

OUTSOURCING to a MFO:

Advantages to a Single Family Office

Outsourcing has become a hot topic. Have you stopped to think how your family office can benefit from the efficiency, functionality and cost savings of outsourcing? With the cost of operating a family office increasing and assets and revenues under continued pressure, a critical question is, what services to outsource?

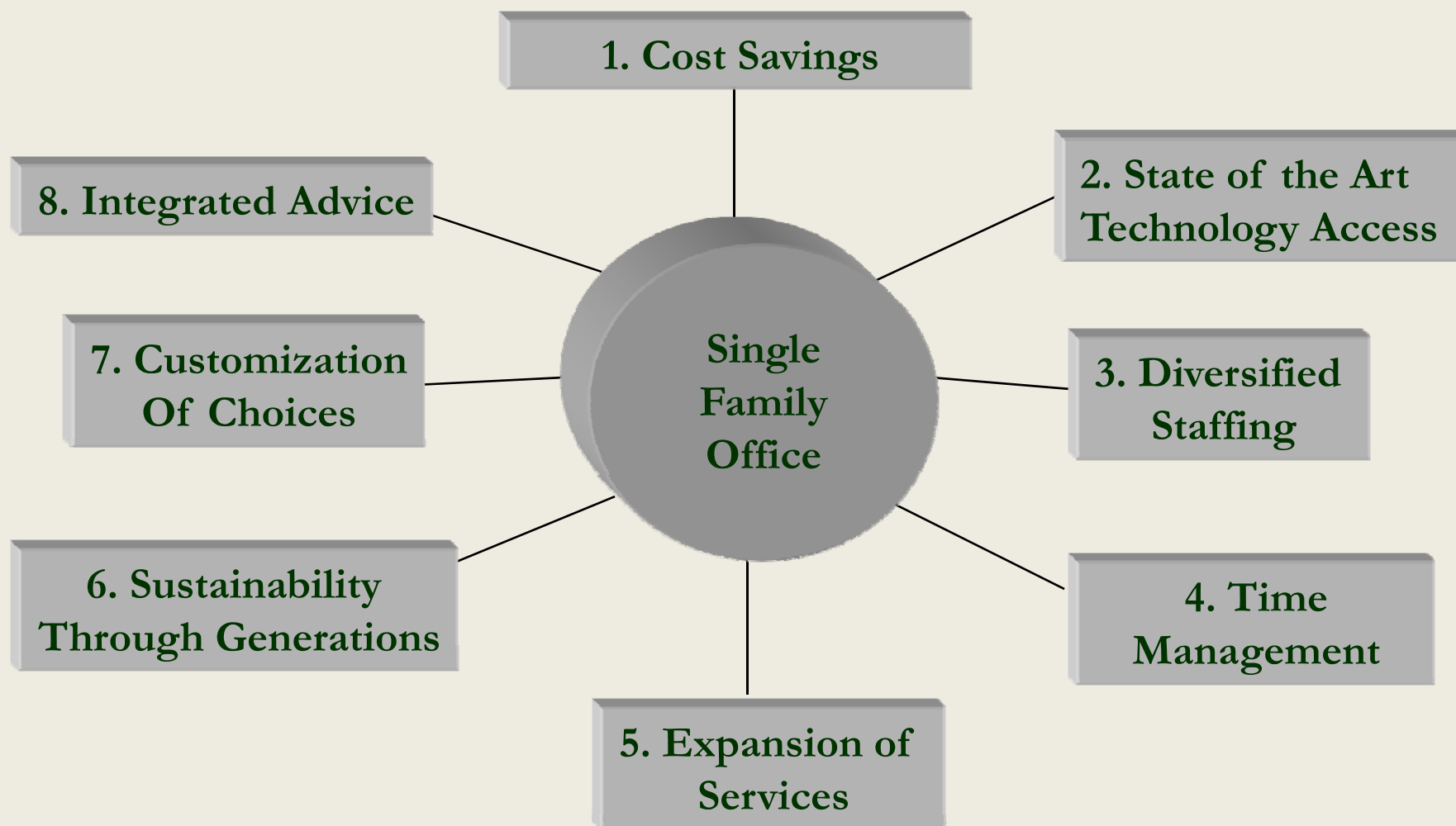
Looking to other firms for services can be the most effective way to avoid cutbacks in the operation and still maintain the business model the family office was built upon. In fact, it can help improve the business model in many ways.

