



FAMILY OFFICE INSIGHTS

Key Considerations for Structuring
and Operating Single Family Offices



SECTION I. FORMATION AND STRUCTURING CONSIDERATIONS FOR THE FAMILY OFFICE

Benefits of a Formal Family Office

Family offices are privately owned entities established by wealthy families to manage their wealth, plan for their families' financial future, engage in investment opportunities and provide other services to family members. Family offices can be formally structured or operated informally. In recent years, families of wealth have come to realize the many benefits to establishing a formally structured family office, including the general objectives of enhanced control, privacy and customization of their asset allocation, wealth and risk management, and overall legacy planning. In addition, a properly structured family office offers significant benefits in the areas of tax mitigation, asset protection and liability protection for the trustees and beneficiaries of family trusts.

Fiduciary Roles of the Family Office

Families of wealth typically structure a portion of their assets and holdings in trust, for various tax and nontax reasons. As a result, family members and their advisers frequently serve as trustees or co-trustees of such trusts. In addition, the beneficiaries of these trusts typically include family members from multiple generations, from "G-1" on down to grandchildren and more remote descendants. The family office plays a pivotal role in coordinating the administration of these trusts, including taking steps to protect the trustees and beneficiaries from personal liability.

A trustee is responsible for all aspects of the administration of the trust—this includes handling trust investments in accordance with the terms of the trust agreement and applicable laws (including "prudent investor" rules), making discretionary distribution decisions as permitted by the trust agreement, and communicating with the beneficiaries on trust matters. A trustee serves in a fiduciary capacity and is charged with various duties, including duties of loyalty and impartiality toward the beneficiaries, a duty to exercise reasonable care and skill in dealing with trust property, and a duty to provide information to the beneficiaries regarding the trust and its assets.

Trust Matters

For family members and their advisers serving in these fiduciary roles, the family office can assist in meeting their fiduciary obligations by coordinating compliance measures with family members and outside legal, tax and financial advisers. These efforts should reduce the likelihood of beneficiaries' potential claims of breach of fiduciary duties. The family office can also help minimize misunderstandings regarding trust matters and set expectations by facilitating communications between trustees and beneficiaries, which can help avoid straining relationships between family members and advisers.

Family offices can similarly protect the interests of trust beneficiaries. Trusts are often used to provide a measure of protection from creditors, including divorcing spouses. The extent of the protection offered by the trust will largely depend on compliance with the terms of the trust instrument with respect to distributions as well as on the actions and objectivity of the trustee (including “independent” or professional trustees, in many cases). The family office provides oversight in these administrative matters, including important input on family dynamics, individuals and corporate trustees best suited to address a particular set of circumstances, and outside influences that might not be evident to the family members who are involved. The family office can also educate beneficiaries regarding the structure and operations of the trust so there is a better understanding of the tax and nontax benefits of the family's trust structure—again with the goal of avoiding misunderstandings that can strain relationships within the family.

SECTION II. ESTATE PLANNING STRATEGIES AND WEALTH PRESERVATION CONSIDERATIONS

Planning For Future Generations

Estate planning is a critical component of a successful family office. Wealth preservation, asset protection and tax minimization are attainable goals, particularly when a family works closely with its legal and tax advisers to design and implement tax and estate planning strategies that minimize taxes while shifting assets to trusts for future generations.

Each generation of the family should have primary estate planning documents in place—such as wills, trusts and powers of attorney—to direct how individually owned assets should be administered during life and after death.

In addition to planning for the disposition of an individual's personal wealth, utmost care should be taken to ensure that any unexercised powers of appointment granted to family members are properly considered and addressed in each family member's estate plan. Inter vivos and testamentary powers of appointment are valuable tools for tax and asset protection planning because they provide the holder of the power with the ability, during life or at death, to change how a senior generation's assets are distributed to future generations. The family office should maintain a centralized database of information relating to all family trusts and entities, as well as copies of all governing documents. Trust information should include (i) the identity of the trustees and beneficiaries, (ii) asset information (including cost basis), (iii) information regarding required and discretionary distributions, (iv) information regarding powers of appointment, (iv) trust termination date (if any), and (v) how the trust is treated for income tax purposes and for gift, estate and generation-skipping transfer (GST) tax purposes. Entity information should include (a) the identity of the owners and managers, (b) asset information, and (c) how the entity is treated for income and transfer tax purposes.

