

SECOND EDITION

THE COMPLETE

# FAMILY OFFICE

HANDBOOK

A GUIDE FOR  
AFFLUENT FAMILIES  
AND THE ADVISORS  
WHO SERVE THEM

KIRBY ROSPLOCK, PHD

with Foreword by James E. Hughes, Jr.

# Table of Contents

[Cover](#)

[Title Page](#)

[Copyright](#)

[Dedication](#)

[Foreword](#)

[Preface](#)

[Acknowledgments](#)

[CHAPTER 1: Introduction to the Family Office](#)

[A Macro View of Global Wealth](#)

[Billionaire Update](#)

[How Much Do I Really Need to Fund a Family Office?](#)

[Purpose and Definition of the Family Office](#)

[Historical Background of the Family Office](#)

[Key Roles of the Family Office](#)

[Family Office Orientation to Family, Strategy, and Operations](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[CHAPTER 2: Family Office Evolution: Inceptions and Archetypes](#)

[Inception of a Family Office](#)

[Scale: How Much Is Enough?](#)

[Impact of the Family Business on the Family Office](#)

[Attractions and Challenges with Embedded Family Offices](#)

[Separating the Family Office from the Family Business](#)

[Sudden Wealth](#)

[The Investment-Focused Family Office](#)

[Family Offices Through the Back Door](#)

[Family Business Exit and Liquidity Event](#)

[Family Office Archetypes](#)

[Mathile Case Study](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[CHAPTER 3: Comparing Family Office Solutions: Multi- and Single-Family Offices](#)

[Trends in the Family Office Landscape](#)

[Determining Family Wealth Management Needs](#)

[Why the Single-Family Office Solution?](#)

[Why the Multi-Family Office Solution?](#)

[Questions to Ask During the Evaluation Process](#)

[Pathways to Selecting a Multi-Family Office](#)

[Godspeed Case Study](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[CHAPTER 4: Family Values, Mission, and Vision and the Family Office](#)

[Introduction to Values](#)

[The Process of Exploring Values](#)

[Values Statement](#)

[Mission Statement](#)

[Values, Mission, and the Family Office](#)

[The Importance of Vision](#)

[Elements for Successful Family Office Visioning](#)  
[Building Your Family Office Vision](#)

[Pitcairn Family Case Study](#)

[Five Steps to Creating a Family Vision](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

## [CHAPTER 5: Establishing and Structuring of Family Offices](#)

[Case in Point](#)

[Question 1: What Legal Form Should the Family Office Take?](#)

[Question 2: Who Should Pay for Establishing and Operating the Family Office?](#)

[Question 3: Who Should Own the Family Office and How?](#)

[Question 4: Who Should Manage the Family Office and How?](#)

[Question 5: How Are Family Offices Structured to Optimize Tax Efficiency?](#)

[Question 6: Can a Family Office Be Structured to Manage Risk?](#)

[Question 7: What Is the Process of Establishing and Structuring a Family Office?](#)

[Conclusion and Final Thoughts](#)

## [CHAPTER 6: Strategic Planning for the Family Office](#)

[Creating a Family Office Strategic Plan](#)

[The Family Capital Review](#)

[The Advisor Network Review](#)

[The Estate Plan Review](#)

[Mapping and Summarizing Legal Entities](#)

[Family Office Stress Tests](#)

[Risk and Insurance Management Considerations](#)

[Overview of Capital Sufficiency Analysis](#)

[Key Takeaways](#)

[Conclusion and Final Thoughts](#)

## [CHAPTER 7: Legal and Compliance Standards and Practices for Family Offices](#)

[Regulations Affecting Family Offices: Dodd-Frank Act](#)

[The Single-Family Office Exemption](#)

[Clients of the Family Office May Need to Report Beneficial Ownership of Securities of Publicly Reporting Companies](#)

[Clients of the Family Office May Need to Report Beneficial Ownership as Insiders of Publicly Reporting Companies](#)

[Are You an Institutional Investment Manager? \(The Answer May Surprise You.\)](#)

[Are You a Large Trader?](#)

[The SEC Gets Personal About Insider Trading Compliance Policies](#)

