

Protect your legacy?

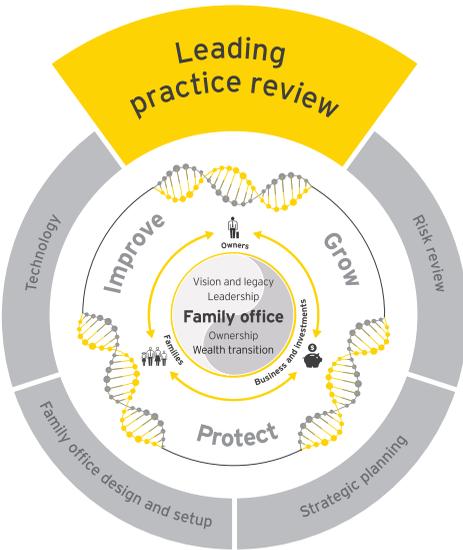
Break new ground?

Family office leading practice review



Building a better working world

The better the question. The better the answer. The better the world works.



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

Are you leading?

Global businesses often benchmark themselves with a peer group or compare themselves according to industry leading practices as a way to look for strategic opportunities to tell if they are leaders in their industry. In the family office sector, this can be extremely challenging, if not impossible, because most times families and their offices are extremely private.

Family office leading practices

EY's Family Office Advisory Services practice has worked with families and family offices around the world. In the US, Ernst & Young LLP leveraged this knowledge and created a database of leading practices used by successful family offices, and we use this database to perform leading practice reviews. We focus a review on:

- ▶ Recommending operating strategy and process enhancements
- ▶ Advising about organizational and management structure
- ▶ Aligning talent and other resources
- ▶ Determining the right functionalities of processes and controls

Summary report and strategic initiatives

Once we perform our review, we can provide your office with a summary report about your organization's present position and aspirations to help you achieve that future position, along with an associated gap analysis and recommended actions for change and improvement.

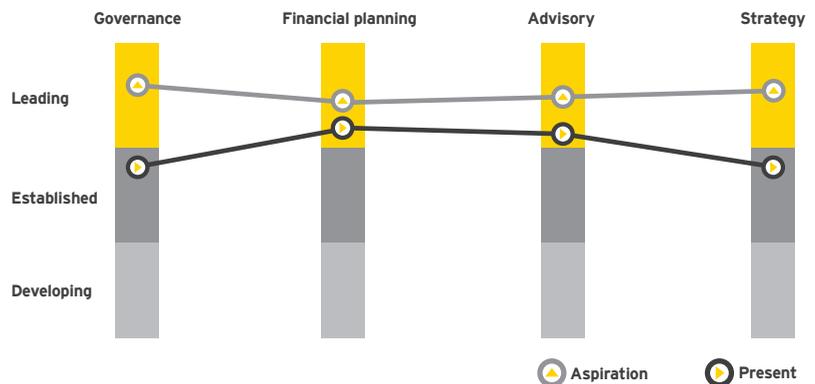
Financial planning

Investment management, investment selection and monitoring are leading areas of focus and may include monitoring and reporting management expense ratios through asset classes.

Asset allocation and a consolidated risk matrix are leading practices that should be understood and benchmarked for comparison when strategically reviewing the consolidated investment portfolio.

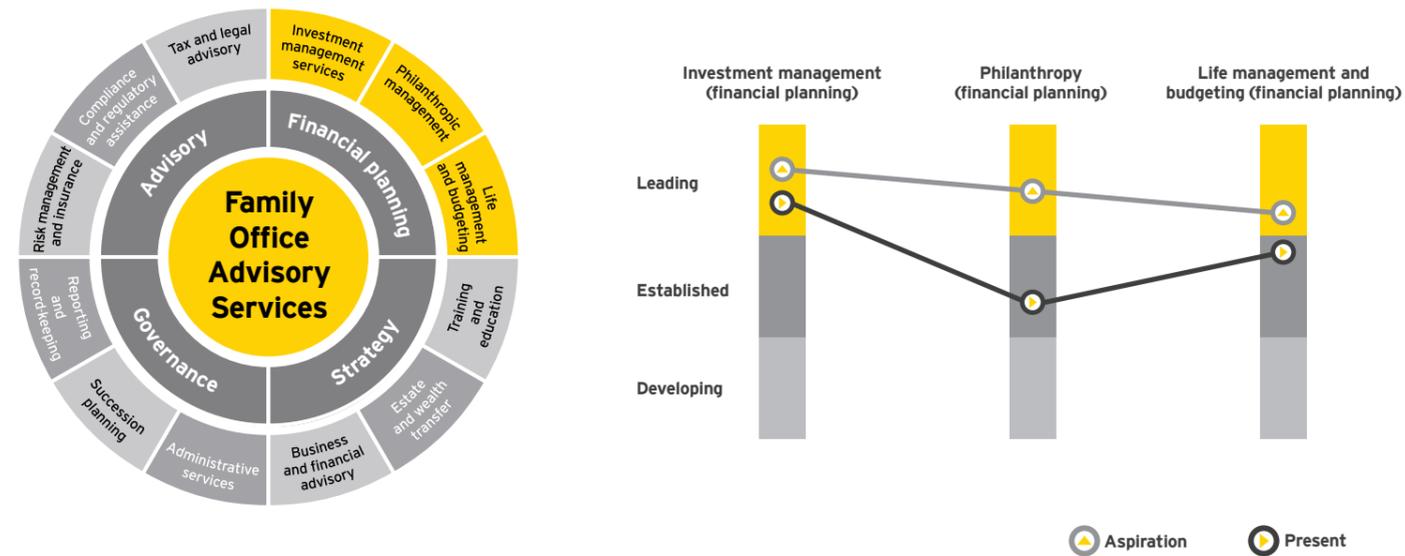
A philanthropy strategy can be approached with professionalism similar to the current investment management approach. A strategy aligned with the family's goals, plans, resourcing and monitoring should be developed. Next-generation involvement also is recommended.

