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The Family Office

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The following article was featured in the November 2017 edition of *Legacy*, the Vorys newsletter focused on wealth planning.

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The latest and growing trend for high net worth families involves the formation of a Family Office. Although there is no single definition of what constitutes a Family Office, the explosive growth in this space confirms the immense value that high net worth families are uncovering by exploring and establishing a Family Office to meet their family's needs, both today and in the future.

Family Offices are generally formed to provide a menu of services to members of a single family (a single family office) or members of several families (a multi-family office) on a centralized and coordinated basis. These high net worth families are discovering the benefits and efficiencies of pulling together trusted and competent advisors to provide services to multiple generations.

At the basic level, the services provided by a Family Office consist of investment management, estate planning, accounting and related legal services. As the family wealth grows, Family Offices frequently expand into complimentary areas such as family education and support with the family's philanthropic efforts. An increasingly important role being played by the Family Office involves protecting family members and the family's confidential information from cyber predators by engaging a single point of contact to handle protection.

The goals of a Family Office usually transcend simply providing access to essential investment and professional services. By having a centralized management structure for the family, the Family Office frequently assists the senior generation in instilling a desire of personal achievement in future generations and preparing family members for the responsibilities of family wealth, while avoiding the types of conflicts and negative experiences frequently associated with large inheritances.

Some Family Offices involve setting up a bricks and mortar location, with a full staff of advisors, computer networks, and the like. But in light of the high costs and complexities involved in forming and operating a full-scale Family Office, it is becoming increasingly common to organize the Family Office around a core group of advisors and/or family members, and have them team up with outside law and accounting firms to provide coordinated services to the family members. There is no one solution; Family Offices need to be designed around a family's specific needs while allowing flexibility to adapt to future changes in circumstances and needs.

In the fall of 2016, it was estimated that there were more than 10,000 single family offices worldwide, and the overwhelming majority of these were located in the United States. While Family Offices were historically the province of families with over \$250 million of investable wealth, today's world sees Family Offices being formed by families with investable assets of \$100 million and below.

A wealth of information has been developed to assist high net worth families in evaluating and designing a Family Office to meet their family's needs. With great wealth comes great responsibility, and the overriding goal is to have the family's wealth help, rather than hinder, future generations. If you would like to explore whether a Family Office is right for your situation, please contact your Vorys attorney for additional assistance.