[Document Retention Policies](#)

[The Compliance Function: In-House Versus Outsourced](#)

[Special Issues for Family Offices When Considering Regulatory Requirements](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

## [CHAPTER 8: Investment Management and the Family Office](#)

[Family Office Investment Management](#)

[Concentration](#)

[Measuring Success](#)

[Lifestyle and Legacy](#)

[Time Horizon](#)

[Hurdles to Growing Wealth](#)

[Family Office Investing: Paradigm Shift](#)

[The Investment Process in a Family Office](#)

[Investment Committee](#)

[Strategic and Tactical Asset Allocation, Manager Selection, and Investment Monitoring](#)

[CIO Function: In-House Versus Outsourced](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[CHAPTER 9: Family Office Operations and Information Technology](#)

[Family Needs Drive Family Office Systems](#)

[Assessing Operational Complexity](#)

[Operations Lens to Insourcing Versus Outsourcing](#)

[Technology Considerations: Buy or Build](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[CHAPTER 10: Family Office Talent, Compensation, and Recruitment](#)

[Introduction](#)

[Family Office Staffing](#)

[Compensation](#)

[Methods for Determining Annual Incentives](#)

[Managing Family Office Talent](#)



[Family or Non-Family at the Helm](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[CHAPTER 11: Governance Issues for the Family Office](#)

[Governance Issues for the Family Office Itself](#)

[Governance for the Family Itself](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[CHAPTER 12: Family Education and the Family Office](#)

[Stewardship of Wealth](#)

[Psychology of Wealth and Child Development](#)

[Elsa's Story](#)

[Overcoming Communication Challenges](#)

[Clear Expectations and the Power of Inherited Wealth](#)

[Inspiring Entrepreneurship and the Next Generation](#)

[The Power, Influence, and Inspiration of Mentors](#)

[Creating a Family Education Plan](#)

[Conclusion and Final Thoughts](#)

[CHAPTER 13: Family Entrepreneurship and the Family Bank](#)

[What Is a Family Bank?](#)

[Two Mindsets to Your Family Bank](#)

[Establishing and Funding a Family Bank](#)

[Five Principles for Family Banks](#)

[Mini-Case Study: Intra-Family Financing of New Family Businesses](#)

[Organizing a Family Bank](#)

[Evolution of Family Banks: From Simple to Complex](#)

[Good Governance: Family Bank Boards,  
Committees, and Trustees](#)

[Limitations of Trusts](#)

[The Role of the Family Office](#)

[The Role of Outside Experts](#)

[Tax and Legal Considerations of Family Banks](#)

[The Anderson Family Case Study](#)

[Conclusion and Final Thoughts](#)

[CHAPTER 14: Legacy, Philanthropy, and Impact  
Investing](#)

[Introduction to Legacy](#)

[A Generational Lens to Legacy](#)

[Defining Legacy](#)

[Philanthropy, Impact, and Sustainable Investing](#)

[The Family Office Supporting Family Philanthropy](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[CHAPTER 15: Private Trust Companies: Creating the  
Ideal Trustee](#)

[The Broader View](#)

[Steps to Creating a PTC](#)

[Achieving Success in a PTC: Setting Priorities](#)

[Conclusion and Final Thoughts](#)

[Notes](#)

[Appendix A: Family Office Complexity Assessment](#)

[Appendix B: Family Office Technology Segments](#)

[About the Author](#)

[About the Contributors](#)



[Index](#)

[End User License Agreement](#)

## List of Tables

Chapter 1

[TABLE 1.1 World by Wealth Tier](#)

Chapter 9

[TABLE 9.1 Insourcing Versus Outsourcing the Family Office Operations](#)

Chapter 11

[TABLE 11.1 Family Practices by Generation](#)

## List of Illustrations

Chapter 1

[FIGURE 1.1 World by Wealth Tier](#)

[FIGURE 1.2 Percentage of Change of Billionaires by Wealth Tier](#)

[FIGURE 1.3 The Many Hats of the Family Office](#)

[FIGURE 1.4 Family Office Functions](#)

