

Checks and Balances in the Family Office Business - Essentials and Desires?

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Agenda

- 5.30-5.45 pm** **Welcome & introduction to Checks and Balances in Family Office Business**
- 5.45-6.00 pm** **Presentation of the key roles, their functions and main challenges**
- 6.00-6.30 pm** **Check and balances live: Key role holders of the family Tutto on stage**
- 6.30-6.45 pm** **Closing of the discussion**
- 6.45 pm** **Apéro**

Checks and Balances in the Family Office Business – Why this topic?



Your hosts today

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Responsibility in Wealth

We help to responsibly grow and preserve private wealth. We are the proactive and independent partner for private wealth owners, their global families and advisors

transformaconsulting

We focus on the provision of advice to individuals, companies and institutions undergoing transformation processes. In doing so we address the challenges that arise at a business, tax and legal level

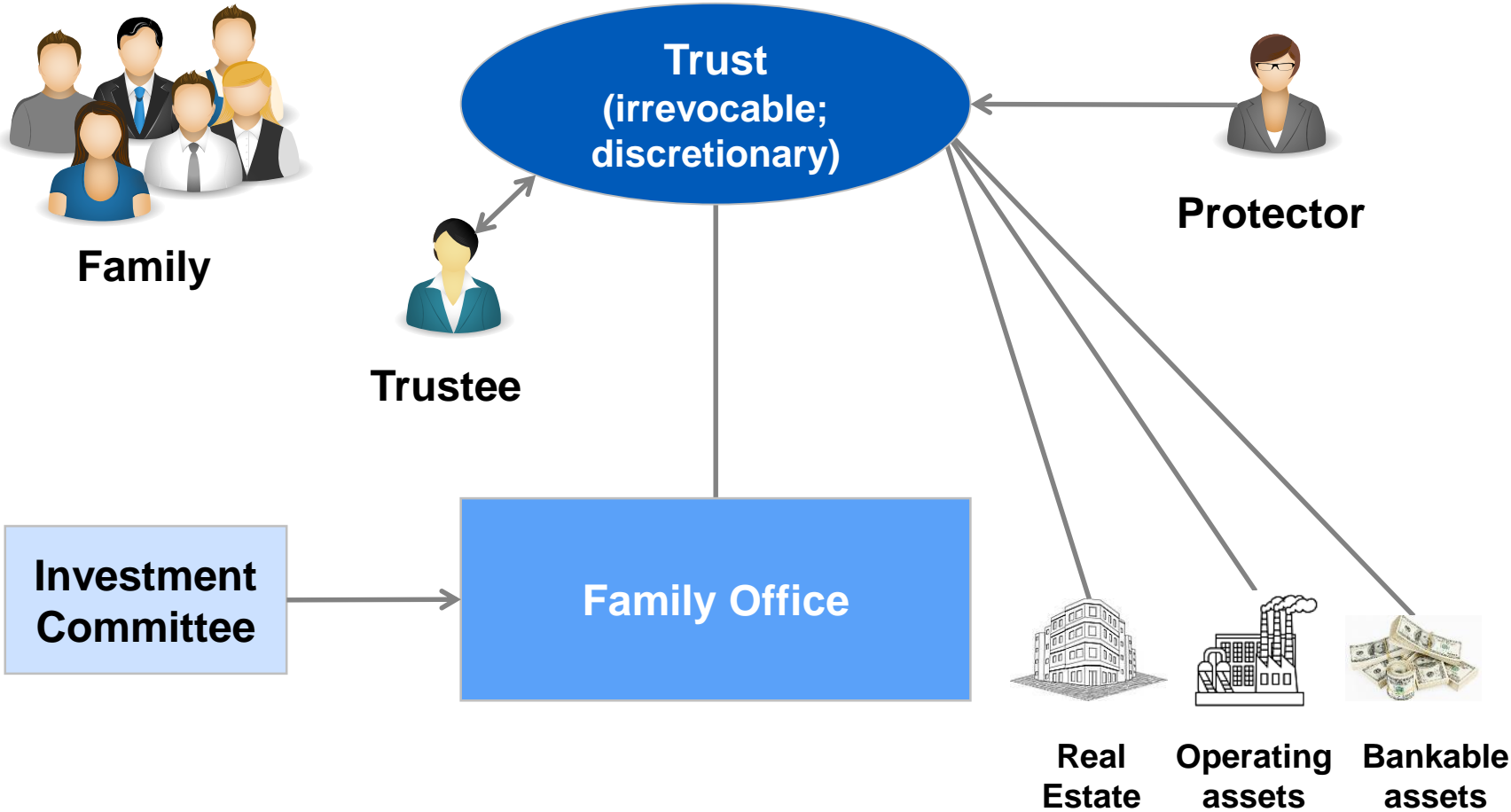
Felicity Keller

Is working for a Private Investment Office/Family Office and has acted as a Trustee of various trusts .She is Co-Chair of the Swiss & Liechtenstein STEP Federation

We will not speak about:

- Residency of different family members, of Trust, Trustee and Family Office
- CRS / FATCA
- Regulatory questions
- Tax planning
- Legal aspects of set up and running the family-structure

A classic structure



Trust - Trustee

Function of the Trustee

- Needs to be able to exercise discretionary powers without undue influence from any beneficiary or external source
- Needs to have sufficient insight and information to exercise discretion
- Has to create the right balance between formalism, pragmatism, and the needs of the various individuals
- Needs to respect the reasons for the establishment of the Trust structure and adapt to current circumstances

