



How Wealth Owners Measure Value:

Evaluating the Performance of Your Wealth Advisor or Family Office





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Table of Contents

Expert Insight: A Letter from Harris myCFO.....	4
Study Intent.....	5
Introduction.....	6
I. The Importance of an Annual Conversation about Value.....	7
II. Great Expectations – What Matters Most to Wealth Owners.....	11
III. Measuring and Documenting Value.....	15
IV. Effective Ways to Communicate Value.....	19
Conclusion.....	25
Appendices – Sample Documents.....	26
A. Family Office Monetary Value and Protection Services Report.....	27
B. Family Office Report Card.....	29
C. Semi-Annual Billing Statement and Work Calendar.....	34
D. Client Satisfaction Survey.....	37
E. Total Cost of Wealth Management.....	43
Prototype Report Card.....	46

Expert Insight: A Letter from Harris myCFO

Dear Family Office Exchange Member:

A year ago, many of us believed that a difficult economy would, by now, be far behind us. However, the uncertainty in the economy continues to challenge us.

This economic landscape compels us to be more disciplined in our approach to financial management. It also prompts us to reexamine our goals and determine what is most meaningful and of greatest value in our lives.

While financial metrics are often baseline measures of success for many families, increasingly other metrics such as education of the next generation, successful transition of the family business, and definition of the family legacy are becoming more important. Yet, how does one measure success here? With goals that are as diverse as these, how does a family office demonstrate the value of its service offering in a manner that is appropriate for each client and/or family?

In partnership with Family Office Exchange we sought to answer these critical questions. *How Wealth Owners Measure Value: Evaluating the Performance of Your Wealth Advisor or Family Office* highlights methods and tools that will help wealth owners and their advisors have more productive conversations about the value of the family office or advisor relationship.

What we learned from this study will benefit our wealth management practice and our clients. We discovered that few of us have developed or engaged in annual measurement programs with our advisors or clients. It is imperative that we start that immediately. We also determined that each professional discipline requires very different metrics to demonstrate value and success. Ultimately, we confirmed that success is driven by meeting the specific goals of each wealth owner.

As you read this research study, we hope that you find the tools and information of great help in achieving your own success, however you may define it.

Sincerely,



Joe Calabrese
President
Harris myCFO



Study Intent

The current economic climate and the financial upheaval of the last two years have caused many wealth owners to reconsider their family's goals as well as the processes and resources they rely on to manage their wealth. Wealth owners are paying more attention to the wealth management process and seeking real value for their investment.

The question of value is a perennial concern. For some, the question of value is tied to real concerns about sustainability of wealth and the challenge of getting quality service for a fair price. For others, the focus may be on preparing the next generation to be productive, independent and responsible wealth owners. All want reassurance that their investment in the wealth management process is a sound one. **The challenge for family office staff and wealth advisors is to demonstrate and articulate the value of their service offering in a way that is meaningful for each owner.**

Family Office Exchange (FOX) initiated this study, in partnership with Harris myCFO, to help wealth owners better understand the return on their wealth management investment and to identify ways that family offices and wealth advisors can effectively measure and communicate their unique value.

This study documents the importance of an annual evaluation process, inventories more than 50 common goals or expectations wealth owners have for their providers and includes sample documents and tools used by industry veterans to provide wealth owners with evidence of their unique value.

During the course of this research, FOX interviewed dozens of wealth owners, clients of family offices, family office executives and wealth advisors and, with Harris myCFO, hosted a Thought Leaders Roundtable to discuss current industry practices and identify ways for all parties to improve their conversations about value.

We wish to thank the many family members and family office executives who contributed their time and expertise to this publication. In addition, we would also like to thank the participants in the June 2010 Thought Leaders Meeting:

Kurt A. Brimberry, *Fiduciary Trust*

Joe Calabrese, *Harris myCFO*

Michael Cole, *U.S. Bank*

Fort Flowers, *Sentinel Trust Company*

Kent Lawson, *Longview Asset Management*

Kathryn M. McCarthy, *Independent Consultant and Financial Advisor*

Thomas E. Meilinger, *Vogel Consulting*

Ken D. Mindell, *Rosewood Management Corporation*

W. Jackson Parham, Jr., *Eton Advisors, L.P.*

Lex Zaharoff, *LZ Investment Advisors LLC*

Michael Zeuner, *GenSpring Family Offices*

Introduction

Successful organizations continually evaluate their performance and rely on those results to direct their investment in the future. They compare their activities and outcomes to a series of metrics to quantify their successes and identify areas for improvement. In the corporate world, the metrics that matter most are typically tied to profitability. In the family office world, the metrics vary depending on the goals and priorities of each wealth owner.

Getting to the metrics that matter most to wealth owners begins with a conversation between family leaders and their advisors about goals and priorities. Most value conversations happen informally in client meetings or in response to a life event that calls a product or service into question. Few conduct formal annual reviews. **Section I of this report outlines the benefits of investing in an annual conversation about value** and illustrates the important links between goals, office roles and wealth owner expectations.

Merriam-Webster defines the term “metric” as “a standard of measurement.” Wealth advisor participants in a recent FOX research study describe the metrics they use to measure their success in terms of client retention rates, volume of client referrals for new business, investment performance and client satisfaction¹. All of these are specific and relatively easy to quantify. When wealth owners are asked to describe the metrics they use to evaluate their family office or wealth advisor, their responses are voiced in terms of broad-based goals or expectations, and many do not fit the corporate mold. **Section II identifies what matters most to wealth owners when they consider the value of their advisor relationships.**

How do family offices and wealth advisors quantify the value they bring to the wealth management table? When the wealth owner’s primary goal is wealth preservation or accumulation, the evidence of value can be found in a financial report; when what is valued most is peace of mind, the advisor’s job becomes more difficult. **Section III outlines some of the ways family offices and wealth advisors document their value** and offers Thought Leader suggestions on ways to quantify some of the less tangible aspects of value.

Effective communication of value links service outcomes to the wealth owner’s goals and expectations. The value story must be told in language that resonates for each individual wealth owner. **Section IV introduces the FOX Report Card template** that readers can customize to tell their unique value story. **The Appendix contains several reporting tools used by industry leaders to document and convey value.**

¹ FOX Wealth Advisor Survey, Spring 2010.

I. The Importance of an Annual Conversation about Value

Why should wealth owners and advisors invest in an annual assessment of value? An annual assessment provides an opportunity for the wealth owner to revisit his or her expectations of the family office or wealth advisor and share new priorities for the year ahead. Having clarity about client expectations helps the advisor deploy resources effectively and execute the strategies needed to achieve positive results. Conversations about expectations, annual objectives and client service agreements provide a baseline against which performance can be measured at year end.

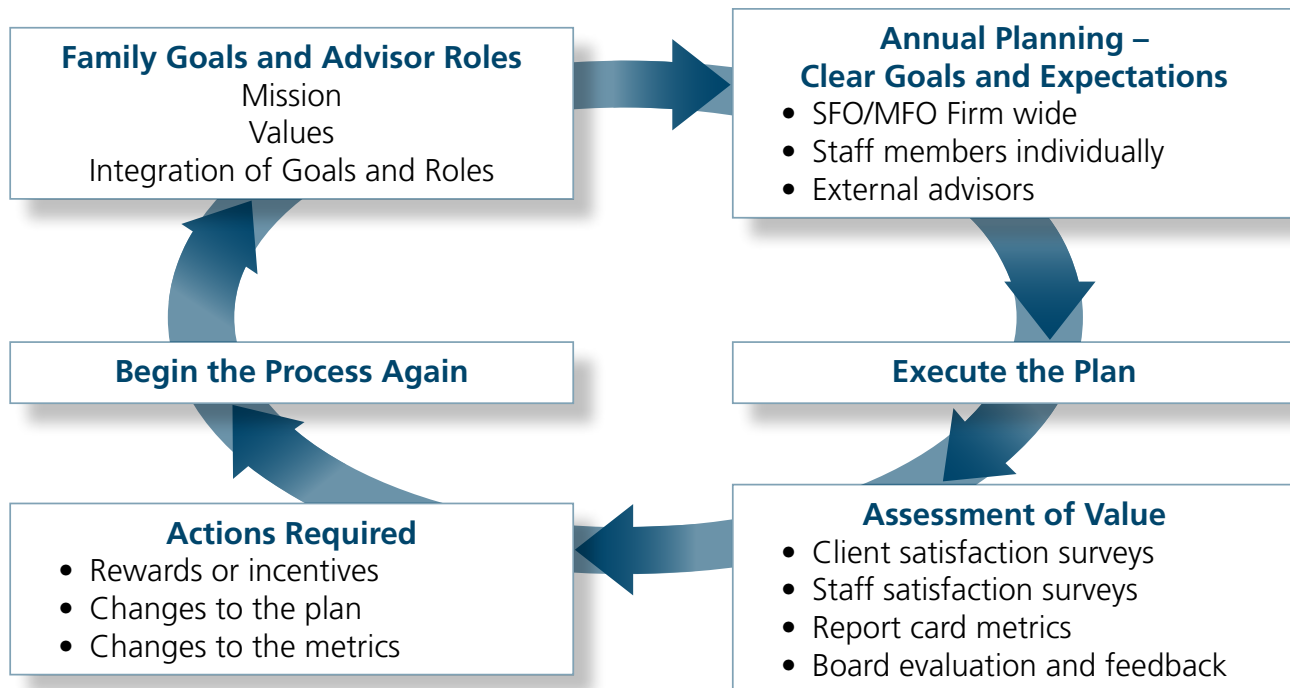
The outcomes of an annual assessment of value – alignment of the goals of the wealth owner and the advisor, regular communication about what is working and what needs to be improved and transparency related to the cost of wealth management – are important for both the wealth owner and advisor. The process builds trust and provides tangible evidence of the value of the relationship.

