

Family Offices

With your values top of mind, we deliver bespoke solutions for managing your family assets and interests across generations.



WHAT IS A FAMILY OFFICE?

- A “Family Office” is a wealth management entity created to provide investment and wealth management services tailored to the specific needs of a high net worth (HNW) individual or family
- A Family Office can take on many forms tailored to the unique needs, circumstances, history, and preferences of the family it serves
- A Family Office can help preserve a family’s legacy and wealth from generation to generation

WHY FORM A FAMILY OFFICE?

- Address Growing Complexity and Coordinate Outside Advisors
 - HNW individuals and families face increasing amounts of investment, tax, and accounting complexity
 - A Family Office provides shared services to family members of all generations (e.g., accounting, tax, legal, investments)
- Collective Investment
 - Provides a mechanism to allow multiple family members and entities (e.g., trusts or foundations) to invest collectively
 - Collective investments can reduce investments costs and provide access to a wider range of investments
- Create Opportunities for Family Members
 - Family Office functions promote family member involvement
 - Provide educational opportunities for family members
- Income Tax Savings
 - A Family Office is often structured to permit deduction of investment management fees and other administrative expenses that are generally non-deductible by individuals or trusts. (See pg 2 FO Structuring – Legal Structure)



COMMON SERVICES PROVIDED BY THE FAMILY OFFICE

- Personalized Financial Reporting, Accounting, and Tax Preparation Services
- Investment Management Services
 - Asset Allocation Advice
 - Cash and Liquidity Management
 - Create large investment pools that can be accessed by multiple family members and trusts (regardless of investment minimums)
- Direct Investment
 - Create vehicles to make investments directly in operating companies, real estate, and other direct investments
 - The Family Office may provide the staff/deal making team or outsource the role to third-party advisors
- Family Education and Coordination
 - Facilitate meetings of the family members
 - Educate the next generation about investment and wealth management
 - Promote shared enterprise and family unity
- Succession Planning
 - Provide a formalized structure for succession, decision-making and management
 - Facilitate estate planning discussions and decisions
 - Manage estate planning vehicles (e.g., trusts and limited partnerships)
- Insurance Management / Risk Assessment
- Philanthropy
 - Assist in managing the family foundation
 - Assist in identifying and vetting potential charitable contribution recipients
 - Administer grant-making, investments, and compliance
 - Participate in direct charitable activities
 - Provide an opportunity to engage with younger generations of the family
- Concierge Services
 - Travel arrangements, household personnel management, document storage, etc.
- Specialized Asset Management
 - Manage ownership of aircraft, boats, or art
 - Manage family ownership of private aircraft, including engaging third-party service providers as needed

FO STRUCTURING – LEGAL STRUCTURE

- Common Types of Family Offices
 - Embedded Family Office: Prior to establishing a formal family office, many family-owned businesses will find that an employee of the family's business such as the CFO, already provides many of the same services to owners of the business that would be provided by the family office
 - Single-Family Office: An entity that provides services to one family
 - Multi-Family Office: An entity that provides services to multiple families (subject to more regulations and requirements than a single-family office)
- Single-Family Offices
 - Most families will establish a stand-alone corporation or limited liability company to serve as the Family Office
 - Careful consideration must be given to the ownership of the Family Office
 - Type of entity and ownership of the Family Office is a complex discussion that should be tailored to each family's needs

FO STRUCTURING – FAMILY GOVERNANCE

- Family Council: Family offices will commonly have a family council made up of family members and trusted advisors to oversee the operations of the Family Office
- President: A key member of the family will often serve as the President (e.g., family patriarch or matriarch)
 - Leads the Family Office operations at a high level
- Chief Investment Officer (CIO): CIO oversees investment strategy
 - Responsibilities include identifying strategic investments, evaluating investment strategies and investment managers, and working with third-party service providers to manage investments
 - Trends include hiring private equity executives to oversee this activity or outsourcing the role to a third-party advisor
- Lean Structure: Family Offices are increasingly employing a leaner staff and engaging more outside professionals for investment allocation, accounting and tax compliance, and other services



FO STRUCTURING – POTENTIAL INCOME TAX SAVINGS

- Deduction Limitations: IRC Section 212 prohibits individuals and trusts from deducting investment expenses, including
 - Outside investment managers
 - Cost for outside investment advisors
 - Costs related to investment advisor staff
 - Accounting, tax preparation, etc.
 - Nearly all of the other FO functions not directly tied to a business
- Family Office Tax Planning
 - Absent advanced tax planning, HNW individuals and trusts often incur substantial non-deductible expenses
 - For families with high tolerance for complexity, advanced planning techniques can effectively reduce the burden of these non-deductible expenses by effectively creating tax deductions for the value of these services



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Jason is the chair of the firm's Family Offices Team and assists families and business owners in areas of tax planning, business succession, and philanthropy. In addition, he works extensively with non-profit organizations in the areas of governance, fundraising, and tax exemption matters. Jason's broad experience, in conjunction with his in-depth knowledge of tax, corporate, and trust law, allows him to provide creative and practical solutions for his clients, especially for clients that own businesses or have philanthropic interests or non-profit organizations focused on governance or fundraising.



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Brian is responsible for the strategic development and deployment of Private Office, the firm's multibillion-dollar family office solution providing trust administration and wealth management services to the firm's partner trustees and clients. Brian works closely with our partner trustees and clients, counseling on family office solutions, trust asset allocation strategies, and investment manager/consultant due diligence and selection. Brian also serves as a voting member on the firm's Retirement Plans Committee and is the co-lead for one of the firm's largest client growth teams.



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Jordan is an associate and business lawyer with Foley & Lardner LLP, where he is a member of the Tax & Individual Planning Practice. Jordan practices general corporate and tax law, with experience in a number of areas, including: the formation, ownership, operation, sale, dissolution, and reorganization of C corporations, S corporations, partnerships, limited liability companies, and joint ventures; executive compensation matters relating to golden parachutes, stock options, and other equity compensation arrangements; closely held businesses and tax-exempt organizations.

IN-HOUSE OR THIRD-PARTY ADVISORS?

- Family Offices both include in-house advisors and third-party advisors (just like any business)
- Many Family Offices look to third-party advisors for significant issues
- Whether a Family Office provides services in-house or engages third-party advisors will vary
- Common Considerations
 - Cost: Engaging third-party advisors can often reduce costs for Family Offices
 - Confidentiality: In-house service may be more confidential depending on the service providers engaged by the family office
 - Expertise: Third-party advisors may have specialized expertise in a given area (e.g., accounting, legal)
 - Family Integration: Family Office staff will have a detailed understanding of the family and may be more attentive to their needs
 - Objective Advice: Third-party advisors may be able to provide more objective advice due to the separation between the third-party advisors and the family

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OUR CORE VALUES

Clients First

Our clients are our first priority. When we provide quality work, value and superior service to our clients, our own success inevitably follows.

Diversity

We embrace diversity and are committed to the inclusion of our diverse attorneys and staff and to the success of all our people.

Integrity

We will adhere to high standards of ethics, professionalism and integrity and safeguard the reputation of the Firm at all times.

Trust and Respect

The success of our partnership stands on a foundation of trust, mutual respect, collegiality, communication and teamwork.

Stewardship and Accountability

As stewards of the Firm, we are accountable to one another and will commit our time, talent and energy to the Firm's success, growth and long-term prosperity.

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