

TOM HANDLER

Combining Accounting, Law for Affluent Clients

by Amanda Robert

Thomas J. Handler describes a typical day by describing one of his newest clients—the patriarch of a multibillionaire family who created his estate plan more than 20 years ago. Instead of signing the documents, the man, now in his 50s, put them in his drawer and forgot about them.

Handler, 57, is a managing partner of **Handler Thayer, LLP** and chairman of the firm's advanced planning and family office practice group. He came in to help the patriarch formulate a new estate plan and actually put it into place.

He begins with a core plan that covers the basics, all of his client's must-dos, and then

Handler, a Winnetka native, started his career in public accounting. He handled a lot of tax work, including compliance, planning, audits, appeals, and tax court cases. He got involved in similar matters on the estate side, from estate tax returns and estate planning to drafting and defending.

He opened the firm now known as Handler Thayer LLP in 1983. Since then, he has focused on serving affluent families, family businesses, and family offices. He handles a range of complex business, asset protection, family governance, pre-marital planning, executive compensation, and income tax issues that are common at the high end of the

read, they are well-traveled, they tend to be highly educated and they're philanthropic.

"I feel very fortunate that I get to spend time with people who are incredibly more accomplished than I'll ever be."

Handler grew up near Lincoln and Armitage in Lincoln Park and then lived in South Holland with his parents and three younger sisters. His father worked as the national accounts manager for Beatrice Foods for 43 years before retiring and then returning to work for Tootsie Roll Industries. His mother was a hospital administrator, and at one time, president of the Illinois Nurses Association.

"I would see my mom speaking on television often as I was growing up, usually pounding the podium," he says.

In high school, Handler took an American law class taught by a lawyer. He liked the class and requested an independent study with the teacher the next semester. He got access to the law library, learned how to do legal research, and decided he wanted to be a lawyer.

He went to the University of Illinois at Urbana-Champaign, at first studying psychology. But after a fraternity brother who was a couple of years older suggested that he become an accounting major, he agreed it was a smart move. In addition to law, he always gravitated toward finance and business and knew he wanted to equally pursue his passion in those fields.

Handler graduated in 1979 and started at DePaul University College of Law a short time later. He lived in a building owned by his family and served as its manager. He shoveled snow, planted the garden, and painted the doors for reduced rent.

At the same time, he began work as a tax accountant at a public accounting firm. He then worked as a student associate at a tax, trust, and estate firm while also maintaining his own tax accounting practice with several part-time employees.

"I was working at the accounting firm 35 to 40 hours a week, plus being a full-time student," says Handler. "I had an attorney and three CPAs doing the tax work for me. I had a number of guys who were Price Waterhouse accountants who were getting their MBAs at Chicago, so I had a pipeline into that group of



moves up to sophisticated planning structures. He delves into business operations, succession plans and buyouts. He also attempts to dovetail the legal work with pre-marital planning, risk management, asset protection planning, and insurance coverage.

He collaborates with the client's family office professionals, including in-house counsel and certified public accountants, to develop a comprehensive, long-term wealth preservation plan. They all work together to determine what that final plan should look like and how it should protect subsequent generations.

tax, estate, and advanced planning practice.

Each day, he meets with clients and their advisers for breakfast, lunch, or dinner, and sometimes for more than one of those meals. He spends a lot of time on the phone with other clients around the country or world and sorts through at least 250 e-mails.

For Handler, any time spent solving challenging problems for his clients becomes both fun and rewarding.

"These are wonderful people," Handler says. "They are hard working, they are creative, they are innovative, they are well-

experienced professionals.”

After graduating from law school in 1983, Handler decided to start his own law firm. He knew he had more business experience than most of his colleagues and realized he might be 60 by the time he made it to a large law firm’s management committee. As he built his practice, he found his niche in private clients.

“As time went on, my sense was that a lot of firms weren’t making them a priority, especially the top firms,” Handler says. “They were looking for Fortune 500 corporate clients or big litigation projects. I found that it was an area where we could effectively compete.”

Frat Brother to Roommate to Colleague

Even in the early days of his practice, Handler found several sources of business. Some of his law school classmates who sought his help with their tax and estate courses went in-house with companies and hired him.

Other classmates joined firms without any tax lawyers and sent him their tax work. Even friends from college and the accounting firm he worked for during law school reached out to him.

Robert Noelke, partner of Lord Abbett & Co., a New Jersey-based privately held investment management firm, has known Handler since they became fraternity brothers and then roommates at the University of Illinois.

After Noelke graduated and got his first job at Procter & Gamble, he hired Handler to do his taxes. He still calls on Handler to do his personal legal, estate, and trust work. He says his longtime friend continues to show he believes in going beyond client expectations and thinks far into the future.

“Like most people, I didn’t have my estate plan done for maybe 15 years,” Noelke said. “A partner in an accounting firm came to look at it, along with an estate lawyer out here, and said, ‘Whoever set this up for you did an incredibly good job.’”

“Even though we had a couple more children by then and things had changed, it was flexible enough that it was clear what we wanted to happen with the estate and forward thinking enough that it stood the test of time.”

In the beginning, Handler took a strategic approach to projects with large tax opinions and securities offerings, calling on large law firms to help him review them. As his firm grew larger, he realized that many of those large law firm practitioners wanted to join him. He talked to lawyers from Mayer Brown LLP, Kirkland & Ellis LLP and Vedder Price P.C., many of whom also had financial and business backgrounds.

“We would actually reach out to these guys

and say, ‘You’re one of the best guys in town, you should join us, we have really good clients,’” he says. “A number of those people did. As time went on, almost everyone here was from a large law firm or large public accounting firm or both.”

