

Multifamily Office Standards

Standard #1: Whom Do They Serve?

This is an explanation of the clients served by a Multifamily Office (MFO), which is a certain type of North American wealth management firm.

1. Demonstrate a primary focus on complex wealthy families and family structures.
2. Have a minimum of ten distinct, unrelated client family relationships to whom family office services are delivered.
3. Exhibit a median of at least US\$20 million of net worth for the firm's ten largest family clients.
4. Have responsibility for investment advice for total assets of not less than US\$500 million.

Standard #2: What Services Do They Offer?

There are ten Core Services that have proven to be essential to most complex wealthy families. Most importantly, a Multifamily Office firm must be able to integrate and manage these services effectively and consistently to add value to the client relationship.

1. Offer these ten Core Services, based upon client needs: (1) Comprehensive Financial Planning; (2) Portfolio Management; (3) Backoffice/ Consolidated Reporting; (4) Estate and Wealth Transfer; (5) Tax Planning, Preparation, and Compliance; (6) Risk Management; (7) Trustee Services; (8) Lifestyle Management; (9) Family Consulting, Governance, Meetings, and Education; and (10) Strategic Philanthropy and Administration.
2. Provide a majority of the ten Core Services in-house, and have management and/or integration planning responsibility for any Core Services that are outsourced, delegated or shared with third parties or other intermediaries.

Standard #3: How Do They Deliver Services?

A Multifamily Office firm bases its value to client families on trust, customized services, full transparency and open access to numerous quality outsource provider firms.

1. Demonstrate a client-centered philosophy for the firm's mission and purpose.
2. Provide full transparency and disclosure for all services, activities and arrangements with other parties, vendors and intermediaries.
3. Meet all state and/or federal registration requirements.

Standard #3: How Do They Deliver Services? (Cont.)

4. Disclose fully all fees and payments to be received from the client as a result of their engagement with the firm.
5. Quantify and qualify the degree of open access to products and services offered to the client.
6. Cannot accept third-party reimbursement or wrap fees for investment services, nor sell products unless the sale of the product is fully disclosed and transparent to the client in terms of competing products, comparable performance and pricing/fees to similar providers or products in the marketplace.
7. Customize its services to fit client needs.
8. Demonstrate a definable process to identify, select, monitor, and coordinate the work of best-in-class outsource provider firms.

Standard #4: Who Are These Firms?

What origins, professional credentials, competency and experience does the Multifamily Office firm need to possess to implement and manage these Core Services essential to the client?

1. Can originate from an original Single Family Office, an institution, or an independent firm, and they can emphasize certain Core Services offered and types of families served.
2. Have a multi-disciplinary staff (e.g., CPA, CFP, CFA, JD or other professional designations/marks) that demonstrate professional competency and the experience to serve complex client families.
3. Have been in the business of providing family office services to unrelated families for at least three years.
4. Demonstrate professional involvement and commitment to the profession by assisting in setting standards, self-regulation and participation in family office conferences, seminars and meetings, and membership in leading organizations.
5. Exhibit stability in the firm's ownership, management, and business continuity, to ensure its long-term viability and capability to serve succeeding generations of the client families.