Chapter 2

[FIGURE 2.1 Family Office Archetypes](#)

[FIGURE 2.2 Strategic Planning Cycle](#)

Chapter 3

[FIGURE 3.1 SWOT Analysis for the Single-Family Office](#)

[FIGURE 3.2 SWOT Analysis for a Multi-Family Office](#)

[FIGURE 3.3 Checklist of MFO Criteria](#)

[FIGURE 3.4 MFO Search Process](#)

## Chapter 4

[FIGURE 4.1 Family Values Discussion Aid](#)

## Chapter 5

[FIGURE 5.1 A Family Enterprise](#)

[FIGURE 5.2 Investor Family Office Structure](#)

[FIGURE 5.3 Corporate Style Family Office Structure](#)

## Chapter 6

[FIGURE 6.1 Family Office Strategic Planning Interface](#)

[FIGURE 6.3 Sample Genogram](#)

[FIGURE 6.5 Sample Estate Plan Flow Chart](#)

[FIGURE 6.6 Major Life Events](#)

[FIGURE 6.7 Lessons from Wealth by Generation](#)

[FIGURE 6.8 Family Office Risks and Insurance Areas](#)

[FIGURE 6.9 Family Risk Map](#)

[FIGURE 6.10 Family Insurance Program](#)

[FIGURE 6.13 Projected Confidence Levels for 1,000 Trials for the SFO—Standar...](#)

[FIGURE 6.14 Projected Confidence Levels for 1,000 Trials for the MFO—Standar...](#)

## Chapter 7

[FIGURE 7.1 Smith Family Office Structure](#)

[FIGURE 7.2 SEC Final Rules on Family Offices—  
June 2011](#)

## Chapter 8

[FIGURE 8.1 Lifestyle Versus Legacy Investment  
Goals](#)

[FIGURE 8.2 Scorecard Sample](#)

[FIGURE 8.3 Family Investment Governance  
Models<sup>26</sup>](#)

[FIGURE 8.6 Inhouse Versus Outsourced Investment  
Related Family Office Servic...](#)

## Chapter 9

[FIGURE 9.1 Complexity Graph](#)

[FIGURE 9.2 Reporting Flowchart](#)

[FIGURE 9.3 Family Office Feedback Loop](#)

## Chapter 10

[FIGURE 10.1 Family Office Orientation](#)

[FIGURE 10.2 Sample Single-Family Office  
Organizational Chart](#)

## Chapter 11

[FIGURE 11.1 Evolving Family Governance  
Practices Over Generations](#)

[FIGURE 11.2 Kettering Family Values and  
Principles](#)

## Chapter 12

[FIGURE 12.1 Maslow's Hierarchy of Needs](#)

[FIGURE 12.2 Custom Family Learning Path](#)

[FIGURE 12.3 Sibling Cohort Accomplishments](#)

[FIGURE 12.4 Wealth over Generations](#)

[FIGURE 12.5 Education Plan Mapping](#)

## Chapter 13

[FIGURE 13.1 Family Bank Established as a Private Trust Company, Trust or LLC...](#)

[FIGURE 13.2 Family Bank LLC Inside of a Family Trust](#)

## Chapter 14

[FIGURE 14.1 Valuables Versus Values](#)

[FIGURE 14.2 Relationships Among Family, Family Office, Giving, and Community...](#)

## Chapter 15

[FIGURE 15.1 Example of Private Trust Company Governance Structure](#)Source: © 2...

“This second edition handbook by Dr. Kirby Rosplock is a true gift to our family wealth community. Before her first edition, there was hardly any book we could recommend to those searching for answers. With the advent of this new benchmark, private families and their advisors searching for an integrated guide on family offices need look no further. I continue to highly recommend this thoughtful resource, as private families deserve more clarity and guidance.”

—**Thomas R. Livergood**, *CEO, The Family Wealth Alliance; Founder, Bespoke Advocate*

“Few institutions are changing as fast as family offices. As the global community is transformed and as enterprising families want to do more than shelter their wealth, their concerns for the future lead them to gather and define multiple financial and non-financial activities they want to pursue. The first edition was a treasure of information but in response to the vast changes taking place every day, a second edition adds even greater value by sniffing out the vast shifts that are occurring. This new edition is actually a new piece of work that should take its place beside the first edition as a more current view of practices that are more than just reactions to global change; they are defining the nature of the new global community that is continually being remade.”