Challenges of the Trustee

- Being the 'Newcomer' in an established structure with complex relationships
- Lackadaisical approach and subjective understanding by preceding Trustee to Trustee's duties and obligations
- Need to bring matters into order without alienating the family or the other well established relationships
- Not being used as a 'puppet' by the Protector

Family Office – Family Officer

Function of the Family Officer

- Is independently in charge of the Family Office
- His main duty is to protect and to administer the family's wealth
- Is supervised by the family
- His duty is the management of the different services for the family: estate and financial services, taxes, accounting, reporting, employees, leisure assets, concierge services
- He manages and monitors the different tasks such as asset management, accounting, liquidity management etc.

Challenges of the Family Officer

- To remain independent and avoid conflict of interests
- To combine economical views with long term and emotional family positions
- To deal with the different roles and tasks of the family, trustees, investment managers etc.
- Telling and Selling

Representative of the family & member of the Investment Committee

Function of the representative of the family

- Is involved in management of the structure, but not too much
- Has only an advisory role – no decision power
- He needs to manage the family members and their particular interests
- He has no right to appoint / dismiss anyone
- He has the right to be informed about the full structure and the business in a regularly manner

Challenges of the representative of the family

- Accept that the wealth of his family is not managed by himself
- Accept veto of protector and that protector is speaking in the name of the settlor
- Not to crack under pressure of family members
- Balance individual desires with family interests

