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

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 how to do in-house, outsource or combine
   - 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
   - Understand the family’s core objectives and long-term goals and determine if additional efforts are needed
   - Assess initial governance structure; identify, contract and build out space
   - Chart processes, workflows and benchmarks
   - Develop framework for governance

3. Build
   - Define advisory services
   - For each service, define plan
   - Develop a detailed business plan
   - Write job descriptions and recruit candidates
   - Select technology platforms and evaluate data security
   - Initiate contracts for outsourced services
   - Identify, contract and build out space
   - Assess initial governance and determine if additional efforts are needed
   - Create policy and procedure manuals
   - Perform final review of processes

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
   - 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

Request an EY wavespace™ session to accelerate family office design.

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:

Robert (Bobby) A. Stover, Jr.
EY Americas Family Enterprise and Family Office Leader
Private Client Services
+1 214 969 8321
bobby.stover@ey.com
Robert (Bobby) Stover Jr. | LinkedIn

Paul McKibbin
Managing Director
Family Office Advisory Services
+1 215 448 5420
paul.mckibbin@ey.com
Paul McKibbin | LinkedIn

Catherine Fankhauser
Partner
Family Office Advisory Services
+1 212 665 5788
catherine.fankhauser@ey.com
Catherine Fankhauser | LinkedIn

Gio Maso
Managing Director
Family Office Advisory Services
+1 203 674 3033
gio.maso@ey.com
Gio Maso | LinkedIn

John Feiten
Senior Manager
Family Office Advisory Services
+1 312 879 4157
john.feiten@ey.com
John Feiten | LinkedIn

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US SCORE no. 12876-211US
2308-4318671
ED None

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