—**Dennis Jaffe**, PhD, consultant; advisor; author,  
Borrowed from *Your Grandchildren: The Evolution of 100-Year Family Enterprises*; *Cross Cultures: How Global Families Negotiate Change Across Generations*; *Stewardship in Your Family Enterprise: Developing Responsible Family Leadership Across Generations*; and *Working with the Ones You Love: Conflict Resolution & Problem Solving Strategies for a Successful Business*

“*The Complete Family Office Handbook* provides readers with tactical guidance, serving as a ‘how-to’ both for families looking into creating an office as well as those evaluating the wealth management structures they have in place. Kirby's willingness to go into detail and her use of case examples demonstrate that while every family office is unique, the factors that go into operational decisions tend to have similarities across different families.”

—**Rebekah L. Kohmescher**, CFP®, CPA, CEO, Altair Advisers, LLC

“If you are one of the many executives and family members who bought *The Complete Family Office Handbook* upon my insistence, head back out and get this second edition, as it is probably time to reexamine how your office has (or hasn't) evolved with the family. For those looking to build a new office, this second edition is even more powerful than the first. With expanded content, sharper insights, and more robust examples, it sets the nuanced context, which family members and executives alike need, to make wise decisions capable of aligning the office and the family.”

—**Jim Coutré**, *family office and philanthropy professional*

“Kirby Rosplock has written a book that will become an essential reference for families wishing to establish a long-term strategy for building an enduring legacy across generations. It helps to unwrap the mysteries of the family office and provides an invaluable guide, containing a wealth of cutting-edge information and insights. It is a comprehensive toolkit for any family embarking on the journey of establishing a family office and for executives who operate—or aspire to operate—within a family office.”

—**Dominic Samuelson**, *CEO, Campden Wealth*



“With thoughtfulness and clarity, Kirby Rosplock has brought to life the important questions to ask and steps to follow in creating and effectively governing a family office. Wealth owners, and their advisors, will gain insight into why long-term success depends on the ability to clarify shared values, vision, and purpose, at each generation, and how to dive into those challenging conversations.”

—**Anne Hargrave**, *consultant and coach to organizations, family businesses, and families of wealth*

“A comprehensive body of work that serves as an immediately useful tool to help families through the uncharted waters of family office formation and operation. As families struggle to find meaning beyond financial wealth, Dr. Rosplock's book addresses the business, family, and philanthropic legacy that family offices can provide. The second edition of *The Complete Family Office Handbook* will be an indispensable tool sitting on the top shelf of your desk. Immensely helpful. “

—**Preston Root**, *Root Glass Company*

“My 2014 copy is full of Post-it notes. *The Complete Family Office Handbook* is current, independent, comprehensive, and compelling. Rosplock's second edition has distilled the wisdom and guidance of all the major experts in the family office world and made it easy to read. I feel comfortable handing this book to CIOs and nonfinancial people alike. She summarizes big issues with great aplomb and catches the important details. A definitive handbook.”

—**Joseph Reilly**, *family office consultant*

# **THE COMPLETE FAMILY OFFICE HANDBOOK**

**A Guide for Affluent Families and the  
Advisors Who Serve Them**

**SECOND EDITION**

**Kirby Rosplock, PhD**

**WILEY**

Copyright © 2021 by Kirby Rosplock. All rights reserved.

Published by John Wiley & Sons, Inc., Hoboken, New Jersey.  
Published simultaneously in Canada.

This book is the second edition and presents research and insights of the family office marketplace gleaned from working independently with clients and families. Not all information and experiences herein may apply, and the views and professional opinions and experiences of the authors and contributors, individuals and family office advisors, should use these opinions and experiences as guideposts and not as hard and fast rules. There are many exceptions to the cases and advisement presented in this book, and each family should work with their team of qualified experts, accountants, and legal advisors to determine the best course of action(s) appropriate to their specific situation(s).

