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Building revenue and relationships between family offices and attorneys



Steven Abernathy, founder, principal and chairman of The Abernathy Group II Family Office

There are many reasons trust and estate planning attorneys who are not partnered with a multifamily office (MFO) might consider doing so. While sharing an affluent clientele and increased revenues is clearly advantageous, billable hours are only one aspect to consider. When properly nurtured, a relationship with an MFO is mutually beneficial for years to come – here are five reasons why:

1. Referrals become clients requiring more than one kind of legal advice

A larger client base equates to a larger pool of earnings. However, this is only one part of the story. Deeper relationships covering more of a client's life also equate to more earnings. Family offices cover both personal and corporate affairs. There are invariably opportunities for a large law firm to serve a family's legal needs and requirements outside of trust and estate planning. Mergers, acquisitions, the financing and structuring of businesses, succession planning and philanthropy are just a few of the challenges members of a family office need help solving.

2. Affluent clients need estate planning and related services

Attorneys affiliated with family offices are well positioned to become the 'go-to people' for a member family and their extended network. An estate is likely to include a variety of assets which may include business and philanthropic endeavors. Non-family members are often in positions of influence and can be a referral source since they represent a trusted advisor to the family decision maker. Plus, they'll have their own needs for trust and estate planning services for their own family.

"When the attorney is the trusted advisor to family members in different generations the family may want the attorney to act as a fiduciary. If the attorney does not promote himself or herself for that position and the family as a whole wants the attorney to fill that role, it should eliminate any ethical questions about the attorney acting as fiduciary. This is not always the case if the attorney is just a draftsman seeing the client sporadically every several years," says Gerald Dunworth, law partner at Gibney, Anthony & Flaherty.

3. A family office's high-touch model provides the attorney with the 'big picture'

Let's face it—families do not always prioritize estate planning. However, given a family office's focus on avoiding estate taxes, there is deliberate attention paid to every facet of the family's wealth enterprise. Thus, a well-structured plan is not only encouraged, but, generally reviewed regularly. This provides an attorney with regular meetings as opposed to creating the estate plan and potentially not meeting again for another decade. More frequent meetings equate to greater revenue and more meaningful bonds with the family. "If the attorney is part of the family office team and included in regular client meetings, s/he is likely to be seen as a trusted advisor who should be included instead of merely a draftsman only appearing every decade or so to update documents," says Dunworth.

4. A trust and estate planning attorney is a natural choice for a trustee role

No one understands a trust's provisions better than the estate planning attorney who created it. "Those in fiduciary roles (trustee and executor) can develop a close relationship with the family through the family office. When this is the case, it's often more appropriate for the attorney to become a fiduciary than it would if the attorney is only seeing the client sporadically every several years," says Dunworth. Given the complexity of a trust's verbiage, statutory variations and other legal nuances, estate planning attorneys are well-suited to navigating what could be rocky sailing for a lay person.

5. A MFO ultimately makes the attorney's job easier

The MFO's hands-on approach is used as a preventative measure against the 'shirtsleeves to shirtsleeves in three generations' phenomenon. Every civilized culture on the planet has a version of this proverb. It's depressing to see assets destroyed in three generations or less. A MFO educates heirs with the intention of them becoming intelligent stewards of the family's assets. While this built-in education may not increase revenue substantially, it enhances the satisfaction in a job well done. ●