Handler worked to structure his law practice more like a consulting firm. He mirrored the models of McKinsey & Co., Bain & Co., and Boston Consulting Group, favoring their interdisciplinary team approach. On any given project, a domestic tax lawyer, international tax lawyer, asset protection specialist, and business planner work together to serve the ultra-high net worth and family office marketplaces.

Handler Thayer continues to function as a boutique firm with about 20 lawyers. Handler says he and his colleagues enjoy working with people who are trying to make a difference. Some want to create foundations; another dreams of buying a 10,000-acre ranch and donating it to a nature conservancy. At least four of their billionaire clients committed to the Gates-Buffett Giving Pledge, which asks the world’s wealthiest to give at least 50 percent of their money to charity.

“These people are in their 60s and 70s, and they work like dogs,” Handler says. “And ultimately, none of it is going to benefit them directly. They’re working for all of us.”

For Handler, his most memorable cases include one where he helped represent a family that owned more than 180 businesses, including three professional sports teams. The family also owned the largest public company in the world. He helped take that company private in what he calls an “extraordinary, almost unprecedented transaction.”

His other favorites involve longtime clients who built their business, achieved success, and then decided to exit through an initial public offering or merger with a public company. Those cases involve not only the transaction, but also complicated tax and estate planning before and after the transaction.

“It’s a challenge and it’s time consuming, but if it’s done right, it’s very beneficial and a great format to help protect the family and educate the kids,” Handler says. “If it’s not done right, the family is taking risks they shouldn’t be taking.”

Crossing t’s and Dotting i’s

When asked about other challenges, Handler points to one primary problem—work not done properly the first time. He often finds family limited partnerships that were never funded, trusts that were never signed, and assets that were never transferred.

“There are a lot of details to putting these

structures in place, and without paying attention to the details and respecting the formalities, you run the risk of jeopardizing either your objectives or the income tax or estate tax consequences of those transactions,” he says. “Or you jeopardize your protection from liability.”

His firm follows specific procedures to complete each step in their clients’ projects. They hold everyone, from the in-house counsel and CPA to the outside CPA and other law firms, accountable. For example, in one case, they might send detailed memos to the accountants, reminding them that the gift tax return or treasury disclosure for international accounts should be filed by a certain date. And if the accounting firm isn’t familiar with those matters, they offer to help them.

“The idea is that the file can’t be closed until every single item is ticked off, signed, and reviewed,” Handler says. “You are assured of what is not common in this business, and that is that everything’s actually done right. The t’s are crossed and the i’s are dotted.”

Handler adds that he and his firm follow that practice when they run into unfamiliar legal matters. If he represents a family that owns several universities, he asks a firm that deals with the Department of Education to review his work.

“We go outside whenever it makes sense, and as a boutique, that means almost every engagement, because we are limited in the scope of what we do,” he says. “We are constantly working with other law firms as well as accounting firms.”

“At the high end of the practice with family offices, celebrities, professional athletes, and entrepreneurs, their matters are so complicated, without that protocol, the result will not be a good thing.”

Handler faces another obstacle that applies to anyone in his business—frequent changes in income tax and estate tax laws. He argues that while they are good for his business, they are bad for the marketplace and the country. They chill investment and expansion, and they make planning more difficult, he says.

He helps clients navigate those changes by serving on local and national bar committees that research, write, and present current topics for lawyers. He also helps draft bills, comment on legislation, and testify before Congress in order to stay involved with key issues.

“That’s one of the keys to having a better shot at correctly reading the tea leaves,” Handler says. “It’s very difficult to ascribe a direction or objective or purpose to Congress, because it’s sort of a moving, amorphous thing.”

“But to the extent you can, you use your best judgment and you bring to clients what

you do know and what you think and let them make an informed decision. You highlight the risks so they can make a decision whether to act or not to act.”

Norman Siegel met Handler when they both studied accounting at the University of Illinois, and as a CPA and high-end wealth adviser, he deals with the same clients. For him, Handler stands out for his training as a businessman.

“Being just a lawyer doesn’t mean you get the accounting side of it,” Siegel says. “And a lot of these structures are very accounting-oriented. You’ll find that a lot of lawyers are not trained with that background. He has a very, very high level of training.”

Siegel, who also uses Handler for personal work, points out that he sets himself apart with his willingness to dig deep into issues and communicate clearly with clients. He also commends Handler for getting his own business off the ground.

“They did me an enormous favor,” Siegel says. “I was very ill and going in to have a valve replacement. I didn’t have my stuff in order, so I went over there and they got me positioned to where I needed to be in a couple of days. I’ll forever be indebted to them for that.”

Handler has enjoyed building his firm and working with other talented lawyers. He says that as they collaborate, and often debate, they learn from each other and offer their collective best to clients. They also move closer toward their mission of becoming the premier firm for affluent families and family offices.

Handler Thayer was named in 2012 as the “Best Private Client Law Firm in North America” by Family Office Review, the London-based, global wealth online magazine. That same year, Private Asset Management named the firm the “Best Overall Law Firm in the United States.”

“It means we’re in the hunt, and that’s an honor in itself,” Handler says. “We were pleased to be nominated. People say that, like at the Academy Awards, and they don’t really mean it. But we really did.”

“It was a very nice recognition for a lot of years of hard work, and really a tribute to the team of people who are here now and people who were with us in the past.”

Imagine Client As Your Parent

Whenever new associates join the firm, Handler calls them into his office and tells them he understands how it feels to be in their shoes. He knows they can be frustrated by not getting to meet clients or by not seeing the results of their work. But he also knows they must learn how to achieve the proper standard of care for each client.

“We tell the associates, ‘These are my friends; I’ve known these people for a long time,’” Handler says.

“You’re going to treat this file the same way you would treat your parents’ file. If you wouldn’t do this to your mom and dad, you better not do it to our clients.’ That they understand, because it says do the right thing and take care of people.” ■