

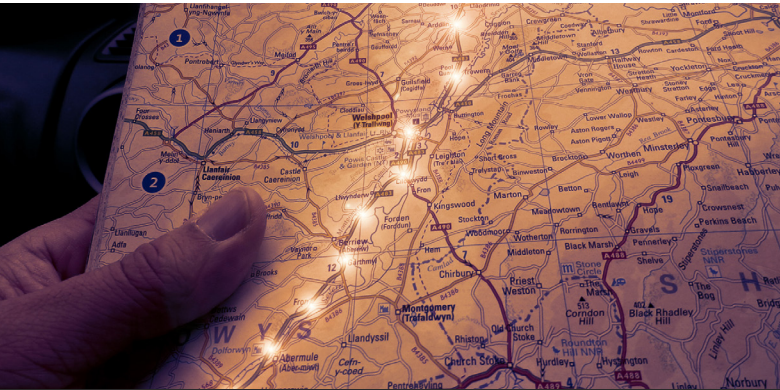
The single family office structure is increasingly the platform of choice for ultra-high-net-worth families to manage wealth and provide a wide range of services to their family members.

Just as no two families are exactly alike, neither are any two family offices.

However, there are a few basic structural approaches that characterize many single family offices, and certain categories of services that single family offices most frequently provide.

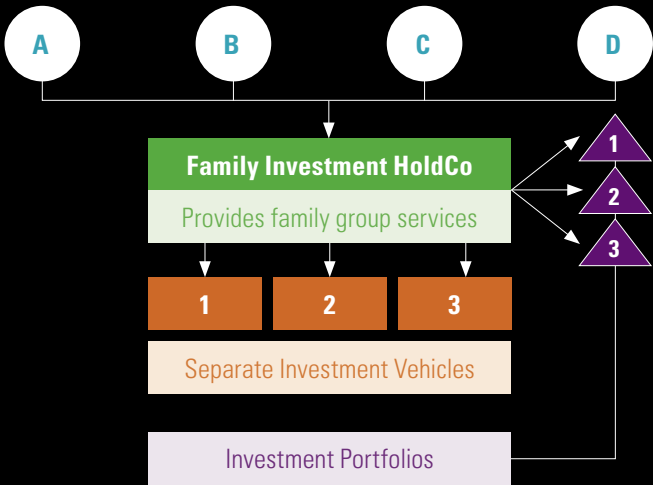
Thinking about these structures, categories of services and some of the key formation considerations outlined here, can be a helpful jumping-off point for families and their advisers considering the single family office approach to wealth management and family services.

Here we show two basic, commonly used single family office structures.



Example One
Family Group Members A-D

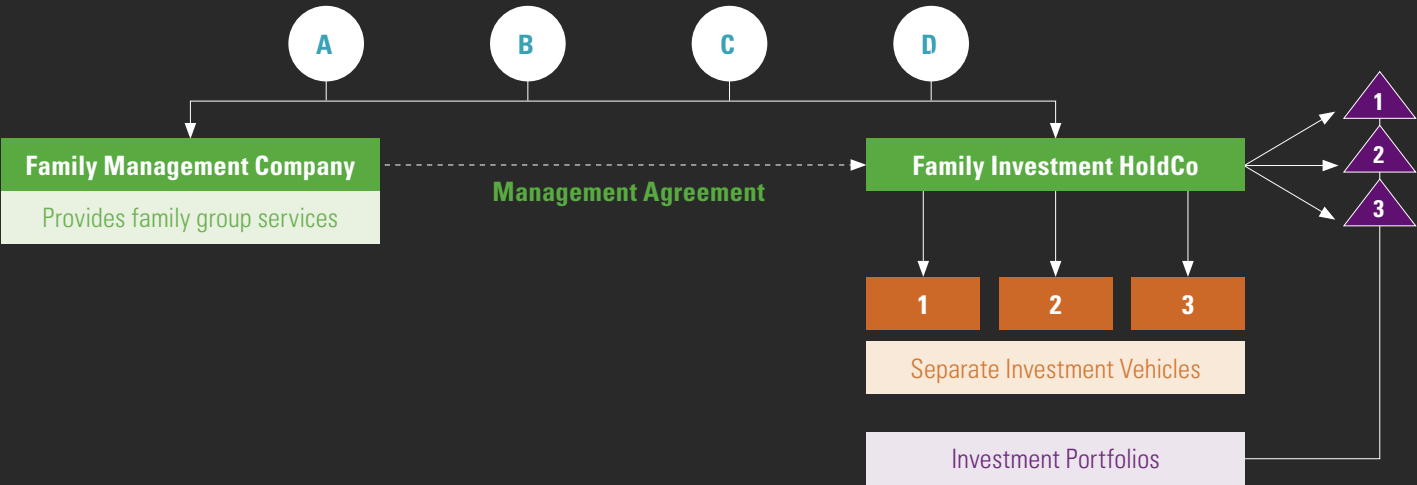
In this example, the family members form a single entity through which the family's investments are managed and family group services are provided. This is a basic structure through which family investments can be aggregated and managed collectively, providing efficiencies of scale and administration.



Example Two
Family Group Members A-D

In this example, two separate entities are established – one to be an investment holding company and the other to be the family management company, through which the family group services are provided and the family's investment management activities are undertaken.

By separating the ownership of the family assets from the entity that provides investment management and other family group services, this structure allows for differing ownership between those functions and a separation of the family's assets from the legal entity that maintains investment management, employment, and other contractual relationships, which can provide beneficial liability protection.



Key Initial Considerations

Choice of legal entity/jurisdiction

Identify family members participating in the collective entity

- Will the structure be designed to contemplate successive generations?

Desired scope of “collective” activity

- Investments
 - “Internal” direction of investments or outside investment staff?
 - What is “success” and how will it be measured?
 - How will “internal” investment staff be compensated?
- Philanthropy
- Coordinate family legal/tax/accounting matters
- Household services and bookkeeping

Governance structure and communication planning for the collective entity

Identify collective strategy for investments and philanthropy



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Examples of Family Group Services

Investments

- Traditional portfolio approaches
- Alternative investments (private equity, venture capital, real estate)
- Management by family members or employees
- Education of successive generations on investment and asset protection planning

Philanthropy

- Pooled family charitable planning
- Charitable foundations and foundation administration

Legal

- Cross-generational estate planning and asset protection strategies
- Investment transactions and structuring

Accounting

- Family group tax accounting and compliance
- Investment accounting and reporting

Insurance

Bookkeeping

- Bill payment, payroll management, household accounts, budgeting

IT services

- Family group technology services and data security

Transportation

- Ownership and operation of automobiles, aircraft, yachts, etc.

Household services and employees

- Housekeeping, landscaping, administration of vacation properties, etc.