Tax Savings Strategies

The family office plays an important role in planning and implementing tax-savings strategies. Strategies such as the grantor retained annuity trust (GRAT) allow a grantor (or donor) to shift asset appreciation to the next generation at little to no gift tax cost. A grantor creates a GRAT by transferring an asset to an irrevocable trust and retaining the right, for a term of years, to receive an annuity equal to the value of the asset initially transferred to the trust, plus interest at the applicable IRS interest rate. If, at the end of the term, the grantor is living and the asset's appreciation is in excess of the interest rate, the appreciation passes gift tax free to the remainder beneficiaries of the GRAT (typically a continuing trust for the next generation of family members). If the grantor dies during the GRAT term, the underlying assets are included in the grantor's estate for estate tax purposes.

Another technique involves an installment sale to an "intentionally defective" grantor trust. This technique involves the creation of an irrevocable trust by a grantor for the benefit of one or more younger generations of family members. The trust typically is funded through a substantial "seed" gift from the grantor. The grantor then sells assets expected to appreciate to the trust in exchange for a long-term installment note. If the rate of return on the transferred assets is higher than the interest rate on the note, the excess value can be distributed

gift tax free to the beneficiaries of the trust. Further, the grantor is treated as the “owner” of the trust property for income tax purposes. With this technique, properly implemented,

- (i) the sale of assets by the grantor to the trust will not be subject to capital gains tax;
- (ii) interest income on the note received by the grantor will not be subject to income tax;
- (iii) the grantor is in effect making tax free transfers to the trust by paying all income taxes due on trust income;
- (iv) any appreciation of the assets sold to the trust will pass free of transfer tax;
- (v) if the grantor dies before the note is paid in full, only the unpaid balance due on the note is included in the grantor’s estate; and
- (vi) the grantor may allocate GST exemption to the initial “seed” gift to the trust and shelter all trust assets, including the property sold to the trust, from the GST tax. By contrast, GST exemption can only be allocated at the end of a GRAT term.

If assets transferred to a GRAT or sold to an intentionally defective grantor trust may be legitimately discounted for valuation purposes, then these techniques shelter not only the appreciation during the GRAT or note term but also the difference between the face value of the assets and the fair market value of the assets (reflecting valuation discounts).

Other Planning Matters

In situations where members of a senior generation wish to limit information provided to members of a younger generation, estate plans may be designed in states with favorable trust laws, such as New Hampshire, Delaware and South Dakota, which permit the use of “quiet” trusts. A quiet trust is one in which the grantor expressly limits the trust beneficiary’s access to information about the trust, including the existence of the trust, if desired. Other reasons for using trusts in these jurisdictions include creating “perpetual” trusts and self-settled asset protection trusts.

Estate planning is also essential to the family interested in long-term philanthropy. A family may wish to establish a private foundation or other charitable organization

to coordinate, foster and encourage charitable giving by each generation of the family. Typically, the family office will be responsible for ensuring proper formation of the charitable organization, obtaining tax-exempt status from the IRS, and meeting reporting and operational requirements.

In addition to preserving wealth, a family may wish to preserve family real estate for the long-term use and enjoyment of future generations. For example, family real estate could be transferred to a trust or other entity designed to provide for the care, maintenance and use of the property for members of several branches and generations of the family. The entity could also provide liability protection for the family.

SECTION III. FAMILY OFFICE STRUCTURING AND TAX CONSIDERATIONS

Reviewing Proposed Investments

Family offices may invest in alternative investment vehicles, such as hedge, private equity, real estate and venture capital funds. These investment vehicles may involve complex legal and tax structures, which need to be understood before an investment is made. The character of the income generated by these funds is important, but the timing of income recognition and distributions may be just as important—to ensure that the family members have sufficient liquidity. If a family office chooses to invest directly in a business venture, it may need to determine whether to make that investment through a C corporation, an S corporation or a flow-through entity such as a limited liability company.