Many office executives comment on the sense of comfort that wealth owners feel as a result of the annual assessment process. They have a greater appreciation for the work that goes on in the office and an understanding of the investment required to do it well.

Family offices that have invested in an annual conversation about the value the office provides have identified a number of strategic benefits of the process:

- Documenting the links between the family's goals, the office's goals and staff goals ensures **clarity of vision** and reinforces **accountability**
- Revisiting goals and priorities each year allows the office to **stay on top of ever-changing client needs and demographics**
- Relying on client feedback to direct efforts to enhance service quality ensures the **proper investment of resources**
- Tracking staff time and work volume (e.g. number of tax returns per employee) helps management **plan appropriately for staffing changes**
- Sharing an accounting of the costs and accomplishments of the office provides wealth owners with the information they need to make **informed decisions about the future**

A Conversation about Value – A Continual Process



Investing in a continual process (depicted above) requires the commitment of all involved parties. Wealth owners must make time to meet with the office staff or advisor team each year. They have a responsibility to the provider to:

- share their priorities, goals and plans
- communicate about important events in their lives that impact the office
- offer honest feedback about the process

Many offices and advisors work hard to do what is in the wealth owner’s best interest without much direction or buy-in from the owners themselves.

“The discussion around metrics is totally conditional around the process for goal setting. Some families take goal setting very seriously, and some don’t. How you determine metrics is totally linked and dependent upon your goal setting process.”

- Joe Calabrese, President, Harris myCFO

The family office staff or advisor team translates the owner’s goals and priorities into a work plan for the organization, works hard to execute the plan and documents their performance throughout the year. In preparing for the annual assessment, client and employee satisfaction surveys provide valuable insight about the advisor’s perceived value. Comments from these survey tools can help to quantify some of the less tangible benefits of the relationship and ensure that the annual report card provides evidence of value for the “softer” aspects of the relationship as well as the more tangible results and/or deliverables.

The annual assessment process ensures that the successes of the year are acknowledged, and any shortcomings are accommodated in the future year’s plans. Plans and goals for the year are aligned with the wealth owner’s priorities, and the metrics are adjusted accordingly.

Links between Goals, Roles and Expectations

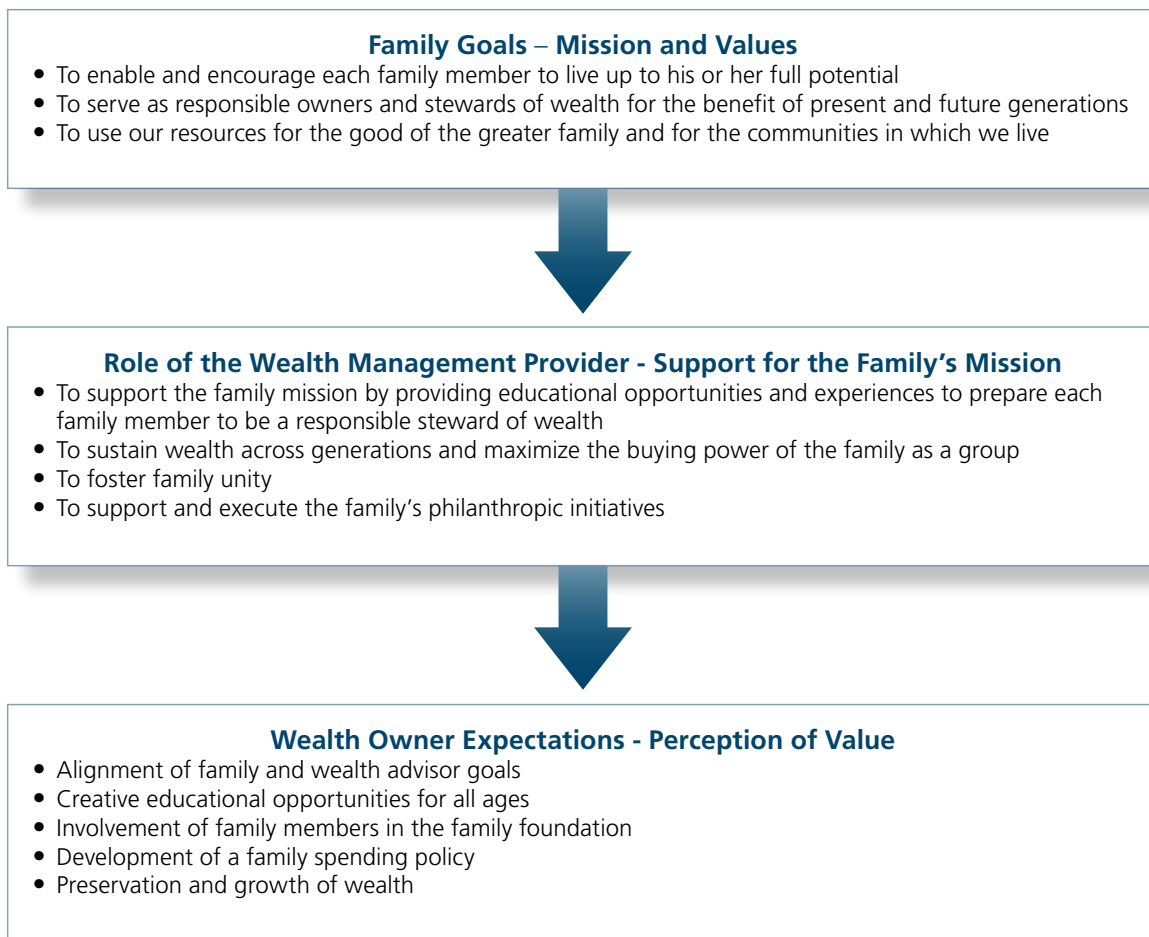
Any conversation about value must begin with a review of the goals and strategies that the family office or wealth advisor has been charged with achieving or completing.

“Satisfaction comes from exceeding expectations, and there’s no way you can exceed expectations unless you agree on the metrics.”

-Lex Zaharoff, President, LZ Investment Advisors, LLC

The family’s goals for their wealth and its effective management direct the role and work of the family office or wealth advisor and, ultimately, determine the measures of success or metrics that are used to demonstrate value. The following image illustrates the owner’s perspective on the important links between a family’s vision for the wealth, the role of their wealth management provider (family office or wealth advisor) and their expectations for success.

Goals, Roles and Expectations – The Wealth Owner’s View



The wealth management goals for the owner in this example go way beyond investment performance. While preservation and growth of the family's financial assets are critical, this family's primary goals deal with the preservation of the family. The family recognizes apathy as a key threat to the family's legacy and relies on the wealth advisor to involve younger family members in the process of sustaining their wealth.

The role of the wealth advisor in this example in helping to carry out the family's mission is as much about educating the next generation and fostering family unity as it is about growing and reporting on the family's financial assets. The owner relies on the wealth advisor to:

- provide educational opportunities for individual family members
- organize and lead family meetings
- invest the family's financial assets
- provide accurate and timely financial statements
- support the family's philanthropic activities

The owner's perception of value provided by the wealth advisor is, ultimately, contingent on the organization's ability to help the family further its mission. Tangible evidence of the wealth advisor's value in this respect might include participation of younger family members in family meetings and philanthropic activities in addition to growth and preservation of the financial wealth.

The goals of the owner determine the roles and responsibilities of the organization charged with coordinating the wealth management process. These roles and responsibilities continually evolve and change as the family evolves. Clear and consistent communication about the family's expectations for the process and the family office or wealth advisor is critical for the success of all parties.

II. Great Expectations – What Matters Most to Wealth Owners

“When you think about your family office or wealth advisor and the services they provide for your family, what is most important to you? What metrics do you use to determine the value of your family office or wealth advisor?” These are the questions that FOX posed to dozens of wealth owners, clients of family offices, family office executives and wealth advisors in an effort to better understand the way owners think about the value provided by their advisors. Their responses are voiced not in terms of corporate metrics but in broad-based goals and expectations. They rely on the family office or wealth advisor to figure out how to measure and report on their performance accordingly.

Conversations with members of the FOX Council Groups along with the wise counsel of FOX members and Thought Leaders surfaced more than 50 core expectations that owners consider when determining the value of their advisor relationships.

These expectations are shown in three layers to illustrate the fact that all parties – the wealth owners, the family office or wealth advisor and the external advisors - have a responsibility to ensure that these expectations are met. For example, in order to fulfill the wealth owner expectation for “educated and engaged owners,” the wealth owners must participate in continuing education, attend family meetings, etc.

The top layer identifies the goals and expectations where family members have a role to play. The middle layer outlines the professional’s duties, and the third layer shows the responsibilities that are typically shared with external advisors.

The expectations are organized around seven dimensions:

- **Family Legacy and Leadership**
- **Responsible Ownership and Governance**
- **Management and Control of Family Financial Affairs**
- **Operations and Cost Control**
- **Knowledgeable Staff and Clear Communication**
- **Sustainability of Wealth**
- **Risk Management**

The relevance of each of these depends on the wealth owner’s priorities and the role of the advisor. Some will apply; others may not.

