



COOK ISLANDS FOUNDATION FACT SHEET

OVERVIEW

A Cook Islands Foundation is a legal entity established under the Cook Islands Foundations Act 2012, a modern and innovative piece of legislation drawing on foundation regimes in other leading financial centres while incorporating the Cook Islands' specialist asset protection provisions.

Foundations combine features of trusts and companies. They are commonly used for asset protection, wealth structuring, and long-term succession planning, particularly where a client prefers a structure with separate legal personality and clearly defined governance.

Cook Islands foundations benefit from the jurisdiction's long-standing expertise in asset protection and are internationally recognised for their flexibility, legal certainty, and creditor deterrence.

PURPOSE AND USE

Cook Islands Foundations are commonly used for:

- Asset protection and creditor deterrence
- Long-term wealth preservation and succession planning
- Family governance and multigenerational planning
- Holding private wealth, investment assets, and operating companies
- Structuring wealth where a legal entity, rather than a trust relationship, is preferred

ASSET PROTECTION

- **Cook Islands law exclusively applies, foreign judgements not recognised:** Only Cook Islands law governs questions relating to a foundation and transfers of assets to it. Foreign court judgments are not enforceable and creditors must commence proceedings in the Cook Islands High Court.
- **2-year statutory limitation period:** Claims against a foundation are subject to a two-year time limit. After this window, the transfer is final and cannot be challenged.
- **High standard of proof:** Creditors must prove claims to a beyond reasonable doubt standard.
- **Exclusion of punitive damages:** Punitive or multiple damages are excluded under the Act.
- **Exhaustion of remedies requirement:** Creditors must exhaust all remedies against the founder and all rights of appeal before pursuing a foundation.
- **Proven legislative framework:** These provisions are derived from, and aligned with, the Cook Islands' internationally recognised trust asset protection regime.

KEY CHARACTERISTICS

- Established under the Cook Islands Foundations Act 2012
- A separate legal entity, distinct from the founder and beneficiaries
- Formed by a founder (individual or corporate) through an initial endowment
- Assets administered on contractual rather than proprietary principles
- Managed by a council (minimum of one member; corporate council members permitted)
- No shareholders; may have beneficiaries or purely charitable purposes
- Able to hold assets, enter into contracts, and sue or be sued in its own name
- Flexible governance set out in the foundation's charter and rules
- **Confidentiality:** Foundation's rules are not publicly filed, and disclosure of foundation information is restricted, subject to applicable regulatory, legal, and court-ordered requirements.
- Overseas foundations may migrate to and register in the Cook Islands, without affecting their legal personality or continuity
- The founder may reserve certain powers under the foundation rules. Common reserved powers include:
 - Investment strategy oversight
 - Appointment or removal of beneficiaries
 - Appointment or removal of council members
 - The power to revoke the foundation

CI FOUNDATION VS CI TRUST

- A foundation is a separate legal entity; a trust is a legal relationship
- Foundation assets are owned by the foundation itself; trust assets are owned by the trustee
- Foundations are governed by a council under contractual rules; trusts are administered by a trustee under fiduciary duties
- Foundations allow for clearly defined governance and reserved powers; trusts rely more heavily on trustee discretion
- Both benefit from the Cook Islands asset protection framework, but through different legal mechanisms