Importantly, individual members of the family may have significantly different tax circumstances. For example, some family members or entities may have substantial loss carryovers or net operating loss carryovers, whereas others do not. The family office adviser must be familiar with the tax profile of every family member or family entity participating in the investment opportunity.

Understanding Trust Structures

Wealth built up in past generations may be held in trust for members of the current generation. Understanding how these trusts operate and how they are taxed can be critical to maximizing the benefits of the structure. The adviser must know which trust distributions are mandatory and which may be discretionary. For example, tax considerations may play an important role in making trust distributions if those distributions may be fully or partially subject to generation-skipping transfer tax.

Beneficiaries of family trusts may have the power to appoint trust property to other people or entities. These powers may be exercisable at death or during life. These powers of appointment can provide great flexibility and can help the family fine-tune the tax planning or make changes to the plan to take into account new developments in the law or in family circumstances. The adviser must review carefully each trust in the structure and must be aware of how and when these powers of appointment may be exercised to achieve the family's objectives.

Tax Deductions—Investment Management Fees

Investment partnerships formed by family offices may pay substantial fees to third parties for investment advice and management. These fees, when passed through to the members of the family, or trusts for their benefit, are currently not deductible for federal income tax purposes due to changes made by the Tax Cuts and Jobs Act signed into law by President Trump in December 2017. A more efficient structure may be to admit the family office (or a corporation formed by the family office) as a general partner to the family's investment partnership. The partnership would pay a management fee and an incentive allocation to such partner, and the general partner in turn would pay third party investment management fees. Assuming that the general partner is considered to be engaged in the trade or business of providing investment management services, it may be possible to deduct certain third party fees as a business expense.

Tax Deductions—Administrative Expenses

Wealthy families and individuals typically incur significant administrative and operational expenses, start-up costs, legal and accounting fees, finance/trading expenses, etc. Importantly, when such expenses are incurred at the individual or trust level, under current law those deductions are not deductible. However, in the context of a family office that is operating as a stand-alone business, such expenses may be deductible as ordinary trade or business expenses. The availability of these deductions can yield significant savings to a family who otherwise would not have been able to deduct these expenses. This difference in treatment as well as the ability to share costs may lead a family to expand their own single family office into a multi-family office, particularly where the family office serves multiple generations of people descended from one or more common ancestors.

State and Local Tax Issues

Family offices and their advisers will review potential investments thoroughly to make sure they are tax-efficient for the family. This review may go into great depth on federal tax issues, but state and local tax issues may not get the same attention. Partnerships, particularly real estate funds, may make investments that subject their partners to state income taxes and requirements to file state income tax returns, sometimes in multiple states. These issues should not be overlooked when investment opportunities are being explored. Additionally, tax-efficient distribution planning should be considered for family members living in high-tax states.

Estate and Gift Tax Issues

The federal estate tax currently applies at a rate of 40%. In addition, state estate taxes may apply, depending on where members of a family live or where they own property. As a result, families of wealth engage in various planning strategies to mitigate the impact of these taxes. These strategies may lead to the creation of complex legal structures involving trusts, partnerships and other entities to hold the family's business and investment interests.

These issues may be particularly significant if any members of the family are not U.S. citizens or domiciliaries. Non-U.S. taxpayers are subject to U.S. estate tax on "U.S. situs assets," including stock in U.S. corporations and interests in U.S. real estate or partnerships holding U.S. real estate. Moreover, non-U.S. taxpayers have only a \$60,000 exemption from U.S. estate tax, so it is critical to ensure that investments made by the family office do not inadvertently expose non-U.S. family members to U.S. estate tax.

Once these structures are in place, administration of these entities falls to the family office. The personnel in the family office must understand the tax objectives of the structure and the purpose of each entity in the structure. They need to know what each entity can do legally and what traps and mistakes must be avoided. This requires constant communication between the legal and tax teams on the one hand and the personnel in the family office and their other advisers on the other. It also requires keeping an eye on the future, because legal structures or investment choices may need to change if circumstances change, such as on the death of a senior family member, the movement of a family member to or out of the United States, or the marriage or birth of a family member.

