

# Structuring Your Family Office

## Evaluating What You Need and How to Achieve It

Powerful custody, accounting and outsourcing services for family offices, investment managers and trust companies



STATE STREET®

Investment Management

Investment Research and Trading

Investment Servicing

# Structuring Your Family Office

## Discussion Topics for Today

**What are the important trends to consider?**

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**What type of multi family office do I want to be?**

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**What components do I need to consider?**

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**What are my options for implementing those components?**

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**What are the benefits of in-sourcing versus outsourcing those components?**

## Current Industry Trends

- Economic
  - Conflict free business model
  - Revenues still down, fixed costs stay the same
  - Interest rates remain low
  - Risk is on the forefront of everyone's mind
- Regulatory
  - Oversight for SFOs
  - “The Custody Rule” for advisors
  - Gift/Estate Tax
  - Families desire for improved oversight
- Competitive Landscape
  - MFO consolidation
  - SFOs partnering with MFOs
  - SFO disaggregation
  - RIA's considering broadening their scope of services
  - Institutional Managers entering SFO/MFO space

## Current Industry Trends, continued

- **Outsourcing**
  - Greater acceptance of outsourcing
  - Greater array of options available
  - Firms are reassessing their core vs. non-core functions
  - Tailored solutions are required
- **Technology**
  - More vendors focused on the family office marketplace
  - Greater acceptance of outsourcing as a potential alternative
  - Comprehensive or modular models
  - Evolution of Software as a service (SaaS)
  - Data aggregation options grow
  - Superior reporting remains very important
  - eMobility
- **Staffing**
  - Sustainability
  - Expertise
  - Cost
- **Client Service**
  - High touch service remains important requirement
  - Improved focus on “value” activities
  - Guidance about risk/security concerns is growing

## What type of family office do I want to be?

- Top Down Approach
  - Knowing who you want to be is key to getting there
  - Mission Statement
  - Branding/Value Proposition
- Registration/Legal Entity
  - RIA
  - Trust Charter
- Services to offer
  - Needs of the marketplace
  - Capabilities of the firm
- Other Considerations
  - Governance
  - Fee arrangement

## Common MFO Services

- Investment Management
- Liquidity Planning
- Master Custody
- Consolidated Reporting
- Financial and Estate Planning
- Tax Planning and Reporting
- Compliance
- Partnership Accounting
- Trustee Services and Trust Management
- Billing and Bill Pay
- On line Statements and Document Vault
- Charitable Counseling
- Family Advisory Business
- Domestic Household Staffing
- Foundation Consulting
- Family Relationships and Education
- Aircraft Management
- Art Advisory
- Security and Insurance
- Concierge Services



# What do I need to consider?

- Operations
  - Tasks and Workflows
    - What do I offer and how?
    - Analysis of outsourcing versus in-sourcing
  - Staffing considerations
    - What are the skills required?
    - Existing staff evaluation, if applicable
    - Building a bench
    - Continual knowledge and education
  - Documentation
    - Policies and Procedures
    - Controls
    - Training

## What else do I need to consider?

- Technology
  - Assess your technology personality
    - Command and Control
    - Comfort with outsourcing
    - Internal Capabilities
    - Anticipate future/growth
      - Global, multicurrency, alternatives, third party managers/platforms
      - Amount of new business expected
  - Approaches
    - Bundled solution vs. best of breed solutions
    - In-sourcing versus outsourcing



# Factors that drive technology decisions

- **Business Model**

- Regulatory framework
- Services offered
- Single office vs. multiple locations

- **Operations**

- Resources and talent
- Outsourcing
- Scale
- Multiple custodians

- **Investment Approach**

- Direct investing
- Manager of Managers
- UMA Platform Integration
- Complex/Alternative Investments
- International

- **Client Interaction**

- Customization
- Reporting
- Web

## Closing Comments

- Consider the trends
- Top down approach
- Strategy is important to help guide direction
- Analysis of the details and execution is equally important
- Choose the right partners

- **About State Street Wealth Manager Services**

With \$16.4 trillion in assets under custody and administration, and \$1.6 trillion in assets under management, State Street is one of the world's leading providers of financial services to institutional and wealth management investors.

Our dedicated Wealth Manager Services group delivers outsourcing and investment servicing solutions for registered investment advisors, wealth managers, trust companies and banks, private wealth management firms, and single- and multi-family offices. Our customers benefit from the in-depth market expertise, dedicated service and flexible solutions of a boutique firm with the scale and breadth of a global financial services institution.

## Speaker Biography

### **Paul Amaral**

#### **Vice President, State Street Wealth Manager Services**

Paul Amaral has 16 years of Financial Services experience with State Street. He began his career in Institutional Operations within the Mutual Funds division working with and eventually heading up several teams. He expanded his knowledge base by heading up the offshore custody team within his unit and servicing foreign custodians in the capacity as a US sub custodian.

From Operations, Paul joined the Business Project Services division to serve as a business analyst for a proprietary straight-through processing system developed by State Street and rolled out to all of the Mutual Fund divisions around the world.

He joined Wealth Manager Services in 2002 and was a founding member of the Project Office which was responsible for client conversions. He served as the business project manager and conversion resource for 7 client conversions during the start up of the division.

In September 2007, Paul joined the client relationship management team servicing Family Office and Registered Investment Advisors. He has 3 dedicated relationship management teams servicing a wide variety of clients and providing oversight to the operational infrastructure within the division and the bank. Due to his operational, technological and relationship management background, he brings with him an extensive background of our division, our corporation and the industry.

Paul is a graduate of Hofstra University where he received a B.B.A. in International Business.