Individual goal plans should align with the family office's strategy.



Deeper dive into specific services review

Our report then takes a deeper dive into the common service areas, providing details about the gap to help achieve your aspirations and recommendations to help support your office in closing this gap.



Investment management	Philanthropy	Life management and budgeting
<p>Aspirational gap: small</p> <p>Investment policy – the family office uses an investment policy that is benchmarked against the industry, and external advisors are used to support specializations, where required.</p> <p>Asset allocation and risk profiling – industry standards and investment policies should be maintained with reports provided to the investment committee.</p> <p>Investment committee – the advisory board also provides investment oversight and should continue reviews for adequacy.</p> <p>Independent monitoring – a management expense ratio should be maintained across the investment portfolio, and the reporting should be independently reviewed to provide segregation of duties and error checking.</p>	<p>Aspirational gap: medium</p> <p>Strategy – families that desire to be more involved in philanthropic pursuits will require a more structured approach, with assignment of family office roles and responsibilities.</p> <p>Investment corpus – the emphasis on management of the investment corpus should be consistent with the personal wealth, including a report for the associated grant makers.</p> <p>Impact giving – the family charter, strategic plan and regular monitoring should be aligned with the effectiveness and impact of giving.</p> <p>Next generation – the philanthropic strategy should be structured to include next-generation development and inclusion.</p>	<p>Aspirational gap: small</p> <p>Family goal plans – the family office CEO should meet with each family member to review individual plans and align them with the family office's strategy. Goal planning, mentoring and support should be embedded in regular management meetings.</p> <p>Personalized individual service – each family member is provided a bespoke responsibility to support the goals and aspirations; the responsibility is aligned with the family office's strategy.</p> <p>Cash flow – individual budgeting is monitored and is reported with the investment returns to provide prudential financial governance.</p> <p>Tax – annual budgeting, including tax planning, is part of the family office's financial budgeting process.</p>

Initiatives identified and strategic priorities

In a working session, we can take our initial findings and support your team by prioritizing the recommendations based on the impact they could make, as well as the ease of their implementation.



High impact and high urgency		Governance	Financial planning	Advisory	Strategy
2	Review family charter and assign responsibility for maintenance, align with family office strategic plan	X			X
3	Align annual strategic planning process with leading family office practice methodology	X			X
13	Balance family and business strategic planning goals so family goals are included in strategic planning process	X			
14	Update confidentiality policy and make certain nondisclosure agreement is provided to all advisors and review the register annually	X			
17	Create an estate planning working group, including advisory board member to maintain and sign off annually	X			
18	Discuss professional development plans for family and staff	X			
20	Create register of permanent documents and secured storage	X			
59	Include human capital philosophy and culture of training and education in family charter for family members and also staff supporting the family office				X
Low impact and low urgency		Governance	Financial planning	Advisory	Strategy
1	Complete family book	X			
8	Conduct periodic assessment of family office costs to support insourcing or outsourcing services	X			
24	Maintain a management expense ratio across all investment classes	X			
26	Manage philanthropic pursuits with same discipline as personal wealth		X		
30	Provide each family member with a personalized goal plan aligned with annual strategic plan of family office		X		
35	Provide a mind map of internal and external resources, roles and responsibilities, engagement letters and performance reviews; encourage collaboration and teaming; hold annual associated grant makers function			X	
41	Commence research and development of physical protection plan for family			X	
46	Leverage family office services across wider family group				X
57	Provide written guidance about trust distribution policies (consider health, education, maintenance and support)				X

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