



# THE COLLABORATIVE FAMILY OFFICE:

Excellence in Personal Asset Management

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**Without regular coordination and communication between all of the professionals, the client's larger portfolio and objectives may be neglected**

For any individual, asset management can be complicated and time-consuming. Attempting the task on one's own may result in setting aside other activities or responsibilities. On the other hand, a professional hired to manage one area of an individual's wealth may not be able or willing to address issues arising from other areas. A good tax advisor, for example, may not be able to assist in matters of estate planning; an administrator may not be knowledgeable about the best strategy for managing an investment portfolio. It may also be difficult to achieve good communication and coordination among multiple professionals, each of whom addresses separate issues associated with a client's assets. Moreover, each professional's focus on his or her specific area may lead to the client's wider goals being overlooked.

Those families and individuals with a net worth of \$25 million or more are able to address this problem by maintaining a single or multi-family office. In a family office, professionals devoted to each area of asset management work together to manage the client's wealth, while operating with the client's larger goals and visions in mind.

Those individuals and families with a net worth of \$25 million or less, however, may find it difficult to organize this type of arrangement. In addition to the prohibitive cost of maintaining an office of professionals dedicated solely to their needs, interaction with each area specialist may involve different means of communication, and may occur at varying or irregular intervals. Furthermore, coordination of information may be difficult due to the fact that each professional may maintain records and manage the client's assets using software different than, or even incompatible with, the systems used by the other professionals. Without regular coordination and communication between all of the professionals, the client's larger portfolio and objectives may be neglected, and the best approach to asset management may be set aside in favor of addressing smaller issues in each specific area.

Those clients with net worth of \$25 million or less can avoid these problems in asset management by utilizing a collaborative family office.

## THE INSPIRATION: THE FAMILY OFFICE

A collaborative family office takes as its model the traditional family office. Although traditional family offices offer a variety of asset management options, a collaborative family office seeks to achieve the most comprehensive level of service available in an individual family office. At this level, clients engage legal, investment, and tax management professionals in exchange for a set monthly fee. A trustee appointed by the client or client's family generally has oversight of this type of office, although specific area professionals may manage the client's liquid and non-liquid assets without direct supervision by the trustee. These professionals may be solely devoted to the management of this client's assets, and will likely work for additional clients. In a traditional family office, the client receives a comprehensive monthly report covering the activities of each professional and the assets managed by him or her. Professionals serving a client through a traditional family office of the Class A variety (the most comprehensive type of traditional family office) do not sell outside products, such as tax shelters or insurance policies, to the client. Hence, the possibility that a conflict of interest exists between the professional and the client is minimized.

In addition to the team of specialized professionals, a traditional family office includes a family appointed administrator. This individual manages bookkeeping, accounting, document storage, bill payment, and other administrative functions for the client. The administrator's frequent client communication allows for a timely response to fundamental inquiries.

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## THE INNOVATION: THE COLLABORATIVE FAMILY OFFICE

A collaborative family office provides clients with a net worth of \$25 million or less the benefits of a traditional family office. All issues relating to tax, investment, legal, and administrative matters are addressed in a collaborative family office. Although a professional from each area provides services for multiple clients, the collaborative administrator maintains coordination and communication between each client's team of specialized professionals. The administrator also interacts with the team as the client's representative and advocate, and handles day-to-day administrative services, such as bill payment, for the client. Finally, the client receives from the administrator a regular, comprehensive report of his or her liquid and non-liquid assets.

A collaborative family office includes management of the following areas. Note that some issues may fall within the bounds of more than one category.