Determining Value – What Wealth Owners Want

Wealth Owner Responsibilities

Family Legacy and Leadership

- Sense of family unity and continuity
- Strategies to preserve and perpetuate family legacy
- Clear roles and responsibilities for owners
- Development of family leaders
- Management of change in the family and industry
- Alignment of office values with family values

Responsible Ownership and Governance

- Educated and engaged owners
- Financial independence and self-sufficiency
- Representative decision-making process
- Support for governing board members
- Assistance with family and family office succession
- Management of generational transitions
- Strategic partner for the family and the family office
- Annual metrics linked to mission, goals and risks

Family Office or Wealth Advisor Responsibilities

Management and Control of Client Financial Affairs

- Understanding of wealth owner needs
- Peace of mind and enhanced quality of life
- Actionable, quality financial advice
- Qualified advisor network or eco-system
- Control of the wealth management process
- Trust and confidence in quality of services
- Management of day-to-day financial affairs
- Management and monitoring of spending rates
- Management of special projects, properties, collectibles

Operations and Cost Control

- Access to quality services for a fair price
- Effective use of outsourcing
- Pooled purchasing and relationship pricing
- Customization of services and support
- Control of operating costs and accountability
- Staff productivity
- Operating efficiency and effectiveness
- Effective use of technology
- Accurate and timely financial reporting

Knowledgeable Staff and Clear Communication

- Objectivity and wise counsel
- Responsive and professional service team
- Open and trustworthy climate between family and staff
- Effective communication and collaboration among staff and with the family
- Employee satisfaction and retention
- Staff training and opportunity for career development

Responsibilities Shared with External Advisors

Sustainability of Wealth

- Maintenance of purchasing power of assets
- After-tax wealth growth and enhancement strategies
- Risk-adjusted investment performance
- Effective wealth transfer planning
- Management of financial complexity
- Financial flexibility

Risk Management

- Consistent process for monitoring and managing risks
- Loss prevention (loss of wealth and opportunity)
- Documentation of critical risks and challenges
- Proper investment in risk mitigation strategies
- Privacy, confidentiality and protection of reputation
- Effective regulatory compliance

This list confirms the notion that what matters most to the wealth owner goes beyond investment performance and the data that any financial statement can provide. The process of determining value will always be as much art as science, and it demands an assessment of the value delivered related to the family's net worth (financial assets) as well as the family's true wealth (human assets).

"The question we need to ask ourselves is, 'Are we spending more time on the family's worth or on their human capital?' The key is to find the right balance."

-David Martin, Family Office Executive

Successful management of significant family wealth requires the collective efforts of wealth owners, family offices and external advisors. When wealth owners reflect on the value they receive for their investment in coordinating the wealth management process, they consider the following questions.

Family Responsibilities

- Family Legacy and Leadership – How does the family office or wealth advisor support the long-term vision of the family, foster family unity and prepare family members to continue the family's legacy?
- Responsible Ownership and Governance – In what ways does the family office or wealth advisor educate and involve younger family members in the wealth management process and support the family's governing process?

Family Office Responsibilities

- Management and Control of Financial Affairs – Does the family office or wealth advisor offer advice that yields positive outcomes? Does this relationship provide a sense of confidence that the family's best interests are the firm's primary concern?
- Operations and Cost Control – Has the family benefitted from its collective purchasing power? Does the family receive quality service for a fair price?
- Knowledgeable Staff and Clear Communication – Is the staff available, helpful and proactive? How long has the team been a resource for the family?

Shared Responsibilities

- Sustainability of Wealth – Have the family's financial assets grown after taxes and fees? Are the structures and strategies in place to preserve the wealth to accommodate the family's changing needs?
- Risk Management – Does the family office or wealth advisor understand what keeps family members awake at night? What is the firm doing on a consistent basis to manage those concerns?

Wealth owner expectations vary depending on the role of the advisor and the service promise. What is important to one wealth owner may not matter at all to another. The priority attached to these expectations and the expectations themselves will change depending on what is happening in the wealth owner's life. The challenge for the service provider is to know the client well enough to stay on top of their changing priorities and preferences and to continually communicate the value the firm provides. The FOX Report Card on page 21 provides sample metrics for each of the wealth owner expectations identified on page 13.

III. Measuring and Documenting Value

How does the family office or wealth advisor demonstrate the value it provides throughout the year? If the wealth owner expectation is after-tax growth of assets, the evidence of value resides in the financial report that details their after-tax investment performance relative to appropriate benchmarks. If the metric is “peace of mind,” the metrics are not so easy.

There is much about coordinating the wealth management process for multi-generational families that extends beyond the realm of numbers and reports. Some outcomes have short-term impact are easily measured, and it makes sense to report on them throughout the year. Others, especially those with longer-term implications (e.g. management of generational transitions), may need to be evaluated over longer periods of time, and their true value may only be realized after the fact or in hindsight. As one Thought Leader expressed,

“We tell clients all the time that where we add the greatest value is between things, the things that you can’t measure easily.”

-Fort Flowers, President, Sentinel Trust Company

Because a wealth owner’s determination of value may be subjective and is continually changing, the challenge for office executives and wealth advisors is to document value using a balance of art (client feedback and success stories) and science (accomplishments and financial reports). Family offices and wealth advisors typically rely on combinations of the following tools to measure their success:

- Financial reporting and compliance measurement against standards
- Report of accomplishments relative to goals
- Performance benchmarking relative to history or peers
- Client and employee feedback compared across years

Periodic **financial reports** are the most tangible measures of a family office or wealth advisor’s success. They document the outcomes achieved by the office or advisor regarding the growth of assets, and they are typically an important topic of discussion in client meetings. These results are an important component of the wealth owner’s overall perception of value, but they are just one component. Most of the expectations outlined on page 13 cannot be quantified in a financial report.

Many family offices and wealth advisors provide clients with periodic progress reports that detail the **accomplishments of the service team relative to the wealth owner’s goals**. This narrative is often developed with input from all involved staff members and delivered quarterly. This type of report can be a helpful tool for the wealth owner who wants to keep his or her fingers on the pulse of the organization or who may not have a financial background and wants to better understand the work undertaken by the office or advisor.

Best Practice Case Study - The Value Add Report

The Smith* family office serves the first and second generations of one family. A family member in the second generation runs the family office. The central role of the nine-person family office is to provide accounting, tax and management advice for family members and to handle some of their business affairs. The office also oversees the family foundation.

The office has always been expected to document its value, and the staff has developed a detailed process for documenting, benchmarking and communicating the value of the family office.

Annual Goals

Each year the office works with the family to document the goals for the office and develop a realistic operating budget. The family's goals dictate the priorities and the work of the office. Following are the primary goals for the family office for 2010.

Family Office Annual Goals

Goal #1 Financial Accountability

- Provide you with accurate and timely financial reports monthly, including a detailed listing of cash and investment balances by location.
- Prepare or facilitate the preparation of all of your personal and corporate returns and quarterly tax estimates.
- Use our comprehensive financial reporting to identify all potential tax deductions and minimize taxes paid.

Goal #2 Asset Management

- Continue development of an investment and cash management system that seeks the maximum return on assets within the defined risk parameters and required flexibility.
- Maintain diversification of assets between financial institutions and asset categories to minimize the risk of potential loss.

Goal #3 Risk Management

- Continue to address the ongoing risk management issues surrounding the ownership of your assets when additional assets are acquired.
- Monitor and adjust the legal structures in place to limit your risk exposure.
- Implement recommended security procedures to safeguard your family, physical assets and identity, including the preparation of a Kidnap and Ransom Plan for family members.

Goal #4 Estate Planning

- Assist in the formulation of a long term plan for your assets and legacy.
- Identify and present planning alternatives and structures designed to accomplish your plan, while minimizing estate and other wealth transfer taxes.
- Facilitate a family meeting that focuses on how your family can help achieve your plan and implement your legacy.

Goal #5 Philanthropy and Family Legacy

- Assist in reviewing donation requests to help you achieve your philanthropic goals and objectives.
- Organize the family meeting in the summer to inform and educate family members.

The staff is very focused on delivering value related to these goals and ensuring that the services provided by the office cost less than they would if they were outsourced to external providers. All staff members participate in the process of tracking and communicating value.

*pseudonym

Measuring Success

The office relies on three key means of quantifying the value added by the office each month:

- tracking staff time
- comparing cost to historical and external benchmarks
- documenting accomplishments relative to the annual goals

Everyone on staff tracks his or her time by project and by entity daily using Excel. This data is aggregated (takes about four hours per month) to allow the office to: understand and articulate the costs of various services; capitalize certain fees for tax purposes; ascertain their “value adds” at month-end, and keep up with project deadlines.

“Nobody likes tracking time. However, I am an advocate of knowing how staff resources are being utilized. It’s good from a tax perspective, good from a communications perspective and for understanding costs.”

-Family Office CFO

The family office provides the family with a quarterly snapshot of fees based on the approved budget amount. To bring perspective to this cost information, the staff compares the costs to prior year expenses and/or to the cost of purchasing services from an external provider.

The entire team contributes to the monthly narrative that explains what the office has accomplished (the Value Add Report). This communication documents for the family how the staff spent its time during the month and inventories the office’s accomplishments. These include tangible benefits such as 100 hours of in-house tax return preparation, as well as narrative about the role of the office in support of personal projects for family members. The office is careful to document their role as a trusted advisor and personal resource for the family and to recognize that the less tangible benefits of the office are often the most valued.

Communicating Value

The culture of this office is focused on the delivery of value, and the office staff makes the most of every opportunity, in client calls and meetings, to remind clients of the value the office provides.

Value is communicated in written form monthly via a financial binder that includes: a consolidated financial report, entity financial reports, investment reports and the Value Add Report, which includes a description of the staff’s accomplishments (tangible and less tangible) and time tracking results. This monthly report keeps the staff focused on tasks to be completed to reach the office’s annual goals. An annual summary is consolidated at year end and reviewed with the annual budget and goals for the next year.