Multi-family offices (MFO) such as Vogel Consulting, have built their service platform to offer a variety of activities to many clients. You can choose to outsource one project or many different ones. By choosing a MFO that best fits your family office model you are sure to receive lifelong advantages from outsourcing.

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Advantages of Outsourcing to a MFO?



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How Can Outsourcing Improve the Family Office?

Cost Savings - Outsourcing services to a MFO avoids allocating resources in areas that ultimately cost more to manage internally. This also allows limited resources to be best utilized for critical family needs.

Technology - Outsourcing technology related services can provide the family office with the assurance they are getting state of the art software with a platform and infrastructure to accommodate the latest applications.

Staff/Talent - Finding and retaining internal staff for each service specialty is difficult at best and often unrealistic. Outsourcing services allows the family office to utilize the talents of the current staff and bring in expertise for a more flexible and thorough analysis.

Time - As the saying goes - time is money. Time also is an investment to building a stronger relationship with your client family. Outsourcing to an hourly fee based MFO means you only pay for the services you use. This allows more time to concentrate on managing the family relationship while delegating technical details to an outsource provider.

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How Can Outsourcing Improve the Family Office?

Expansion - When client circumstances change or demand from the family begins to exceed internal resources, outsourcing to a MFO can be a short term solution to an immediate challenge or a long term solution to the family's growing needs.

Sustainability - One of the leading concerns for Single Family Offices (SFO) is sustainability. Partnering with a MFO provides the assurance of putting family education, training and governance on a solid foundation to maintain the family office for generations.

Customization - A service concern with family offices is that if they outsource they will lose the customized model developed for the family. In fact, just the opposite is true. Outsourcing to a MFO can enhance customization by offering more and personalized services. The key is to choose a MFO that can work with your family office culture and deliver client centric advice.

Integrated Advice - Working with an experienced MFO who understands the various components of wealth and family management is crucial in today's marketplace. Investment, tax and estate planning requires a team of professionals using an integrated thought process with actionable applications. By outsourcing even one area of family and wealth management to a firm that uses an integrated approach, you can create better results for your family.

Cost Savings in Outsourcing to a MFO

Employee Savings:

Single family office can maximize employee levels and related cost in: recruitment, supervision, salary and benefits.

Time Management:

Outsourcing allows more time to specialize on the key services for the family office.

Manager Selection:

Manager due diligence can be enhanced.

SOLUTION:

Outsourcing with a MFO provides enhanced services to many aspects of the family office.

Technology Savings:

Reduce dependency on expensive software and increase effectiveness of performance reporting.

Increased Capital:

Reduce the need to invest in non core business functions, increasing your opportunity to invest in profit making aspects.

Customized Services:

Outsourcing provides the family office with customized services for less, compared to in-house.

Budget Operating Expenses:

Stable pricing allows the family office to budget operating expenses more accurately.

Most Common Family Office Outsource Services Requested



Most Requested



Least Requested

1. Tax Planning & Compliance
2. Estate Planning
3. Investment Planning
4. Manager Due Diligence
5. Concierge Services
6. Performance Reporting
7. Risk Management
8. Insurance Review
9. Family Meetings & Education
10. Strategic Philanthropy & Administration

Complexity of Outsourcing Services

Services

Investment Policy
 Asset Allocation
 Manager Search and Selection
 Fee Negotiation
 Performance Measurement
 Portfolio Reporting
 Custody and Settlement
 Income Distributions

Investment Advisory Firm

Tax and Estate Planning
 Financial Planning
 Performance Analytics
 Partnership Accounting
 Budget and Bill Paying
 Foundation and Trust
 Administration
 Insurance Oversight
 Consolidated Reporting

Investment Policy
 Asset Allocation
 Manager Search and Selection
 Fee Negotiation
 Performance Measurement
 Portfolio Reporting
 Custody and Settlement
 Income Distributions