Protector

Function of the Protector

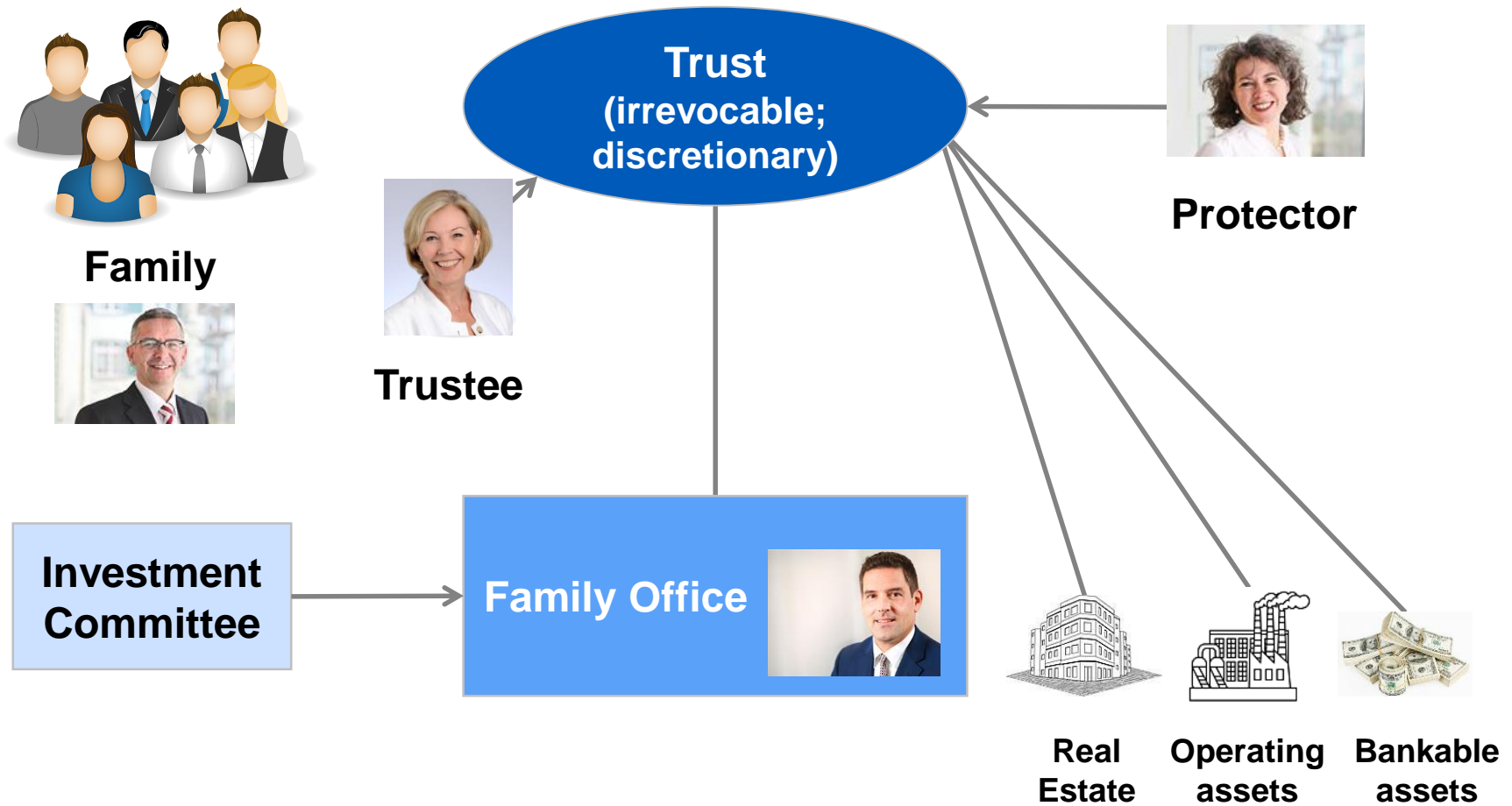
- Very long term view
- Always behaving/ thinking like the settlor
- Frequently veto-right for appointment of a certain person to a function in structure
- No decision power for investments
- Not a beneficiary of the structure

Challenges of the Protector

- Set own opinion aside, representing opinion of settlor, the environment of the beneficiaries and the 'spirit' of the trust as settled
- Appoint an adequate successor on time
- Accept decision-rights of Trustee and Family Officer
- Remain on good terms with family members

The views, opinions and positions expressed in this roleplay do not necessarily reflect the views, opinions or positions of the playing actors...

On stage: Players in the Totto-Family-Structure in their yearly reunion






Conclusions on Checks and Balances

1. **Clarity and transparency:** Really understand the structure, the roles and what is written down, and where.
2. **Substance is key:** Elaborate and discuss/ re-discuss the organisational rules and the underlying values - the legal framework is a means to an end, not the sole element.
3. **Professional relationship:** Be close to the family, but always remember that there it is necessary to take an arm's length approach and that things change.
4. **It is about people:** Decode the issues and relationships, understand the real rules and involve yourself.
5. **Good solutions are always tailor made:** Work as a team player and develop the right solution, blending different contributions adapted to the family.

Checks and balances can evolve, if we lift our heads from the paperwork, stay proactive in our role, communicate and learn together



Please join us and enjoy
the Apéro riche

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