The annual budget identifies the costs by family member and in aggregate form. The office knows the family so well that the next year’s budget anticipates the likely service needs for each family member for the coming year. This reinforces the fact that the office is continually and proactively seeking solutions that serve the family’s best interests. The annual review provides an opportunity for the staff to review their performance and identify areas for further investment for the next.

This office’s intimate knowledge of their clients’ needs and collective investment in the process of tracking and communicating value have allowed the office to keep up with the family’s ever-changing needs and solidify their value as a trusted and essential family resource.

Some wealth owner expectations are best quantified by **benchmarking results relative to prior experience or peers**. For example, it may be nice to know that the family office staff completed 100 tax returns last year, but there is more value in knowing that this is twice as many returns per employee as the average family office. Similarly, providing evidence that the organization provides quality service for a fair price typically involves comparing the cost of the services provided to what it would cost to outsource those services.

Many of the greatest benefits of the family office or wealth advisor relationship can be the toughest to quantify. Many times, the challenge of making the intangible more tangible can be accomplished by asking for and documenting **client feedback** on what is working about the relationship and what needs to be improved.

Mechanisms for Feedback

In most family offices and advisory firms, the mechanisms for feedback are informal. Just 30% of family offices and 25% of wealth advisors conduct regular client satisfaction surveys². FOX is an advocate for investing in periodic client satisfaction surveys (at least every three years) and annual staff evaluations to ensure that the organization continues to be driven by the wealth owner's goals and is investing properly in the products and services that matter most to the owners. However, the feedback gathered anecdotally in client meetings or conversations is also valuable.

Documenting the “Intangibles”

Many family office executives and wealth advisors comment on the difficulty of documenting the intangible aspects of the job. Especially difficult to quantify are the preventative measures taken by the office. As one executive explained,

“We are ostensibly measured on our ability to make good decisions, but we are ultimately paid to keep owners from making bad decisions.”

-Family Office CEO

Demonstrating value related to efforts on the truly long-term investments such as education or preparation of the next generation may best be accomplished by sharing success stories. Following are two examples of the value wealth owners experienced as a result of their family office's investment in education, as told in the office executives' words.

Success Stories

Story #1

Years ago we started meeting regularly with each beneficiary, his or her parents and trustees to talk about the investment process and familiarize them with their responsibilities as wealth owners. We used Motley Fool and other resources for teens. It is gratifying now to see those kids turning twenty-five and not cashing in their trusts, but making responsible decisions with their wealth.

Story #2

A parent of a fourth generation twenty-something recently came up to thank me. Her daughter had moved in with her boyfriend in advance of their wedding, and the parent was concerned about having the “pre-nup conversation”. She was delighted to learn that, thanks to the training provided by the family office, the conversation was not even necessary. Her daughter understood the importance of having a pre-nuptial agreement and had the confidence to handle the issue with her fiancé.

The training provided by the family office benefitted both parties and avoided unnecessary conflict around a sensitive issue. The mother was spared a potentially difficult conversation with her daughter about the need for a pre-nup; the daughter was well-equipped to handle this sensitive subject with her fiancé.

Sharing stories like these or comments from client satisfaction surveys as evidence of value reminds the client of the importance of the less tangible benefits provided by the office or advisor.

² Family Office Exchange Wealth Advisor Survey, Spring 2010 and Family Office Benchmarking, 2009.

Ways to Demonstrate Value - Thought Leader Input

In June of 2010 FOX and Harris myCFO hosted a Thought Leaders Meeting in Chicago to discuss effective ways to measure and communicate the value of the family office or wealth advisor relationship. FOX asked the Thought Leaders to apply their collective brainpower to identify ways to quantify some of the wealth owner expectations that are difficult to measure or quantify. Following is a list of some of the expectations that are difficult to quantify that need to be measured for the client, along with their suggestions for ways to demonstrate value.

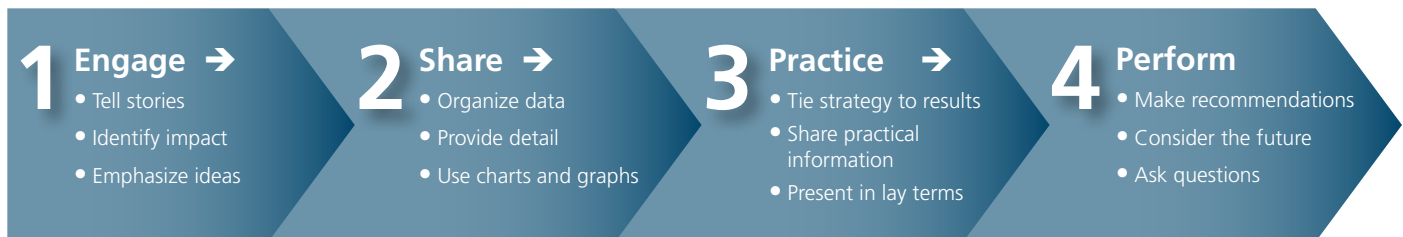
Wealth Owner Expectations	Metrics or Measures of Value
Peace of mind and enhanced quality of life	<ul style="list-style-type: none"> • Complete a risk management assessment • Ask as a question in a client satisfaction survey or discussion • Consider five-year results; have a family discussion about how things have improved
Actionable, quality financial advice	<ul style="list-style-type: none"> • Assess the experience and qualifications of the advisors • Review the results of the advice over time • Conduct an independent, third party assessment
Sense of family unity and continuity	<ul style="list-style-type: none"> • Quantify and celebrate the participation at family gatherings • Ask as a question in a client survey or discussion • Evaluate participation in “family based” philanthropic efforts
Operating efficiency and effectiveness	<ul style="list-style-type: none"> • Compare to peers or external competition (benchmarking) • Evaluate the cost of the operation relative to the family’s net worth • Ask the family to provide a grade for the overall service
Staff responsiveness to client needs	<ul style="list-style-type: none"> • Review staff records to track requests and completed tasks • Track response time (returned calls within two hours, 24-hour email responses, etc.) • Provide an explanation of completed activities with quarterly billing statements

These are just a few of the suggestions that office executives and advisors can use to try to document the less tangible benefits of the relationship. The key is to invest in the processes and discipline required to continually capture, quantify and communicate value.

IV. Effective Ways to Communicate Value

Effective communication about the value of the family office or wealth advisor requires intimate knowledge of the client's priorities and communication preferences. Some wealth owners prefer to have a conversation about the year's investment performance, while others want to pour over the charts, graphs and detail provided in the financial reports. Some are actively involved in business decisions and have an aptitude for financial matters; others just want reassurance that their lifestyle can be sustained. The key is to ensure that conversations about value tie the numbers and activities to real life priorities, goals and experiences.

Following the steps below helps to ensure that the value conversation has something for everyone:



Every client conversation, whether it is a friendly reminder about the content of an upcoming family meeting or a quarterly review of investment performance, provides an opportunity to relay a value message. When it comes to a more formal, written summary of value, some family offices and wealth advisors provide owners with a summary of accomplishments with their billing statement; others rely on their quarterly reporting package to convey the value they provide. Most of those who provide a written report of value do so annually in conjunction with a review of the year's accomplishments and plans for the next year.

“Every client conversation provides an opportunity to relay a value message”

In many cases, the staff has a limited amount of time each year to review the office's performance. Providers that successfully communicate their value typically have a service-oriented culture that is focused on client satisfaction along with a disciplined and consistent process for tracking results and documenting value. They also know their clients and share the information in a format that is meaningful and actionable.

An effective annual review of value should include:

- highlights from the annual financial reports
- narrative describing the year's most important accomplishments
- the results of service or cost benchmarking
- insights from client or staff satisfaction surveys
- comments about what can be improved for next year

It is critical that any written materials are discussed with each individual wealth owner; their feedback is essential.

FOX Report Card

To help family offices and advisors do a better job of communicating value, FOX has developed a report card template that family offices and advisors can customize to meet each wealth owner’s unique needs.

The FOX Report Card is designed to enhance the value conversation for all involved parties. The tool provides a way for family offices and advisors to quickly and efficiently document their accomplishments without overwhelming the wealth owner. Ideally, the report card would be completed by the family office or wealth advisor and sent to the owner in advance of an annual review meeting. Sharing this information in advance and allowing clients time to thoughtfully consider the year’s activities sets the stage for a more efficient and productive meeting.

The template provides a means for the family office or advisor to demonstrate value related to their client’s goals and includes a feedback mechanism to collect the client’s perception of value - importance and satisfaction – for each service provided.

The following template provides sample metrics for each of the wealth owner expectations identified on page 13. Each client’s report card should be customized to include the expectations (likely no more than 10) that matter most to that client. All 50+ expectations surfaced in the research are shown here merely as an example.