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning, or otherwise, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without either the prior written permission of the Publisher, or authorization through payment of the appropriate per-copy fee to the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923, (978) 750-8400, fax (978) 646-8600, or on the Web at [www.copyright.com](http://www.copyright.com). Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at [www.wiley.com/go/permissions](http://www.wiley.com/go/permissions).

**Limit of Liability/Disclaimer of Warranty:** While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by sales representatives or written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

For general information on our other products and services or for technical support, please contact our Customer Care Department within the United States at (800) 762-2974, outside the United States at (317) 572-3993, or fax (317) 572-4002.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media such as a CD or DVD that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit [www.wiley.com](http://www.wiley.com).

***Library of Congress Cataloging-in-Publication Data is Available:***

ISBN 978-1-119-69400-7 (Hardcover)

ISBN 978-1-119-69409-0 (ePDF)

ISBN 978-1-119-69407-6 (ePub)

Cover image: © Alexandre Olive/Shutterstock

Cover design: Wiley

*This book is dedicated to my family, the families involved in writing the book, and families who are seeking clarity on how to preserve, promote, and sustain family wealth.*

## Foreword

A wise woman once told me, “Jay, the only reason to have resources is so I can have services.”

Kirby Rosplock has provided us with a handbook that comprehensively describes the services, both qualitative and quantitative, that family offices of various types can provide to families with resources. A “handbook” is defined by *Webster's Third International Dictionary* as “a concise reference book covering a particular subject or field of knowledge—a manual.” Kirby's book is just such a concise reference manual to the field of family office services.

What is the purpose of services provided to families by family offices, regardless of whether the family office is a single-family or multi-family office? The purpose is the removal of obstacles to an individual family member's ability to integrate and use resources normally created by a previous generation of his or her family, toward that individual's greater freedom, thriving, and flourishing. These obstacles, if not removed, may not only lead to the failure to flourish of those individuals, but to the risk of entropy—entropy as entitlement, dependence, and remittance addiction—that leads to the entire families' system failing. These obstacles then become a detriment not only to the dynamic preservation of the individual's and the entire families' financial capital, but, much more importantly, obstacles to the growth of their human, intellectual, social, and spiritual capital.

As Kirby describes, these four capitals require services that are qualitative and substantially more complex to provide than those that serve families' quantitative needs. She makes clear that distinctions between service providers

frequently lie along the divide between services that are purely quantitative and those single-family and multi-family offices that offer qualitative services as well.

In my opinion, this distinction is of great importance to a family's success in obtaining the family office services it needs to overcome the obstacles or, one may say, the "risks" to their family that entropy poses.

All of us who serve families seeking to avoid the suffering decreed for a family by the universal cultural proverb "shirt sleeves to shirt sleeves in three generations," in its many iterations, are in Kirby's debt for giving us a concise understanding of the services available to us and to the families we serve. This understanding will assist us to help these families avoid the proverb's sad forecast and the suffering it represents as the bonds of family rupture. How much better to find and use the quantitative and, more importantly, qualitative services a family office offers to help families flourish for many generations through the enhancing of each family member's journey of happiness!

Thanks, Kirby.

James (Jay) E. Hughes, Jr.



## Preface

If you are reading this book, you are likely in one of three camps: you are an individual considering the possibility of building or joining a family office, you're an individual with an existing family office and looking for ideas of how to enhance or transform it, or you may be a professional working in wealth management or advising enterprising families who is looking for leading-edge resources to better serve your clients. Whichever category you find yourself in, this second edition book provides you with current knowledge, research, and cutting-edge approaches from thought leaders in the family office industry and gives you real-life examples and experiences to guide you as you envision, plan, and develop your family office. But, before you turn further in the book, you may find it helpful to understand that this book is geared to the *family owners and their offspring*, first and foremost; however, wealth advisors and other professionals may find the commentary and recommendations useful to apply with their families as well.

