

The Rise and Rise of the Family Office

by Dr Robb Musgrave

Although not well known in Australia, Family offices are nothing new.

John D. Rockefeller Sr. in the 1890s employed Frederick Gates to handle many of his personal investments, family-wealth issues and philanthropy. Since then family offices became more diversified, handling everything from investing and estate planning to managing a wide range of logistics and services for family members like arranging the family trip to Paris, hiring the maids, walking the dog and handling the banking, legal and accounting requirements of family members.

Family offices have traditionally been the exclusive purview of the super-rich. Because they are costly to run, family offices made economic sense only for households worth \$100 million or more with the major function being to manage the investments. Those worth less were better off using traditional wealth managers, such as private banks or trust companies, along with travel agents and household-staffing services.

Yet in recent years, as the number of multimillion-dollar households has risen, so has the demand for family offices. They have become more affordable to households worth less than \$100 million, as outsourcing and a few specialised family-office service companies have helped reduce the number of workers needed to run a multi-family (or multi-client) office.

Today, multi-family offices need to provide innovative and complete wealth management offerings to wealthy families, with the latest inclusion being a Legacy and Philanthropy Adviser to deliver a unique client experience and offer estate, charitable and asset protection planning advice and solutions to high and ultra high net worth families.

The Legacy adviser is primarily responsible for case analysis, case design and the provision of life-oriented advice to clients for their legacy and philanthropy needs. These include the identification of family values, development of discovery tools, training and education resources for relationship managers to aid in their interactions with clients, and for clients to enable them to understand their adviser's recommendations and to make informed decisions.

This requires an individual who understands wealth preservation and wealth transfer via estate planning, charitable planning, asset protection and tax planning. This individual must also understand the mindset of wealthy individuals and families, and the interplay of family dynamics and wealth.