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## **Long Wait For Family Office Work**



Charles Paikert, Editor in New York - Family Wealth Report

Want to work for, or with, a family office?

Be prepared to wait, said Thomas Handler, chair of the advanced planning and family office practice group for the Chicago-based law firm [Handler Thayer](#).

“In a post-Madoff world there is increasingly long due diligence,” said Mr. Handler, addressing the CFA (Chartered Financial Analyst) Institute’s 2010 Wealth Management Conference in Phoenix yesterday.

Getting hired can take as long as five years, but once the relationship is established; it can be a long one, according to Mr. Handler.

Advisors who want to work for a family office should be “very well rounded,” he said, “and know as much as they can about a family’s legacy.”

“The most effective approach is to help them as much as you can and be patient that it runs into a long-term relationship,” he said.

Discussing other family office trends, Mr. Handler said that too many family offices have no legal entity in their business structure, opening the door for a “huge problem.” “Everything family offices are doing have legal consequences, and every family office should have a legal entity,” Mr. Handler said.

“Family offices can be sued for everything from breach of fiduciary duty to inadvertent expenses,” he said. “They need to be able to segregate and control expenses to protect themselves from legal liability.” As many as one-fifth of family offices may not have legal entities, Mr. Handler estimates.

### **Family limited partnerships**

But family offices are increasingly using Family Limited Partnerships and Family Limited Liability Company vehicles as risk management tools to protect wealth, Mr. Handler told the conference attendees.

“These holding companies have become the dominant estate vehicle for family offices and are becoming more important in pre-nuptial planning,” he said.

Family offices are also collaborating more among themselves, and either consolidating, merging into multi-family offices, or outsourcing services to larger MFOs, Mr. Handler said.

And wealthy families are also getting together among themselves to exchange information about how best to run a family office, according to Mr. Handler.

“We’re seeing a lot more of this,” he said. “It’s non-threatening for the families and they share information about everything from software to investment advisors.”