Charitable Endeavors

Philanthropy is often a major component of planning in a family office. A family foundation offers unique opportunities to bring members of the family together annually or more frequently to manage the foundation and make charitable gifts. A family foundation can also provide a platform to educate younger members of the family on investment fundamentals, such as asset allocation and targeted investments. The tax rules governing charitable contributions and charitable entities are very complex. If members of the family are contemplating large charitable donations, careful planning is required to maximize the benefit of the charitable contributions and, in many cases, to make use of charitable contribution carryovers when larger donations exceed the amount that can be deducted in any single year. Charitable foundations are subject to numerous technical compliance requirements and sanctions for entering into “prohibited transactions.” These rules require constant monitoring, so the family office adviser needs to ensure that there is a process in place to comply with these requirements. Moreover, investments by charitable entities may be subject to tax if the investments generate unrelated business taxable income (UBTI). Therefore, any proposed investment by a family foundation or other charitable entity must be reviewed carefully from the perspective of UBTI.

Controlled Foreign Corporations/Passive Foreign Investment Companies

U.S. tax law contains “anti-deferral” regimes designed to discourage or prevent U.S. taxpayers from deferring U.S. tax on investment income by investing through foreign corporations. The Controlled Foreign Corporation (CFC) rules subject investment income of a foreign corporation to current taxation and may subject gain on the sale of its stock to tax at ordinary income rates, if U.S. taxpayers own (directly, indirectly or by attribution) more than 50% of the value or the voting stock of a foreign corporation. The CFC rules apply to U.S. persons who own 10% or more of the voting stock of a foreign corporation, by vote or value. The Passive Foreign Investment Company (PFIC) rules apply very high rates of tax to gain recognized on the sale or liquidation of stock of foreign corporations that own primarily passive investment assets, regardless of the level of stock ownership by U.S. persons.

If the family office seeks to gain exposure to foreign markets by investing in foreign funds or foreign investment vehicles, it is important to ensure that U.S. members of the family will not be subjected to additional taxes if the investments involve CFCs or PFICs. If a family office outside the United States has invested

in CFCs or PFICs, it is important to plan ahead to shift those investments into U.S.-compliant alternatives when circumstances change—for example, when U.S. persons inherit property on the death of a non-U.S. parent or when non-U.S. beneficiaries of a foreign trust move to the U.S. and become U.S. residents or U.S. citizens.

SECTION IV. GOVERNANCE AND OPERATIONAL ISSUES FOR THE FAMILY OFFICE

Family Mission Statements

For many families of wealth, the foundation of a sound governance structure can be found in a family mission statement. The mission statement provides a clear articulation of the family's goals, philosophies and values. Although the mission statement may include the family's views on wealth preservation and its investment philosophy, it is generally geared more toward family values in areas such as human capital, lifestyle, education and philanthropy. That being said, there is no one-size-fits-all blueprint for a family mission statement, as each family's unique history and experience will determine the areas of common interest and focus.

Family Boards

Many formally structured family offices have a board, charged with executing the corporate formalities of the family office. This includes the supervision of the employees and officers handling day-to-day operations. Family office boards are rarely composed solely of independent directors—in fact, it is not surprising that many families prefer to handle this responsibility themselves in order to retain family control and privacy.

Independent Advisory Board Members and/or Directors

For many family offices, an alternative to having independent board members is the use of an advisory board. Families should be more willing to invite outside advisers to serve in this type of role within the family office structure. The outside advisers provide a level of independence and objectivity, along with experience, professionalism and expertise. For many families, the advisory board is a sufficient supplement to the family's internal governance structure. For others, it can be the first step in bringing independent directors into the governance structure over time.

Professional Trustees and/or Family Councils

The holdings of a large family office can be the equivalent of an institution. In selecting trustees for family trusts that are part of the family office, it is critical to consider the skills and experience involved in participating in this type of complex, institutional business environment. For many families, this requires the use of professional trustees to serve in this role.

The options for professional trustees include individuals who regularly act in this capacity, such as the family's lawyers and accountants—these trusted advisers who are generally familiar with the family's needs and have the experience required to serve in this important role. Alternatively, a corporate trustee—such as a bank or trust company—can serve in this role, and often can provide the administrative support necessary to manage a complex trust. Even when a professional trustee is serving in this capacity, many times a family member will serve as a co-trustee in order to provide insight into the family dynamics and serve as the family's voice in the administration of the trust.