Wealth Advisory Firm

Family Strategic/Enterprise Planning
 Family Governance
 Estate Planning
 Investment Planning
 Philanthropic
 Family Education
 Risk Assessment & Mitigation
 Succession Planning
 Fiduciary Oversight
 Business Oversight

Tax and Estate Planning
 Financial Planning
 Performance Analytics
 Partnership Accounting
 Budget and Bill Paying
 Foundation and Trust
 Administration
 Insurance Oversight
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Investment Policy
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 Portfolio Reporting
 Custody and Settlement
 Income Distributions

Multi-family Office

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Vogel Consulting Can Help with all of Your Outsourcing Needs:

Tax Planning

- Income Tax Consulting
- Strategy Development
- Financial Analysis
- Entity Planning/Structuring
- Investment Tax Planning
- Federal and Multi-State Planning
- Preparation of Tax Returns
- Quarterly Estimates
- IRS Examinations
- Estate Tax Planning and Integration
- Gifting Strategies
- Corporate Entitlement
- Corporate Benefits
- Retirement Tax Planning
- Deferred Compensation
- Alternative Minimum Tax Planning (AMT)
- Options Planning
- Family Education on Tax Issues/Solutions

Accounting and Financial Planning

- Cash Flow Analysis
- Bill Paying
- Partnership Accounting
- Trust and Foundation Accounting
- Balance Statement Preparation/Review
- Bookkeeping
- Financial Administration
- Debt Management
- Entity Management
- Medical Reconciliations
- Records Administration
- Software Selection and Training
- Charitable Foundation/Trust Support
- Life Insurance Review
- Home, Auto and Umbrella Review
- Long-Term Care Analysis

Estate Planning

- Estate Plan Analysis
- Evaluation of Structures and Cash Flows
- Advice on Legal Counsel Retention
- Calculation of Tax Effects
- Terminal Wealth Strategy Development
- Charting of Multigenerational Estate Flows
- Replacement of Trustee Issues
- Family Education on Estate Plan
- Life Insurance Consulting
- Facilitation of Family Meetings
- Wealth Transfer Planning
- GRATS, CRUTS
- Family Limited Partnerships/LLC
- Estate Tax Compliance
- Long-Term Medical Care Analysis
- Family and Charitable Gifting
- Trust Planning and Administration
- Crummy Trust Notifications
- Survivor and Beneficiary Representation
- Charitable and Family Gift Planning
- Integration of Multi-Family Estates

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Vogel Consulting Can Help with all of Your Outsourcing Needs:

Investment Advisory

- Analyze current holdings and allocations
- Examine performance of current managers against peers
- Develop strategies for concentrated holdings or legacy assets
- Review current asset allocation
- Develop a written strategic and tactical asset allocation plan
- Perform risk assessment and written investment policy statement
- Prepare written investment plan with objectives
- Integrate family estate structures with investment holdings
- Recommend adjustments to allocation plan
- Oversee implementation of new assets into portfolios
- Select separate account managers, funds or products
- Negotiate custodial fees and manager fees
- Handle transition aspects of investment accounts
- Implement commission recapture program where appropriate
- Actively manage tax loss selling program
- Provide consolidated investment reporting with benchmarks
- Perform quarterly portfolio and manager performance reviews
- Cash management
- Access to alternative investments, hedge, real estate, private equity
- Personal debt and liability management
- Facilitate investment meetings with client – at least quarterly
- Offer ongoing investment strategy and advice

Family Education

- Family Meeting Facilitation and Staffing
- Family Governance Structuring
- Family Management by Progress Agenda
- Coaching of Family Members
- Maintenance of Family Meeting Minutes
- Family Education Sessions
- Referral to Third Party Experts
- Access to Conferences and Seminars
- Reference Materials
- Books, Periodicals and White Pages



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3415 Gateway Road Brookfield, WI 53045
190 S. LaSalle Chicago, IL 60603

Rhona Vogel
262-790-4960
rhonav@vogelcg.com

Lynn Henck
262-790-4885
lynnh@vogelcg.com

www.vogelcg.com