Management and Control of Client Financial Affairs

Wealth Owner Expectations	Importance to Owner (✓)	Owner Satisfaction (✓)	Metrics or Measures of Value
1. Understanding of wealth owner needs	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Feedback from client satisfaction surveys and meetings b) Periodic meetings to document and review client service needs
2. Peace of mind and enhanced quality of life	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Feedback from client satisfaction surveys and meetings b) Review of five-year results and how things have improved
3. Actionable, quality financial advice	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Annual review of results for advisor-recommended strategies b) Completion of external audit of the family office
4. Qualified advisor network or eco-system	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Leadership review and analysis of the health of the family “eco-system” b) Periodic advisor site visits
5. Control of the wealth management process	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Completion of a Policies and Procedures Manual b) Benchmarking of office operations relative to family office peers
6. Trust and confidence in quality of services	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Periodic evaluation of external service provider offerings b) Feedback from client satisfaction surveys and meetings
7. Management of day-to-day financial affairs	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Benchmarking of management strategies relative to history or peers b) Results of annual operations audit
8. Management & monitoring of spending rates	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Quarterly spending reports – actual vs. budget and future projections for cashflow needs b) Review of spending reports in client meetings
9. Management of special projects, properties, collectibles	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Development of project management checklist with the governing board b) Quarterly review of office accomplishments

Family Legacy and Leadership

Wealth Owner Expectations	Importance to Owner (✓)	Owner Satisfaction (✓)	Metrics or Measures of Value
1. Sense of family unity and continuity	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Family agreement on their shared vision for the future b) 100% attendance at the annual family meeting
2. Strategies to preserve and perpetuate family legacy	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Creation of an elder generation video b) Fourth generation involvement in the family's philanthropy
3. Clear roles and responsibilities for owners	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Updating the Family Constitution with revised roles and obligations b) Review of family expectations for adult wealth owners with young adult family members and their parents
4. Development of family leaders	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Opening foundation board membership to all owners over 18 years of age b) Fourth generation participation in annual service trip to Costa Rica
5. Management of change in the family and the industry	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Family meeting discussion to identify changes needed b) Participation in industry webinars
6. Alignment of office values with family values	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Meeting with office staff to discuss alignment of values b) Feedback from client satisfaction surveys and meetings

Responsible Ownership and Governance

Wealth Owner Expectations	Importance to Owner (✓)	Owner Satisfaction (✓)	Metrics or Measures of Value
1. Educated and engaged owners	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Participation in family, family office and foundation meetings b) Annual calendar of family office activities for all ages
2. Financial independence and self-sufficiency	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Educational materials presented and discussed with parents of young children b) Percentage of the next generation who are gainfully employed
3. Representative decision-making process	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Meeting minutes that document decisions and provide transparency to the process b) Members of each family branch on governing committees
4. Support for governing board members	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Clearly documented process for board member selection b) Consistent enforcement of bylaws
5. Assistance with family and family office succession	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Written succession plan for the family office CEO b) Development of a mentoring program for young adult family members
6. Management of generational transitions	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Use of a facilitator to lead a discussion about preparing for transitions b) Annual review of estate plans
7. Strategic partner for the family and family office	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Family office objectives developed by the board and measured annually b) Annual client meeting to reaffirm short- and long-term goals
8. Annual metrics linked to mission, goals and risks	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Regular discussions about how the metrics support the mission and goals of the family b) Completion of a client satisfaction survey and review of results with family and staff

Operations and Cost Control

Wealth Owner Expectations	Importance to Owner (✓)	Owner Satisfaction (✓)	Metrics or Measures of Value
1. Access to quality services for a fair price	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Cost benefit analysis for family office costs relative to external providers b) Feedback from client satisfaction surveys and meetings
2. Effective use of outsourcing	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Summary of annual cost savings afforded by outsourcing tax services b) Documentation of staff time and resources saved by outsourcing
3. Pooled purchasing and relationship pricing	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Cost savings from implementation of consolidated purchase of tax or insurance services b) Feasibility study related to development of an insurance captive
4. Customization of services and support	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Feedback from client satisfaction surveys and client meetings b) Staff tracking of special projects and requests
5. Control of operating costs and accountability	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Annual report of office costs relative to budget b) Analysis of growth in office costs relative to growth in the family and the assets
6. Staff productivity	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Benchmarking relative to history or peers (e.g. number of tax returns per employee) b) Report of staff accomplishments relative to goals
7. Operating efficiency and effectiveness	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Annual review of concrete examples of improvements in operating procedures b) Feedback from client satisfaction surveys and meetings
8. Effective use of technology	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Creation of family website b) Implementation of a document management system to minimize reliance on physical files and enhance security
9. Comprehensive and timely financial reporting	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Online access to quarterly financial reports within 30 days of period end b) Feedback from client satisfaction surveys and meetings

Knowledgeable Staff and Clear Communication

Wealth Owner Expectations	Importance to Owner (✓)	Owner Satisfaction (✓)	Metrics or Measures of Value
1. Objectivity and wise counsel	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Documentation of conflicts of interest for all service providers b) Evaluation of results relative to recommendations
2. Responsive and professional service team	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Feedback from client satisfaction surveys and meetings b) Report of staff time tracking and client call logs
3. Openness and trustworthy climate between family and staff	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Feedback from client satisfaction surveys and meetings b) Staff log of personal project requests
4. Effective communication and collaboration among staff and with the family	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Feedback from client and staff surveys and meetings b) Completion of annual service project for family foundation (family and staff)
5. Employee satisfaction and retention	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Results of annual employee reviews b) Annual conversation about career goals and objectives
6. Staff training and opportunity for career development	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Summary of training dollars invested each year in staff development b) Report of completed continuing education courses

Sustainability of Wealth

Wealth Owner Expectations	Importance to Owner (✓)	Owner Satisfaction (✓)	Metrics or Measures of Value
1. Maintenance of purchasing power of assets	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Quarterly financial reports that monitor investment inflows against spending outflows b) Adherence to family spending policy
2. After-tax wealth growth and enhancement strategies	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Periodic meetings to review growth goals and risk parameters b) Quarterly investment performance reports
3. Risk-adjusted investment performance	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Quarterly investment performance reports that document levels of risk involved by asset category b) Periodic client meetings to review risk tolerance and exposure
4. Successful wealth transfer planning	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Measurement of percentage of total of wealth held in tax-deferred strategies b) Annual review of Estate Planning Checklist
5. Management of financial complexity	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Transaction volume reporting (manual vs. automated) against benchmarks b) Periodic review of ownership structures
6. Financial flexibility	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Use of scenario planning to analyze financial alternatives b) Client satisfaction with investment alternatives

Risk Management

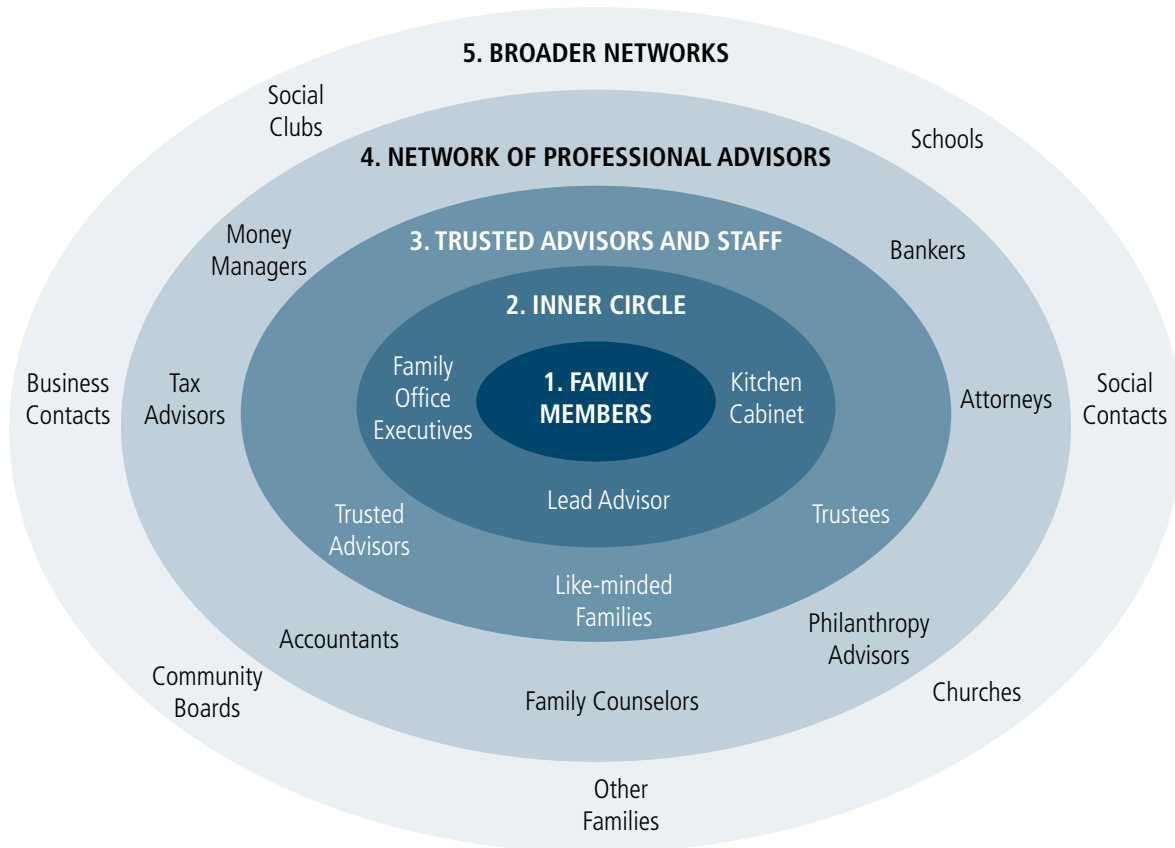
Wealth Owner Expectations	Importance to Owner (✓)	Owner Satisfaction (✓)	Metrics or Measures of Value
1. Consistent process for monitoring & managing risks	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Development of a risk management committee with specific annual goals and objectives b) Completion of a risk management assessment
2. Loss prevention (loss of wealth and opportunity)	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Annual report of risks avoided and/or execution of opportunities discussed with the board b) Completion of insurance review to ensure proper coverage
3. Documentation of critical risks and challenges	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Conversations with clients about critical risks and mitigation strategies b) Annual review of accomplishments relative to risk management goals
4. Proper investment in risk mitigation strategies	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Annual report that documents the cost of all risk mitigation strategies b) Annual review of losses avoided due to effective mitigation
5. Privacy, confidentiality and protection of reputation	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Background checks on all new employees and contractors b) Confidentiality agreements for all staff members
6. Effective regulatory compliance	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	a) Completion of periodic accounting and compliance audits b) Careful review of pending legislation and registration alternatives

An annual report card is an important piece of tangible evidence of the value provided throughout the year. For wealth owners who rely on a strategic plan to guide the work of the office, it provides a means of measuring the year’s progress relative to the goals of the office and the family. For those who have yet to undertake a formal strategic planning process, the report card can be the trigger that starts the “value conversation” and leads to discussion of important questions about the future of the family and its advisor relationships.