Family councils are also used in the governance structure of many family offices. The size of the family council depends largely on the number of family members served by the family office. In a typical multigenerational family office, the council should have representatives from all levels within the family. It is also important to build in to the governance structure a clear understanding of the family council's role to ensure it has appropriate input on family planning and action.

SECTION V. REGULATORY CONSIDERATIONS FOR FAMILY OFFICES

The “Family Office Rule”

In July 2011, the Securities and Exchange Commission (SEC) adopted Rule 202(a)(11)(G)-1 (the “Family Office Rule”) under the Investment Advisers Act of 1940, as amended (the Advisers Act), which provides that qualifying family offices will not be considered to be an “investment adviser” for purposes of the Advisers Act. People or entities that are considered investment advisers under the Advisers Act are subject to extensive registration, reporting, record-keeping and other compliance requirements. Because the Family Office Rule provides an exclusion from the Advisers Act (the “Family Office Exclusion”), qualifying family offices do not have to comply with these onerous requirements.

Accordingly, the Family Office Exclusion is an important and powerful exclusion for family offices, permitting them to avoid registration as an investment adviser.

Although the Family Office Rule intends to provide flexibility to permit a variety of family offices to rely on the exclusion, its nuanced definitions require careful consideration and examination, as described further below.

Definition of “Family Office”

Under the Family Office Rule, a “family office” is defined as an entity providing investment advisory services:

- (i) whose only clients are “family clients” (discussed below);
- (ii) that is wholly owned by family clients or family entities and exclusively controlled by “family members”; and
- (iii) that does not hold itself out to the public as an investment adviser.

Definition of “Family Clients”

As defined by the Family Office Rule, “family clients” includes:

- a) all current and former family members (discussed below);
- (b) “key employees” (discussed below) of the family office;
- (c) charities funded exclusively by family clients;
- (d) estates of current and former family members or key employees;
- (e) trusts existing for the sole current benefit of family clients;
- (f) trusts funded solely by family clients if both family clients and charitable and non-profit organizations are the sole current beneficiaries;
- (g) certain key employee trusts; and
- (h) companies wholly owned exclusively by, and operated for the sole benefit of, family clients.

Definition of “Family Members”

For purposes of the Family Office Rule, the term “family members” includes all descendants of a common ancestor (who may be living or deceased), as well as current and former spouses or spousal equivalents of those descendants, provided the common ancestor is no more than 10 generations removed from the youngest generation of family members. All children by adoption and current and former stepchildren are considered family members. The Family

Office Rule does not include in-laws as family members or as family clients; nor does it include descendants of a stepchild whose parent later divorced the family member stepparent. Finally, under the Family Office Rule, a “cohabitant occupying a relationship generally equivalent to that of a spouse” may qualify as a spousal equivalent.

Ownership and Control of the Family Office

For purposes of the Family Office Rule, the family office must be wholly owned by family clients and exclusively controlled, directly or indirectly, by one or more family members or entities owned by family members. Although the Family Office Rule requires that family clients wholly own the family office, family members and their related entities must control the family office. The result is that key employees, among others, may own a non-controlling stake in the family office. This permits family offices to utilize equity awards as a part of a key employee’s incentive compensation package. However, issues regarding ownership and control require careful examination by the family office, due to the imprecise definitions contained within the Family Office Rule. We will discuss this in greater detail below.

No “Holding Out” by the Family Office

The Family Office Rule prohibits a family office from holding itself out to the public as an investment adviser. Such “holding out” suggests the family office seeks to enter into typical advisory relationships with nonfamily clients, which thus disqualifies the entity from the relief provided by the Family Office Rule. The SEC has stated that family offices that provide concierge tax-filing, accounting and housekeeping services to nonfamily members would not lose their eligibility for the Family Office Rule due to the provision of such services. However, the provision of such seemingly non-advisory services may overlap with advisory services and cause the family office to lose its eligibility to rely on the Family Office Rule. Thus, family offices must closely examine all the facts and circumstances surrounding the services they provide when assessing their compliance with the Family Office Rule.