The first edition of *The Complete Family Office Handbook* was released by Wiley in 2014. Jay Hughes, Jr., who provided the Foreword, and I had conversations to the lack of practical information about how a family office operates, the services it provides, how it is managed, and why they exist in the first place. I never thought I would be the one to try and codify such a massive body of knowledge, but perhaps my curiosity or my hope to solve for similar issues in my own family was the catalyst. Thankfully, the support and wisdom from so many exceptional family office executives and families inspired my drive and determination to see this through to fruition. Our family

office consulting firm, Tamarind Partners, Inc. ([www.TamarindPartners.com](http://www.TamarindPartners.com)), has been working closely with many notable family offices to carry on the research, knowledge, and advice provided in the first edition.

Fast-forward to 2020, a year that will be forever marked by the worldwide pandemic. Revising the book during a global crisis provides a lot of perspective to consider the permanency of the family office construct as well as how to make it disruption-ready. Yet, this journey to write this second edition book is also deeply personal. As a family member, owner, board member, and a co-trustee of a family foundation, much of the content in this book is germane to me and my family. Since writing the first edition, I experienced a lot of change and witnessed how quickly the family office landscape adapts with new technology, AI, better security, cybersecurity, and new policies and procedures. The second edition also reveals new insights gleaned from working to bridge generational knowledge gaps on the family education front. Tamarind Learning ([www.TamarindLearning.com](http://www.TamarindLearning.com)), an education learning solution for families, their offspring, and advisors, was launched in 2019 to solve the learning gap and provide learning paths that are flexible and customizable.

Spending nearly two decades researching and writing in the family business and family office universe, the second edition that follows is a combination of more than 80 interviews with family office executives, family office owners, industry leaders, and family members. Additionally, I reviewed hundreds of articles, books, and research reports and collected data from families in the United States, to Europe, the United Kingdom, the Middle East, Asia, and Australia. Yet, the more I learned along this journey, the more I realized how much there is to learn. As a result, I collaborated with leading attorneys, from Withers Bergman LLP and Kozusko Harris Duncan LLP,

independent advisors around governance, family banks, entrepreneurship, family office operations, and information technology. This book provides their wisdom, many years of experience, and thoughtfulness to the important and distinguishable needs of the family office client.

The *Handbook* is laid out in a chronological order. [Chapter 1](#) introduces the family office concept, its purpose and definition, as well as key roles of the family office; [Chapter 2](#) overviews the family office evolution from inception and highlights key archetypes; [Chapter 3](#) compares the multi- and single-family office solutions; [Chapter 4](#) discusses a family's values and how to create a family office mission and vision statement. [Chapters 5](#) and [7](#) are written by prominent attorneys at Withers Bergman LLP. [Chapter 5](#) provides guidance on family office formation and the legal structuring of a family office. [Chapter 6](#) shares strategic planning considerations, capital sufficiency analysis, and the importance of reviewing the family office fact pattern on topics including estate, financial, wealth transfer, and insurance planning. [Chapter 7](#) clarifies the legal, fiduciary, and compliance requirements for a successful family office today. [Chapter 8](#) reviews the investment management approach of the family office. This chapter discusses investment concentration, measuring success, time horizon, and the investment governance including investment objectives, policies, and committees. [Chapter 9](#), co-authored by two family office experts, discusses family office IT and operations considerations. This chapter offers advancements and best practices in information technology, operations, and risk management to enhance your family office's performance. [Chapter 10](#) expands on family office talent management, best practices with hiring talent, incentivizing, managing, and retaining key employees, compensation, and performance management. [Chapter 11](#), which is co-authored with a leading family office

governance expert, discusses family governance, succession planning, and the role of boards, hallmarks of good governance, and applications and process to set up governance. [Chapters 12](#) sheds light on new thinking for family education and the family office, stewardship, psychology of wealth and developing an education plan. [Chapter 13](#), which is co-authored with a leading family bank expert, provides insights to the setup, structuring, and planning to create a family bank and the use of intra-family loans to inspire the next generation wealth holder. [Chapter 14](#) expands and includes discussion on legacy, philanthropy, and impact investing and the family office. Finally, [Chapter 15](#) of the book concludes with a new chapter from leading attorneys from the law firm Kozusko Harris Duncan. The book provides fresh new cases with updated insights to the various attributes of the family office and gives research to the inner workings of some leading family offices. To learn more about Tamarind Partners, Inc. or Tamarind Learning, please visit our websites [www.TamarindPartners.com](http://www.TamarindPartners.com) or [www.TamarindLearning.com](http://www.TamarindLearning.com).

