



MULTI-FAMILY OFFICES LET ADVISORS FOCUS ON WEALTHY CLIENTS.

Technology, complexity *and* personalization are three common themes of modern life. With the advent of the multi-family office wealthy dentists and their families can now benefit from these trends.

A **traditional family office (FO)** can cost upwards of \$1 million to \$5 million per year to maintain, so it's out of reach for most. The multi-family office or MFO is a great solution for families with a net worth from \$5 million to \$50 million.

The **multi-family office (MFO)** offers personalized asset management that mitigates against complexity and uses the latest technologies-without incurring the expense of a traditional family office. Such structures offer all the benefits of a family office, without the expense. The MFO concept allows professional advisors the ability to give their high-net-worth clients the personalized attention and range of resources they desire.

The origin of the family office

The family-office (FO) concept was born on the east coast of the U.S. among the "old money" families. Back in 1882 John D. Rockefeller established the first family office to manage the family assets and philanthropic endeavors.

A typical family office is comprised of a group of full-time advisors who manage the family's financial affairs and meet all their investment, legal, estate planning, taxation, philanthropy and insurance needs. Some branch out into a myriad of tasks, such as helping the children get into desired schools or taking

care of the family's various houses. The main benefit is obvious: a team of professionals acts in concert on behalf of one client, under the leadership of a chief financial advisor. Together they create and execute a well-conceived strategy and overall plan, built on the knowledge and trust that close relationships provide.

In today's complex world, a family office provides a highly personalized approach to wealth management. The qualified professionals on the team have intimate knowledge of the family's preferences and values and are able to provide the various financial planning services that offer continuity from one generation to the next.

Benefits to clients

The family office structure centralizes the necessary information and planning, which provides families with numerous benefits, including:

- A high level of privacy and confidentiality
- Absolute control over client affairs
- A greater feeling of security
- Simplified financial planning
- Reducing duplication of effort and errors
- Minimizing taxes and expenses and
- The ability to make decisions in a timelier manner.

The advent of the MFO

The multi-family office model was inspired by the traditional family office, and provides many of the same benefits.

The advantage of a multi-family office is that clients get the same kind of personalized attention and coordinated services, but in a much more cost-effective manner. Essentially, several families share the cost of a family office. And they further save money by picking and choosing which services they would like to leverage, given their unique circumstances and needs.

The multi-family office makes the client's life easier. Call it a holistic approach to high-net-worth wealth management. They don't supplant the clients' long-term advisors. The MFO is the quarterback that gets all the client's advisors at the same table. They get everyone working together for the benefit of the client. They will typically proactively meet once a quarter and arrive with a formal agenda to address the client's needs.

Multi-family offices tend to have fewer clients so that they have the time to go to the depths that these relationships require. The use of multi-family offices is a growing trend for families with significant assets. These are people who want to be "good stewards" of their capital but who don't want or need (or can justify the cost of) a team of full-time "in-house" advisors.

Much of the growing interest in multi -- family offices has to do with the supply side, starting with the availability of more viable alternatives and multi-family options in Canada. On the demand side, there is growing realization that running a single family-office is an actual business and entails hiring and managing staff. There are also a lot of technology and compliance-related costs.

The premise is that the MFO costs more than they're used to, but far less than a full-time family-office. The MFO can bring in other professionals as needed, such as bankers or trust specialists. The multi-family office approach is the "360-degree" financial solution for anyone with more than \$1 million of investable assets under management. The client family is working with a closely connected team of professional advisors of various types. Making it a big step up from working with completely disconnected parties.

The benefit to clients is having a single party overlooking their total financial exposure and tax environment. This helps the client take the right risks, and take into account other considerations, such as their personal and corporate taxes, succession, estate and insurance issues, and philanthropic or legacy planning needs.

Once a family passes the \$5 million to \$10 million mark in net worth, this type of structure is more than worth paying for. More and more high net worth families are realizing that while you still need to work with individual experts, the crossovers between tax efficiency, insurance, financial assets, and real estate increasingly need to be planned out together.

The MFO model is aligned to deal with fewer, but deeper client relationships. Wealthier client families in Canada are looking for more customized services, and the multi-family office structure is the wealth management industry's answer to cater to these families with higher level of client service and satisfaction.

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