Key Employees

The Family Office Rule permits family offices to provide investment advice to “key employees,” which is defined as any natural person who is (i) an executive officer, director, trustee, general partner or person serving in a similar capacity at the family office or its affiliated family office, or (ii) any other employee of the

family office or its affiliated family office, other than an employee performing solely clerical, secretarial or administrative functions. These key employees must, in connection with their regular duties, participate in the investment activities of the family office or affiliated family office, provided such key employees have, for the past 12 months, been performing such duties for or on behalf of the family office or an affiliated family office or have been performing substantially similar duties for or on behalf of another company.

Only key employees of the family office or an affiliated family office that serves the same family are included in the definition of “key employee.” The Family Office Rule provides that the definition of a “family client” includes a trust that is founded and managed by a key employee or, with respect to joint property, his or her spouse or spousal equivalent.

Examples of Pitfalls Jeopardizing the Family Office Exclusion

Family offices that oversee significant wealth can inadvertently make certain mistakes when structuring or operating their family office that could result in the family office’s loss of the Family Office Exclusion and could put the business goals of the family at risk. As discussed below, these structuring and operating missteps are typically due to a misunderstanding of the finer points of the Family Office Rule.

Example A: “Exclusive Control” by Family Members/Family-Owned Entities

Families qualifying for the Family Office Exclusion must maintain control over their family office. The legal entities functioning as a family office (e.g., limited liability companies, partnerships or corporations) must be controlled by family members or family entities in the manner required by the Family Office Rule. For example, trusted advisers or key family office employees who are not family members cannot represent a majority of the voting members of the board or such other governing body of the family office entity, even if family members have full authority to appoint and remove the board members at any time and for any reason. Therefore, the board of the family office must be structured so any nonfamily members and nonfamily entities involved in management of the family office (i) do not represent a majority of the voting board members or (ii) have voting power limited to administrative action items only.

Example B: “Key Employee” Investment Vehicles

Key employees (discussed above) are permissible family clients of the family office and can invest alongside the family, because the SEC recognizes such

an exception is necessary in order to attract and retain talented professionals as family office employees. Key employees may co-invest in their individual capacity with the family office or may enter into certain types of investment advisory agreements with the family office without triggering the need for the family office to register with or report to the SEC. However, the SEC strictly limits the types of investment vehicles that key employees may use to make such investments.

Entities used by key employees who are not family members to invest along with family members in investments advised or managed by the family office may not technically meet the SEC's "key employee" definition and, as a result, may put at risk the reliance on the Family Office Exclusion. For example, noncompliant key employee investment vehicles include, but are not limited to, (i) corporations or irrevocable trusts for which the key employee's children are the beneficiaries and (ii) limited liability companies or corporations that a key employee controls but whose ownership is shared with the key employee's siblings or children or with a noncompliant family trust. If key employees are using entities or trusts to participate in family office investments, it is important that the family office evaluate those key employee vehicles to confirm they are permissible under the Family Office Rule. If they are not, then such key employee investments should be transferred directly to the key employee or into compliant investment vehicles.

Example C: *Certain Investment Adviser and Broker-Dealer Issues*

A growing trend in the family office marketplace is the "club deal," whereby several families co-invest to buy a controlling interest in an operating business. Although some of these investments do not involve the payment of any fees or compensation by any of the families to one another, other structures strongly resemble a private equity-style investment. In such investment structures, the family office that has sourced the transaction takes on the role of a quasi "deal sponsor," charging certain fees to the other families. These fees can include carried interest or a "promote" fee (i.e., a share of the profits on the sale of the business or another liquidity event), as well as the equivalent of a management fee (sometimes labeled a "monitoring" or "advisory" fee) for their efforts in sourcing, negotiating and monitoring the investment on behalf of the families that collectively made the investment. Although each of these investment structures needs to be analyzed independently to assess its compliance with the Family Office Rule, families should be aware that certain activities, including compensation received for serving as the deal sponsor, could be viewed by the SEC as the family office holding itself out to the public as an investment

adviser, which could jeopardize the availability of the Family Office Exclusion and potentially require that the deal sponsor family register with the SEC and/or state regulatory authorities. Additionally, if the deal sponsor family charges the other families a “closing fee” or other commission-type fee that is contingent on the closing of the underlying transaction, there is a risk such family may be deemed to be acting as an unregistered broker-dealer in violation of broker-dealer regulations. Thus, any family office structuring a club deal investment in which it proposes to charge certain fees to other co-investing families should consult with counsel in order to ensure such investments and related fee arrangements are properly structured so as to comply with the Family Office Exclusion and federal and state broker-dealer regulations.