“For those who have yet to undertake a formal strategic planning process, the report card can be the trigger that starts the “value conversation”

The report card can also be a tool to help the family evaluate the health of its broader advisor network or eco-system. Most families do not have a consistent, annual process for assessing the value of their advisor relationships. Interestingly, most advisors want honest client feedback so that they can invest their resources properly to deliver value. Using a tool like the FOX Report Card to start an annual dialogue with external advisors can only improve these relationships and their value for the family.

Family Eco-system

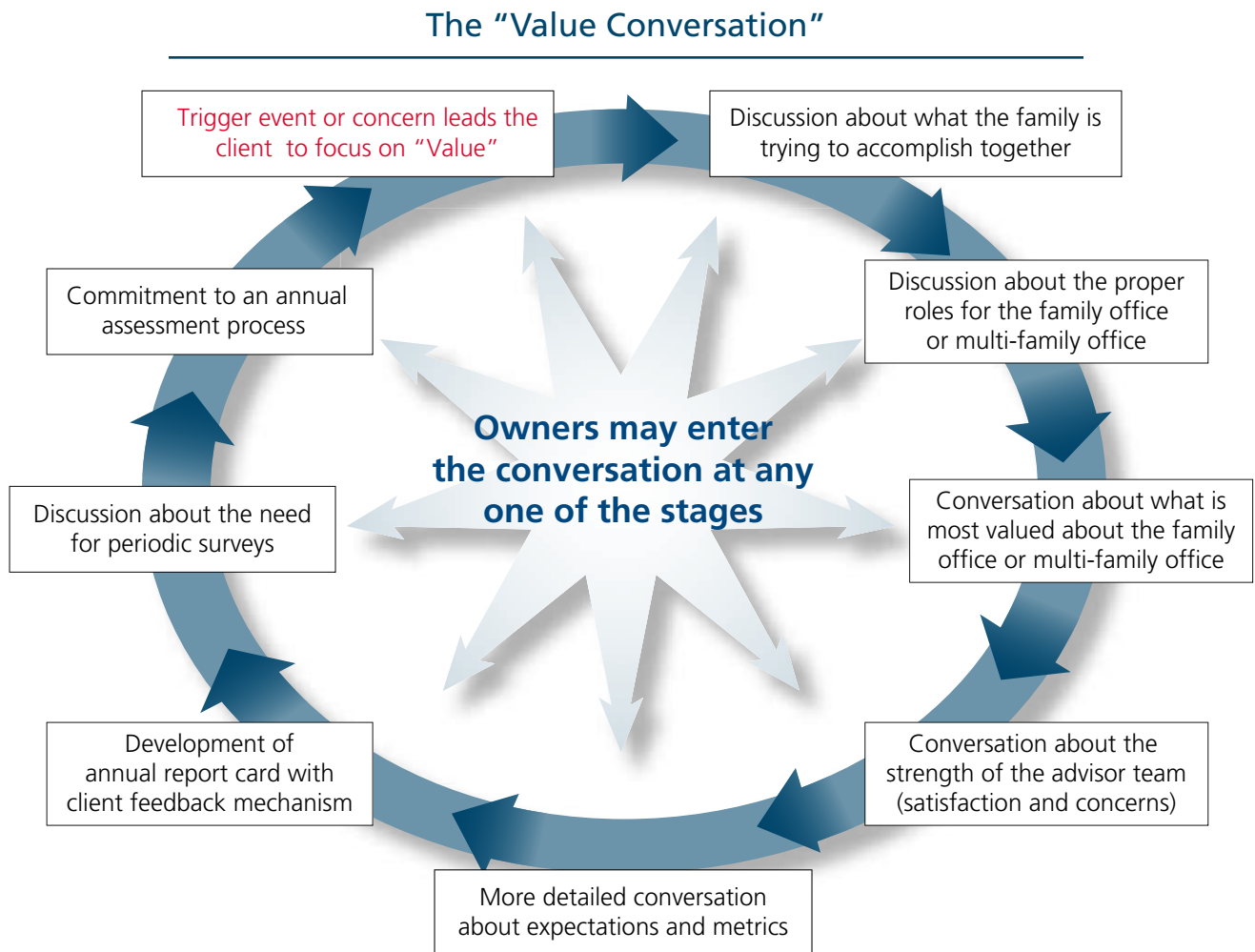


Source: Mark Haynes Daniell and Sara S. Hamilton, *Family Legacy and Leadership*, John Wiley & Sons (Asia) Plc Ltd. 2010.

Conclusion

In the course of this research, family office executives and wealth advisors talked about the fact that it can be difficult to engage wealth owners in conversations about their goals and expectations for the wealth management process. Often it takes a significant life event to trigger a conversation about what matters most to them about their wealth and their future. FOX research³ shows that just 30% of participants have taken the time to document their long-term goals and objectives in a strategic plan for the family or the office.

The information shared in this report should encourage wealth owning families to think carefully about their goals and priorities and to share them with their wealth advisors. What begins as a conversation about how a product or service can be improved can lead to an important conversation about what the family wants to accomplish together. The image below illustrates the continuous nature of the process of determining and pursuing value.



Source: Family Office Exchange Thought Leaders Meeting, June 2010

Investing in an annual assessment of the family office or wealth advisor relationship, where success is measured and achievements are documented relative to the wealth owner's goals, ensures that the energy and resources of the team (wealth owners, family office and wealth advisors) remain focused on what matters most.

³ FOX Family Office Benchmarking, 2009.

Appendices – Sample Documents

The documents in this Appendix are actual examples of tools used by current FOX members to document and communicate value. The information in these examples has been altered to ensure complete confidentiality; any names are pseudonyms. We are grateful to the members who have shared these tools; they will undoubtedly save readers considerable time and energy.

A. Family Office Monetary Value and Protection Services Report

This document inventories the annual accomplishments of a family office in the areas of Investments, Tax Planning, Estate Planning, Retirement Planning, Cash Flow and Risk Management.

B. Family Office Report Card

This template provides clients with an overview of the office's operations (financial, staffing, trust administration, tax preparation, etc.) and productivity for a three-year period.

C. Semi-Annual Billing Statement and Work Calendar

The cover letter that accompanies the client invoice provides an explanation of the family office's costs relative to external providers. The Work Calendar details the family office's accomplishments.

D. Client Satisfaction Surveys

These samples gather important client feedback on the family office overall, the office governing board, and the investment services provided by the office. The beauty of these samples is their brevity. Asking a small number of the right questions encourages participation and yields valuable results.

E. Total Cost of Wealth Management Report

This report details the actual and projected annual cost of the family's wealth management process. Internal and external costs incurred by the family office and the family foundation are consolidated to provide the family with a comprehensive look at all costs.

A. Family Office Monetary Value and Protection Services Report

2010 Hamilton Family Monetary Value and Protection Services Report

Investment Services

1. Invested in tax exempt investments and municipal bonds which saved taxes
2. Purchased tax credits at a discount which saved taxes
3. Engaged in ABC Company prepaid forward and hedge transactions to protect assets from large market swings
4. Paid off margin, which safeguarded the investments against potential margin calls; eliminated cash outflow for margin interest expense; and eliminated margin tax deduction limitations
5. Diversified investment holdings and reduced concentrated stock holdings
6. Filed various security litigations which resulted in large cash awards
7. Had foundation donate estate assets to the Community Foundation; family members purchased them back at significant discounts

Tax Planning

1. Structured land sale as installment note between related entities therefore subjecting income to capital gain tax treatment instead of higher ordinary tax, as well as deferring taxable income over ten year period
2. No state taxes were incurred on ABC company liquidation/diversification by the trusts
3. Charged investment consultant's investment management fees within the partnerships which increased tax deductions and reduced taxes
4. Deducted investment fees for all trusts above the line with no limitations which increased tax deductions and reduced taxes
5. Conducted year end tax planning to reduce current year taxes including prepaying deductible expenses such as state taxes before the end of the year
6. Filed property tax appeals on various properties. The 2007 appeal filed for the DEF property resulted in a net savings of \$23,306 after expenses

Estate Planning

1. Created life insurance trusts to replace estate taxes for adult family members
2. Created FLP to gift G interests to third generation at significant discounts
3. Funded generation skipping trusts with heavily discounted assets saving significant future estate tax
4. Had H and F trusts participate in G purchase from the community foundation at 50% discount instead of the parents
5. Obtained large discounts on assets held by the estates which saved significant estate taxes
6. Funded the L Generation Skipping Trusts with highly discounted partnership assets
7. Spun out low value R.I. from partnership assets and gifted to H and F minor trusts in anticipation of greater land appreciation in the future

Retirement Planning

1. Created 401(k) and 403(b) retirement plans and fund annually the maximum allowed by law for the adults family members
2. Created IRA accounts for male adult members and fund annually the maximum allowed by law
3. Continued to fund existing IRA accounts for adult female members annually

Cash Flow

1. Obtained executor fees for executors of estates
2. Paid adult family members wages from family office
3. Paid adult family members wages from foundation
4. Provided adult family members with family medical and dental care benefits
5. Renegotiated family office lease with significant savings
6. Separated foundation space from family office space and entered foundation into a separate lease which reduced office rental costs
7. Liquidated family's Maple Value Fund, LPG Fund interests which provided them with greater access to liquid assets
8. Terminated and liquidated CRUTs with checks sent to charities and remaining assets transferred in-kind to their respective personal investment accounts which increased their net worth and provided them with greater access to liquid assets.
9. Increased personal lines of credit to cover potential future cash shortfalls
10. Researched and obtained consent to utilize trusts for beneficiary loan guarantees (not yet implemented)

Risk Management

1. Obtained \$10 million umbrella policies for adult members and most entities to protect individuals and assets against potential lawsuits
2. Obtained \$3 million D&O policy to protect trustees against future potential lawsuits
3. Recommended "second to die" life insurance for all second generation adults to cover estimated estate taxes

General

The overall coordination of tax information, legal services, etc. is a much more efficient process than having each family member deal with an advisor separately and thus often duplicating costs, communication time or miscommunications due to the technical nature of issues.