# Acknowledgments

This book took a village to write and there are many to thank for their support, wisdom, time, introductions, and professional experiences. First to the families and family offices who shared their personal stories—this book is only possible because of your trust. Thank you to my family and especially my husband, John, who provided constant support and encouragement and contributed to [Chapter 9](#). Thank you to Jay Hughes for giving me the courage to take on this task and being an inspiration, advocate, and mentor.

My deepest appreciation for the wisdom and knowledge shared by (in first-name alphabetical order) Abby Raphael, Alex Scott, Allan Zachariah, Amy Braden, Angelo Robles, Ann Kinkade, Anna Nichols, Anne Ethridge, Annette Rahael, Barb Quasius, Barbara Hauser, Benjamin Kinnard, Bill Thomas, Bill Woodson, Bob Casey, Bruce Arella, Carolyn Friend and Jamie Weiner, Carly Doshi, Chad Harbeck, Charles F. Kettering, III, Charlotte Beyer, Chelsea Cannon, Chelsea Toler-Hoffmann, Chris Battifarano, Chris Cincera, Cricket Harbeck, Christin McClave, Christina Burroughs, Claudia Sangster, Clay Mathile, Dan Berg, Daniel Goldstein, Daniel Gottlieb, David Friedman, David Toth, Daisy Medici, David Friedman, David Guin, David Martin, David Lincoln, Dennis Jaffe, Dennis Kessler, Denny Charad, Dianne H.B. Welsh, Dirk Junge, Dominic Samuelson, Don Kozusko, Doug Borths, Doug Dubiel, Drew Mendoza, Ellen Miley Perry, Edouard Thijssen, Edward Marshall, Elizabeth Minkin, Euclid Walker, Fran Lotery, Fredda Herz Brown, Grant Kettering, Greg Curtis, Gregory T. Rogers, Gunther Weil, Hania Hammoud, Hartley Goldstone, Howard Cooper, Ian D'Souza, Iñigo Susaeta Córdoba, Iris Wagner, Ivan Sacks, Jack Parham, Jason Born,

James A. Grubman, James E. Hughes, Jr., Jane Flanagan, Jay Totten, Jean Brunel, Jean Case, Jean B. Harbeck, Jennifer Barber, Jennifer Kenning, Jesus Casado, Jim Coutr , Jim Greer, Joanie Bronfman, Joe Calabrese, John A. Warnick, John Benevides, John Carroll, John Davis, John and Eileen Gallo, John Rau, Joline Godfrey, Josh Kanter, Joe Lonsdale, Joni Fedders, Juan Luis Segurado, Juan Meyer, Juan Roure, Judy Green, Julie Zorn, Justin Zamparelli, Karen Neal, Kathryn McCarthy, Kay Berglund, Keith Lender, Keith Whitaker, Kelly Atkins, Kent Lawson, Kevin Morrissey, Kit Johnson, Laurent Roux, Lee Hausner, Linda Bourn, Liesel Pritzker Simmons and Ian Simmons, Linda Mack, Lisa Niemeier, Lisa Ryan, Lyat Eyal, Maria Elena Lagomasino, Mark Haynes Daniell, Martin Whittaker, Mark Tice, Matt DaCosta, Matt Walker, Maya Imberg, Michael Black, Michael Sallas, Miles Padgett, Mindy Kalinowski Earley, Mindy Rosenthal, MJ Rankin, Mykolas Rambus, Nava Michael Tsabaris, Nazneen Kanga, Norman Smorgon, Olivia Dell, Olivier Richoufftz, Patricia Angus, Patricia Cole, Paul Cameron, Paul McKibben, Paul Westall, Peter Carney, Phil Strassler, Preston Root, Preston Tsao, Rachel Gerrol, Ralph Wyman, Ray Maas, Rebecca Gooch, Rebecca Oertell, Reuben Vardanyan, Richard Arzania, Rino Schena, Richard Milroy, Richard Sauer, Rick Fogg, Rick Stone, Robert Kaufold, Robert Danzig, Robin Satyshur, Ron and Marty Cordes, Ryan Eisenman, Santiago Ulloa, Sara Hamilton, Sean Davis, Sebastian Lyle, Stephanie and Eric Stephenson, Stephen Campbell, Stephen Prozano, Steven Hoch, Steve Legler, Steven Weinstein, Steven Hirth, Susan Massenzio, Susan Remmer Ryzewic, Tayyab Mohamed, Thomas J. Handler, Esq., Thomas Mahoney, Tom Livergood, Tom McCullough, Thayer Willis, Tim Brown, Trish Botoff, Ulrich Burkhard, Victoria Vysotina, Vahe Vartanian, Warner King Babcock, Wayne Osborne, Wendy Spires, Wendy Craft, Will Froelich, William Kambas, and Zipi Shperling.

