based and international individuals, with a particular focus on the taxation of private equity and hedge fund manager remuneration, entrepreneurial and employee incentives, and managing UK tax risk where a UK individual creates a nexus for non-UK entities. A significant part of Natasha's practice involves advising individuals, families and family offices on wealth succession, stewardship, asset protection, privacy and tax efficiency.



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Claire Blakemore is a Partner in the Withers Divorce and Family team. She advises on complex financial claims, private children matters, pre- and post-nuptial agreements and cohabitation disputes, and has extensive experience in cases involving trusts. Her client base spans commerce, finance and technology, professionals, families with inherited wealth and individuals in the public eye. While highly experienced in complex litigation, Claire also has a busy dispute-resolution practice as a collaborative lawyer and mediator, and is the founder of the award-winning UnCouple.

*Information correct as of May 2026

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