B. Family Office Report Card

Financial

- Ending assets up _____ due to market rebound, new assets
- Overall client withdrawals are down
 - Taxes a driving factor
 - Some clients have reined in spending due to economy

	2007	2008	2009	% Change
Ending Assets				
New Assets*				
Client Withdrawals				
- Spending				
- Taxes				
- Other				
Withdrawals as % of Ending Assets				

Financial: Revenue and Expenses

- Revenues and Expenses constant vs. 2008
- Pre-Tax Net Income of \$ _____ (↑ ____ %)

	2007	2008	2009	% Change
Total Revenue				
Total Expenses				
Pre-Tax Net Income				

\$ Millions

* Includes new assets from current clients

Financial: Fees and Capital

- The average fee (General Comments Here)
- Capital: (General Comments Here)

	2007	2008	2009	% Change
Average Fee				
Average Assets for Fee Purposes				
Ending Capital				
Bank Capital Requirement				

Growing our Expertise

- During 2009, an intensive focus was placed on training to:
 - Strengthen compliance
 - Educate new employees
 - Build bench strength
 - Strengthen team interactions
 - Ensure leading edge advice to our clients
- Our entire staff participated in () training and follow up.
- Every employee completed at least four courses.
- Five employees studied for certification and/ or degrees.

Courses* Held by Subject Area	
Compliance	
Financial Planning/Estate Planning	
Tax	
Trust	
Investments	
Family Governance/Household	
Insurance	
Team Building	
Professionalism/Management	
Accounting/Finance	
Systems	

*Courses include in-house training, seminars, online courses, webinars and college courses

Trust and Account Information

- Increase in new accounts due to estate planning vehicles
- New irrevocable Trusts included _____ GRATS
- _____ additional Foundation(s) in 2009
- Average account size increased slightly YOY due to market rebound

Accounts	2007	2008	2009	% Change
Irrevocable Trusts				
Grantor Trusts				
Foundations				
Other				
Total Accounts				
Average Account Size				

Households by Asset Level

- (General comments about trends, etc.)
 - Mean Household Assets:
 - Median Household Assets

	2007	2008	2009	% of Total
Up to				
At least, Less than				
At least, Less than				
At least, Less than				
At least, Less than				
Over				

Operations

- (General Comments Here)

Number of Transactions	2007	2008	2009
Automated Transactions			
Manual Transactions			
Total Annual Transactions			
Average Transactions per Client			

Tax Preparation

- (General Comments Here)

Type of Return	2007	2008	2009
Personal			
Gift Tax			
Trust and Estate Returns			
Partnerships/Corporations			
Foundations			
Total Returns			

Investments

Market Street Funds	2007	2008	2009
Fixed Income			
Absolute Return			
Global High Yield			
Credit Opportunities			
L/S Equity Hedge			
Core U.S. Stock			
Actively Managed			
Small/Micro Cap			
International			
Real Assets			
Venture			
Total Number of Managers			

2009 Investment Manager Overview

- (General Comments Here)

Online Access	2007	2008	2009
Clients Utilizing			
Access Logons			

Services

- We continue to provide a high level of service to our clients.

Client Service	2007	2008	2009
Client Visits			
Households Visited			
Estate Plans Revised			
Estate Administration			
Family Gatherings			
Loan Assistance			
Mortgages/Refinancing			
New Trust Loans			
Current Trust Loans			
Insurance			
Insurance			
Other Agency Review			
Total Insurance Advisory			

C. Semi-Annual Billing Statement and Work Calendar

Dear Client,

Please find attached an invoice for work performed by The Family Office for you during 2009. The invoice is the final invoice for 2009.

There are three major steps to determining the amounts that are billed to each family member or family entity:

1. Each staff member reports their best estimate of or actual time spent per client during the year to come up with time allocation percentages. Time spent related to the company (some of the tax work, investment work related to the Investment Fund, company life insurance work, etc.) is allocated to the company.
2. The current year budget is updated to include actual cost figures through November and solid estimates for December in order to determine the overall cost to be allocated between the company and family.
3. Current year costs for Investor Services are then allocated to family members, family entities, and the company. Salary cost is first allocated based on the time allocations of each staff member to each client. Overhead is then allocated to follow the salary cost.

The work we do within The Family Office is unique in that it combines the tax and accounting work of a CPA firm, some of the trust administration of a trust company, some investment work of an investment advisory firm, some estate planning work of a law firm, and some insurance work of an insurance brokerage.

Each of these practices bills for their services in different ways:

- The public accounting firm that performs the final review for some of our tax returns bills based on chargeable hours. The individuals within the Family Office would bill out at a range per hour of \$115 on the low end for an Associate to \$340 for a Principal and \$425 for a Partner.
- Trust companies and investment companies typically charge based on a percentage of total assets under management. Fees typically range from 0.1% to 1.2% of the assets under management, depending on the company and the level of work performed. Some trust companies also charge an additional 1% of amounts distributed to the beneficiary.
- Law firms typically bill based on chargeable hours with clerks and legal assistants billing out at \$100 – \$245 per hour, and attorneys billing out at \$200 – \$660 per hour.

As another comparison figure, we learned at the annual Family Office Exchange conference that for a family office with a similar number of households as our family office, the average cost of the family office per household was \$205,000. Fortunately we are nowhere near this amount.

It is estimated that we spent about 373 hours during 2009 for income tax return preparation, accounting, investment administration, bill paying, insurance administration, obtaining a mortgage for K., and other financial work. At a conservative rate of \$150/hour, this would cost \$55,950 based on chargeable hours for similar work in an accounting firm. However, your total bill for the year is \$20,000 of which you already paid \$11,000 in July. This leaves a balance of \$9,000 due at this time.

Please do not hesitate to let me know if you have any questions or concerns about the invoice.

Best Regards,
Family Office Executive

Calendar of Work for Jones Family Office

Frequency:

EM Every Month
Q Quarterly
SP Special Projects

Area:

ADM Administration
EP Estate Planning
FIN Financial Reporting/Accounting
INS Insurance
INV Investments

Area:

JFD J Family Development
JFO J Family Office
TAX Tax/Compliance

Monthly, Quarterly, and Special Projects

EM Fin Coordinate and calculate special and monthly distributions
EM Fin Bill paying, banking, and bank recs for approx 90 accounts, monitoring of 70 accounts
EM Fin Determine trust and LLC distributions and note payments
EM Ins Administration of property, liability and auto insurance coverage
EM Inv Monitor OIF capital balances, cash calls and investment letters.
EM Inv Monitoring of and investment reporting for invest. LLC and other family holdings
EM JFD ABDOE Family Website maintenance
EM JFD JFD Exec Meetings
EM SM Service mark maintenance, registration, and billing
EM Tax Monthly GET returns including tracking of BOD and ABDOE fees
EM,Q Fin Cash Flow and asset statements (individuals, trust)
Q Inv Deposits, withdrawals & dist from Investment Partnerships; update partner % and units
Q Inv Accounting for family investment LLC
Q Inv Meet with investment consultants & invest. committee for OIF
Q JFD Prepare for ABDOE meetings
Q Tax Estimated tax payments Fed and states

Q Tax Reconcile payroll for certain domestic/other workers
SP Adm Formulate and implement record retention policy

SP Adm Implement file retention policy by gradually phasing out Fileminders: destroy or estorage
SP EP Address conflicts in estate plans and trusts; assist with trustee changes and new trustees
SP Fin Accounting for construction projects to capitalize costs appropriately
SP Fin Prepare procedure list for asset purchases/sales and distribute
SP Ins Coordinate setting up Insurance trusts for G-3 Split Dollar policies
SP Ins Work with attorneys to draft split dollar agreements for new variable life insurance policies
SP JFD Provide family members with tools to protect against identity theft & fraud
EP Lease Agmt Renewals every three years

As Needed

EP Estate Planning revisions and document maintenance
EP Prepare estate tax analysis for various family members

EP Work on Transition Plans
EP Assistance with pre-nuptial and post-nuptial agreements
Fin Assist in obtaining or refinancing mortgages
Fin Trustee/Beneficiary/Parent meetings (1/beneficiary/year)

Fin Cash Management, assist w/ real estate and other major purchases
Fin Update and monitor charitable cash gifts and pledge lists, assist w/ stock gifts
Fin PAC donation checks
Fin Financial Projections for investments, purchases, estate planning
Fin Continuing education including tax updates
Fin Meet with each family member at least annually to discuss overall financial situation, develop checklist
Fin Medical Spending Account filings
Ins Life insurance document maintenance - Individual and Company
Inv Work with MS & family members to invest cash in SEP accounts
Inv Family Investment Committee meetings to monitor & make decisions re: JFD LLC