# CHAPTER 1

## Introduction to the Family Office

Kirby Rosplock, PhD

Family offices serve a vast array of functions for a family and their wealth. Those family office functions are commonly bespoke to the needs of the specific family for whom they were designed; therefore, when asked about the definition of what a *family office* is, the answers often vary from person to person. Generally speaking, family offices are designed to prepare family members to collectively manage, sustain, and grow their wealth across multiple generations. Family offices can aid families in managing the numerous risks that accompany affluence. In addition to offering a potentially wide array of services, such as tax, fiduciary, and compliance needs; investment management, risk management, estate planning, and trust administration; philanthropic advisement, financial education programs for family members; and family governance and wealth-transfer planning, the family office ideally has a higher purpose to bridge generations in order to create continuity and cohesion for families around their wealth.

The last decade has featured disruptive turbulence in financial markets, impressive technological and medical advancements, and dramatic shifts in the global landscape. Family offices need to respond to these changes with equally dramatic adaptations if they are to remain relevant and effective. For example, in 1918, the average human life expectancy was roughly 39 years.<sup>1</sup> One hundred years later, the average expectancy was 80.3,<sup>2</sup> and current statistics indicate that approximately 500,000 people around the globe are aged 100 or older. Moreover, the 100-plus population is predicted to almost double with each coming decade.<sup>3</sup> Increases in human longevity mean that family offices, which once operated on the assumption of needing to survive 100 years, now need to plan on surviving 500 years and manage the multiple intergenerational wealth transfers and leadership transitions associated with this kind of longevity. Low-return



financial market environments inject additional complexities, requiring that family offices and their staff members develop additional strategies, competencies, and skill sets to support the achievement of the family's multiple objectives. Thus, the aim of this volume is to construct a futurist lens of the family office: Rather than focusing primarily on concerns of luxury, buying, and traditional investing, we propose the 500-year view of the family office and introduce the leading-edge perspectives and practices for how family offices and their staff members can support the coming ultra-lifespan of the families they serve.

This second edition updates the first book that demystified the concept of the family office and clarified who should consider starting their own single-family office or joining a multi-family office. The second edition provides context, updates, and improvements to inform family office setup, structure, and design as owners more clearly define their family office's overarching purpose and vision. This book provides expanded coverage regarding the types of family offices in existence, along with who owns them and pays for them, and what services may be rendered by the offices. This guide is designed to be a useful tool for affluent families, individuals, and philanthropists, as well as for practitioners and industry professionals, as it outlines the important functions family offices may render today and for the generations of family members yet to be born.

In this chapter, we review the macro futurist trends in global wealth to provide context for understanding the basis, purpose, and definition of the family office. We then consider the family office's historical roots in Western economies, which is grounded in the growth and proliferation of family enterprise. The roles the family office plays regarding its client families are then discussed.

## **A Macro View of Global Wealth**

Given that family offices exist to help families sustain and grow their wealth and successfully navigate the various risks that come with that endeavor, measuring affluence and understanding affluent families are important first steps. Yet, there is an art and a science to assess affluence, which begins with defining how