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Why a Family Office May Be Right for Your Needs

These all-in-one organizations provide clients with expertise that includes a wide range of services.

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Close your eyes and imagine - the rich tone of a violin filling the concert hall; the penetrating notes of the trumpet striking up a Sousa tune on the 4th of July; the graceful melodic sound of the flute performing a Bach Sonata; the rhythmic beat of the drum coordinating the steps of the marching band. Each of these instruments has a unique sound all on their own. When played individually they display their own personality, but when played together as part of an orchestra their sounds blend into a powerful and exciting experience for all who listen. The blending of this energy in the air is the handy-work of the conductor who harnesses the talent of every musician to create a harmonious work of art.

An organizational structure that was created over a century ago, the family office was originally formed to help families with investment services, trusts and estates, strategic planning, fund management and even philanthropy. Today, the current state of the economy has increased the demand for more specialized services, leading family offices to expand their scope of service offerings to include everything from bill pay to insurance to aircraft and yacht oversight. Finding and retaining the top talent needed for these custom services has caused some single family offices to merge, creating what is known as multi-family offices (MFO).

Family offices provide a solid foundation for long-term success, based on stability, consistency and objectivity, all welcome traits in times of trepidation. In addition, family offices offer access to a broad range of skill sets, from in-house staff accountants that handle day to day tasks such as a/p and monthly budgeting. This set-up eliminates the confusion that clients sometimes face when being approached by conflicting opinions or points of view. The family office provides a streamlined process that allows for safeguarding of sensitive information by a highly qualified team.

A family office can be viewed as a one-stop shop for the resources, tools, technologies and intellectual property that can protect and advise high net worth individuals and families both in the short and long term. The level of personal comfort created by having this umbrella management system in place is an added financial benefit and timesaver unto itself, as clients typically are appointed one primary point of contact.

There are many circumstances where family offices are engaged, and most of these coincide with major life changes or economic peaks and valleys, though the desire to employ highly competent advisors continues to be a driving factor in working with this type of financial structures.

Family offices can be employed to work on a project by project basis, manage day to day back office duties and provide a big picture view of the client's entire financial landscape. Family offices wear many hats and may be retained to:

- Act as a Chief Financial Officer and help with budgeting, forecasting and overall management of cash and asset allocation.
- Act as a personal Finance Department and complete daily, weekly, monthly, quarterly and annual due diligence tasks such as invoice payment scheduling, payroll, account maintenance and reconciliation, balance profit and loss and year-end closing.
- Coordinate with insurance advisors to help evaluate insurance coverage to mitigate risk.
- Assist legal counsel to handle wealth transfer, audits, tax laws, confidentiality agreements, NDAs, etc.
- Act as the liaison between other financial experts, including tax professionals, bankers and brokers.
- Act as an estate manager overseeing the administration and bookkeeping.
- Act as the concierge for big ticket assets such as property, fleets, yachts and aircraft.
- Assist with basic and multi-generational family unity on issues related to money management, goal prioritization, etc. Oftentimes, one of the biggest duties of a family office is simply to educate the various family generations on their options.

The key to a successful partnership between family office and client is to clearly define the client expectations and goals. Key performance indicators may be used to measure the success of individual programs, while an agreed communications standard will set the precedent for peace of mind. Family offices are known to act as an advocate of the client, making necessary adaptations based on unique needs and requirements, as opposed to trying to force clients to fit a certain mold. In essence, the family office is created around the needs of the client, not vice versa. The office provides education, transparency and empowerment to the client and is flexible in working with the client in order to achieve the financial objectives at hand.

Family offices are specialized business set-ups that are built around the client; currently there are just a few thousand of these niche providers in the U.S., who manage hundreds of billions of dollars in assets.

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