Today’s plans for your family office can mean the difference between surviving and thriving in the future.

Why set up a family office?
1. Your family and business are growing, and your business staff is distracted by supporting family needs.
2. You have a liquidity event, such as selling the business.

There are many reasons why setting up a family office might make sense. Below are the advantages and concerns most frequently identified:

**Advantages**
- Maintain family cohesion
- Maximize privacy and control over assets
- Manage family risks
- Support family entities and investments
- Service family houses and other holdings

**Concerns**
- Cost of family office setup and operations
- Complexity of market, legal and tax infrastructures
- Difficulties in identifying and managing staff
- Obtaining leading advice across a wide range of topics

**Evolution of a family office**

- **Founder’s office**
  - This often consists of an assistant or a few staff members who pay bills, make travel plans and handle the financial needs of the founder.

- **Embedded family office**
  - A shareholder services group may handle the family’s personal financial affairs as well as corporate duties.

- **Accounting and tax office**
  - A CPA-led office oversees investments and takes care of record-keeping, insurance and tax returns.

- **Investment management office**
  - In addition to accounting services, it manages private equity investments, hedge funds and more, and it may seek to manage money for outside families as well.

- **Full-service office or private trust company**
  - For the most complex scenarios, a full-service office manages all aspects of service—family education, tax, investment, governance and accounting—usually across multiple generations.
Our approach

We have examined global family offices to understand what makes them successful in the long term. Our professionals take a holistic view of the family, strategic, operational, regulatory and tax aspects in order to support the family members’ move toward their long-term legacy. Specifically, we support the legacy of building a family office with the following view of the family office development process.

Family office strategic planning

Iterative analysis and modeling

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**1 > Assess**
- Establish the purpose and long-term goals and objectives
- Understand the family’s core assets, current needs and future plans
- Consider initial thoughts on scope of services
- Understand how each family member wants to participate in services

**2 > Design**
- Assemble a working team of advisors
- Develop a detailed business plan
- For each service, define whether to do in-house, outsource or combination
- Review resources, technology, people and facilities
- Estimate operating costs and capital requirements
- Consider potential sources of capital funding
- Evaluate legal structures; consider legal and tax impacts for the office and participating members

**3 > Build**
- Refine operational models and family roles
- Write job descriptions and recruit candidates
- Select technology platforms and evaluate data security
- Initiate contracts for outsourced services
- Identify, contract and build out space
- Chart processes, workflows and benchmarks
- Develop framework for governance

**4 > Test/implement**
- Test systems and processes and implement
- Review business continuity needs and develop emergency plans
- Consider disaster risks (cyber attack, theft, personal security, etc.)
- Fine-tune hardware and software
- Assess initial governance and determine if additional efforts are needed
- Create policy and procedure manuals
- Perform final review of processes

**5 > Operate**
- Begin family office operations
- Refine budget models to minimize capital constraints and surprises
- Develop formal periodic review process for people, processes, risks, vendors and technology
- Measure results against benchmarks
- Review networking opportunities for peer-to-peer education and leading practices

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To learn more about how Family Office Advisory Services can support you, visit ey.com/familyoffice or contact one of these Ernst & Young LLP professionals:

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