- Investment: Investment portfolio, trading, asset allocation, and accounting
- Legal: Estate management, philanthropic giving and foundation administration, insurance, inheritance, and risk management
- Financial: Tax preparation, compliance and planning; accounting; risk management; insurance; and foundation administration
- Administrative: Bill payment, cash flow, data storage and management, and bookkeeping

## BENEFITS OF THE COLLABORATIVE FAMILY OFFICE

Clients experience multiple benefits by participating in a collaborative family office. Instead of coordinating on one's own the information provided by separate professionals, the client passes on that responsibility to the

administrator of a collaborative family office. This administrator maintains contact with and coordinates communication between the professionals working within each area of a client's estate, and provides the client with a regular, comprehensive report of these professionals' activities and of the state of his or her assets. The work of the administrator not only removes pressure from the client to coordinate this information him- or herself; it is also a cost-efficient means of maintaining a detailed, constant overview of the client's assets, needs and ambitions. The administrator operates according to the client's larger vision, keeping each professional apprised of that vision and of the other specialists' work. In this way, each professional has an understanding of the entirety of a client's situation, instead of a limited view encompassing a single aspect of it.

In addition, the issue of succession among area specialists is removed from the client's shoulders. All of the records and information maintained by each team member are also maintained by the administrator. Hence, should one member of the client's team depart, no information is lost, nor will the client need to go through exhaustive procedures when hiring a new specialist. The information is already available, and is easily transferred to the new specialist. The administrator of a collaborative family office initiates action with the professionals on behalf of the client. As part of this client advocacy, the administrator maintains all records using secure software that is compatible with all area specialties. Should the client wish to purchase additional à la carte financial services, the administrator can recommend other qualified professionals.

## **SELECTING PROFESSIONALS FOR THE COLLABORATIVE FAMILY OFFICE**

When choosing to participate in a collaborative family office, a client may bring specialized professionals who already manage certain areas of his or

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**What type of software does this professional use to maintain and manage records?**

her assets onto the team. If a client needs to hire additional professionals, it is essential that those professionals respond to the following questions to the client's satisfaction.

- Education: What college degree or degrees does the professional hold? In what field is the degree?
- Experience: How did this individual come to the profession? How long has he or she been in the profession? Does this individual have a range of experience working with other tax, legal, and/or financial advisors? What sorts of experience does this professional have in tax planning?
- Certification: Which certifications does this individual hold? For example, a financial consultant may be classified as a certified financial planner, certified public accountant/personal financial specialist, or chartered financial consultant. Each of these credentials attests to knowledge and abilities in certain areas of financial management, and the client should select a financial manager with certification appropriate to the issues he or she wishes to address.
- Working practices: Does this professional specifically segregate his or her administrative tasks to exclude tax preparation, legal, and investment advisory services?
- Insurance: Is this professional licensed, insured and bonded? What is the value of this individual's policy, and is it current?
- Fee structure: What is this individual's fee for managing the client's assets? How, and how often, will this professional be paid?
- Code of ethics: Does this professional receive compensation by selling outside products? Might there be any conflicts of interest in working with this individual?
- Technology: What type of software does this professional use to maintain and manage records? Is this software compatible with software used by the other professionals? How often is the data securely replicated?

- Confidentiality and security: How does this individual guarantee that the client's information is kept confidential and secure?
- Concierge services: Does this professional offer à-la-carte financial services in addition to bill payment and budget reporting?
- Is this individual willing to provide the client an agreement in writing?

## BENEFITS OF A COLLABORATIVE FAMILY OFFICE ADMINISTERED BY ROBLEE A. HOFFMAN

As a bonded and insured financial administrator, Roblee has led Roblee A. Hoffman, LLC, Personal Financial Administrators since 2001, providing clients with expert financial collaboration. Such experience includes working with and complementing the services of bankers, attorneys, tax accountants, and financial investment professionals.

As the collaborative family office administrator, clients always speak with a trusted individual who knows them and understands their financial status.

The agency works with current client financial professionals, and acts as requested by the client with those designated professionals. In doing so, the agency not only utilizes the most up-to-date financial software, but also upholds strict confidentiality policies. With Roblee's expertise in personal financial administration, clients are assured they will receive efficient, cost effective services tailored to their specific requirements.

For more information and copies of this document, please contact Roblee A. Hoffman at 781-771-8118 or [roblee@robleehoffman.com](mailto:roblee@robleehoffman.com).

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