The Family Office Exclusion permits those family offices that are willing to take the steps necessary to comply with its requirements the ability to focus on their investment activities for the benefit of family members and key employees without intrusion on their privacy by the SEC. Family offices interested in protecting their privacy while avoiding the cost, in both time and money, of reporting to the SEC as an investment adviser should not only carefully structure their family office but also diligently monitor its operations to ensure strict compliance with the Family Office Rule.

SECTION VI. CONCLUSION

Properly structuring and operating your family office is essential to protecting your family’s wealth and legacy while establishing the framework through which family members can pursue their short- and long-term endeavors. Numerous considerations must be weighed and balanced when establishing a family office, and it is imperative that a family consult experienced advisers from all relevant professional disciplines, including tax, accounting, legal and investment management, to ensure that the appropriate solutions and approaches are adopted and implemented.

Please visit www.daypitney.com to learn more about our Family Office practice or to contact a member of our Family Office team.

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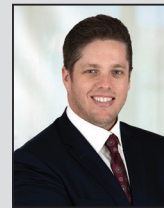
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For a complete list of the members of our team or to learn more about how Day Pitney can help you, please visit www.daypitney.com.

ACCOLADES & AWARDS*

Named “Law Firm of the Year - Trusts & Estates Law” by *Best Lawyers*, 2022



Named “Best Law Firm – Estates and Trusts” category (2020 & 2024) and “Highly Commended” in categories for “Best Private Client Law Firm” (2017 and 2019) by *Private Asset Management* (PAM)



Recognized with WealthTech Americas “Thought Leadership (US) Award” by *WealthBriefing*, 2023; Named “Law Firm of the Year” by *Family Wealth Report*, 2017



Named a Family Office “Industry Awards” Finalist in the “Client Initiative” category by *Wealth Management*, 2017 & 2019



Finalist in “Accounting, CPA or Law Firms Serving Family Offices” category for Family Wealth Alliance Best in the Industry Awards, 2018



Shortlisted as USA Private Client Team of the Year – East Coast, 2020; ranked Nationwide Eastern Region in NY and RI by *Chambers HNW* in 2023; and Band 1 in CT, MA and RI in Private Wealth Law by *Chambers HNW* in 2023



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ABOUT DAY PITNEY

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**BOSTON CONNECTICUT FLORIDA NEW JERSEY NEW YORK
PROVIDENCE WASHINGTON, DC**

Our mission is to work collaboratively and effectively with our clients to resolve complex legal challenges. We add value by combining innovation with knowledge and experience.

Since 1902, Day Pitney has been helping clients in a wide range of industries thrive and prosper. We build long-lasting partnerships by listening to our clients and understanding their objectives.

We have a thorough, in-depth understanding of the legal issues that confront our clients because we speak their language and know their business.

Day Pitney is an East Coast-based law firm with close to 300 attorneys in 13 offices in Boston, Connecticut, Florida, New Jersey, New York, Providence, and Washington, D.C. Day Pitney provides unlimited access to partners and has cultivated a deep bench of knowledgeable and experienced attorneys in all practice areas. Our lawyers work seamlessly across disciplines to guide our clients through the evolving legal landscape.

Day Pitney's Corporate, Litigation, and Private Client attorneys represent a variety of clients from individuals to Fortune 100 companies. The breadth and scope of our services to private client and families are among the most comprehensive in the country.

The firm's experience is extensive, including work in eight core industries:

- ENERGY AND UTILITIES
- FINANCIAL SERVICES
- REAL ESTATE AND ENVIRONMENTAL
- INSURANCE AND REINSURANCE
- MANUFACTURING AND TRANSPORTATION
- INTELLECTUAL PROPERTY AND TECHNOLOGY
- HEALTHCARE AND LIFE SCIENCES
- TAX-EXEMPT ORGANIZATIONS AND CHARITABLE GIVING