Inv Bank and brokerage account maintenance, passwords, links, check signers
Inv Assist PW Group in gathering financial information for periodic investment reviews, webinars for family
Inv Attend company retirement committee meetings approximately quarterly
Inv Serve on company retirement committee and assist with monitoring of retirement plans and plan investment offerings
Inv Obtain approvals for pro-rata distributions from family investment LLC
JFD ABDOE Reimbursements
JFD Complete FOX benchmarking, potentially annually
JFD Develop surveys and webinars

Tax Review tax return with each family member if desired
Tax Update family on tax law changes and impact
Tax Address and respond to tax notices; amend tax returns as needed
Tax Prepare and follow-up on Powers of Attorney for individual and trust returns
Tax PAC reports to State and IRS
Tax Preparation of federal & state tax returns for 100+ individuals, trusts and entities

Calendar of Work for Jones Family Office

Frequency:	Area:	Area:
EM Every Month	ADM Administration	JFD J Family Development
Q Quarterly	EP Estate Planning	JFO J Family Office
SP Special Projects	FIN Financial Reporting/Accounting	TAX Tax/Compliance
	INS Insurance	
	INV Investments	

First Quarter

- Adm Submit Review of Accomplishments
- Fin Assist with company annual audit on OIF issues as needed
- Fin Annual disclosure statements for FHB
- Fin Annual Cash Flows and Asset Listings, Financial statements
- Fin Update Estorage for all prior year bank/investment account statements
- Fin Calculate Life Estate Values, Remainder Interests

First Quarter, cont'd

- Tax Complete estimate of OIF income including all hedge, commingled & PE
- Tax Review prior year and current year Company tax projections from Corp Tax
- Tax Extend grantor trust tax returns
- Tax File/prepare transmittals for Corp Entity tax returns for IRS & Misc States
- Tax Prepare JFD LLC tax returns & downloads
- Tax Prepare allocations of estimated company income

Calendar of Work for Jones Family Office

Frequency:	Area:	Area:
EM Every Month	ADM Administration	JFD J Family Development
Q Quarterly	EP Estate Planning	JFO J Family Office
SP Special Projects	FIN Financial Reporting/Accounting	TAX Tax/Compliance
	INS Insurance	
	INV Investments	

Third Quarter

- Adm Update JFO master calendar of services
- Adm Prepare annual/semi annual billings
- Adm Prepare Investor Services budget
- Fin Prepare Fin Stmt/CF packets as of June 30 for selected G-3.5s and G-4s
- Fin Prepare Semi-annual Quicken Financial Statements
- Ins Provide proof of insurance cards for all family owned autos
- JFD Prepare JFD budget
- JFD Plan activity and education for August meeting
- JFD Help to organize and participate in ABDOE annual meeting
- Tax State Annual Reports for some entities
- Tax Prepare GET & TAT returns (20 quarterly & semi-annual returns)
- Tax File RPT payments for H
- Tax Complete & distribute final return & K-1's for JFD LLC
- Tax Review company inc by type and by state for proj of cy tax inc (May & Aug)
- Tax Calculate company tax distributions (May & August)
- Tax Allocate final company income for prior year, work out issues with corp. tax
- Tax Provide detailed tax prep. instructions to treat co. tax info. in uniform way
- Tax Review company inc by type and by state for final tax inc from py
- Tax Calc Company dist for Qtrly Estimated Taxes, arrange for distributions
- Tax Complete all tax schedules to be filed with returns
- Tax Final deadline for all Ptrshp and S Corp returns transmittals & filing
- Tax Complete input for all individual and trust returns w/ Company interests
- Tax Complete review of all ind and trust returns w/ Company interests
- Tax Final filings of all Trust income tax returns
- Tax Complete gift tax returns

Fourth Quarter

- Adm Year-end performance reviews
- Adm Determine actual costs for current year for Investor Services
- Adm Update JFO master calendar of services
- Adm Prepare annual/semi annual billings
- EP Remind family members re: year end gifts
- Fin Provide Company Cash Surrender Value info. to comp. as of 9/30
- Fin Confirm funding of capital calls for certain partnerships
- Fin Address issues for coming bdays
- Fin Calc & coordinate min req dist for SEP & IRA accounts
- Ins Coordinate Company insur. payments, confirmations & 11/30 CSVs
- Inv Help with elections for 401(k) participants 50 and over
- Inv Prepare performance reports & memo for JFD LLC
- Inv Coordinate year end gifts and contributions to investment partnerships
- JFD Attend Family Office Exchange Fall Forum
- JFD Plan for JFD and ABDOE for coming year
- Tax State Annual Reports
- Tax Complete review of all indiv. returns
- Tax Final filings of individual income tax returns
- Tax Final filings of gift tax returns
- Tax File RPT payments W, O
- Tax Attend Continuing Education Classes - Tax legislation updates
- Tax Prepare quarterly GET & TAT returns
- Tax Complete final calculation of co. tax liability
- Tax Determine if add'l. tax dist. due or excess/surplus distributions
- Tax Arrange for additional distributions if applicable
- Tax Prepare annual summaries of tax liability, distributions, and taxable income
- Tax Start projections of investment income for current year
- Tax Prepare projections of investment income for certain individuals
- Tax Prepare year end income tax projections
- Tax Prepare state refund and tax payment calculation spreadsheets
- Tax Prepare rental tax workpapers
- Tax Determine & coordinate year-end tax payments
- Tax Prepare "Crummey" letters and obtain signatures for gifts to trusts

D. Client Satisfaction Survey

Jones Family Office Client Satisfaction Survey

Instructions: Please place an "X" over the number that best represents your answer. If you need additional space for comments, please feel free to use the additional sheet provided with your survey. Thank you.

Part A: Satisfaction with Aspects of Jones Family Office Service

Using a five-point scale, please indicate your level of satisfaction with the OVERALL performance of the Jones Family Office with respect to four general aspects of service.

1=Extremely Dissatisfied, 2=Very Dissatisfied, 3=Satisfied, 4=Very Satisfied, 5=Extremely Satisfied

	1	2	3	4	5
1. Quality of the client service provided by Jones Family Office					
2. Timeliness of the client service provided by Jones Family Office					
3. Competency level of Jones Family Office Staff					
4. Accessibility of Jones Family Office Staff					

5. Comments:

PART B: Jones Family Office Services Overall

Using a four-point scale, please indicate the extent to which you agree or disagree with the following statements regarding Jones Family Office services overall.

1=Strongly Disagree, 2=Disagree, 3=Agree, 4=Strongly Agree

	1	2	3	4
6. Jones Family Office staff are approachable and comfortable to work with.				
7. In most instances I am able to communicate with the most qualified person to address my needs.				
8. Jones Family Office staff consistently exhibit thorough and timely follow-through.				
9. Jones Family Office staff help me set clear goals for my financial matters.				
10. Jones Family Office staff ensure that I have a good understanding of key issues regarding my financial matters.				
11. Jones Family Office staff are proactive in their handling of my financial matters.				

12. Comments:

PART C: The Jones Family Office Board

Please place an “X” over the appropriate number to indicate your perceptions of the Jones Family Office Board with respect to the following:

1=Below Expectations, 2=Meets Expectations, 3=Exceeds Expectations

	1	2	3
13. Communication from the Board to clients and shareholders			
14. Accountability of the Board to clients and shareholders			

15. Comments:

PART D: Issues Regarding Jones Family Office Investment Services (JFOIS)

Using a four-point scale, please indicate the extent to which you agree or disagree with the following statements regarding Jones Family Office Investment Services.

1=Strongly Disagree, 2=Disagree, 3=Agree, 4=Strongly Agree

	1	2	3	4
16. JFOIS model portfolios generally meet my needs.				
17. JFOIS clearly articulates investment philosophy and objectives.				
18. JFOIS clearly articulates the level of risk in model portfolios.				
19. I am satisfied with the performance and results from JFOIS partnerships.				
20. I have sufficient information and advice to understand how my portfolio is being managed.				
21. I have confidence in the JFOIS investment process (e.g. manager selection, asset allocation, implementation and ongoing monitoring).				
22. JFOIS is proactive in communicating the impact of the markets and economy on the family office investment program.				
23. JFOIS staff are accessible and responsive to my concerns.				

24. Comments

PART E: Overall Satisfaction

25. Having evaluated a broad scope of Jones Family Office services and service-related issues, how would you rate your overall level of satisfaction with Jones Family Office? (circle one)

1=Extremely Dissatisfied, 2=Very Dissatisfied, 3=Satisfied, 4=Very Satisfied, 5=Extremely Satisfied

PART F: Additional Comments and Suggestions

26. During the next year Jones Family Office will be reviewing its client communication practices (print, online, person-to-person, and phone) to ensure they meet client expectations. Are there any particular issues that you feel we should prioritize in this review?

27. Above and beyond the topics addressed in this survey, are there any other service-related issues that Jones Family Office should address in the coming year?

THANK YOU for your time and feedback.
Please return your completed survey by **Monday, February 22nd** to
Jones Family Office, 222 Twenty-second Street, Hometown, USA.

Family Office Client Survey

Please indicate (X) your level of satisfaction with each of the services currently being provided by the Family Office or by other advisors through the Family Office. If the service or item does not apply, mark the column N/A.

Major Categories	Exceeds	Meets	Meets some	Does not meet	N/A
Financial/Investment/Estate Planning					
1. Planning – Budgeting, tax and cash flow planning and estate planning					
2. Asset Allocation/Investment Advice					
3. Tax preparation					
Business Advice					
4. Family office consultation about personal matters					
5. Referrals and interface with other advisors					
6. Advice about specific businesses/ personal ventures					
Personal Services					
7. Connectivity with family (e-mail, fax, website)					
8. Facilities for conferences, meetings					
9. Scheduling meetings					
10. Coordinating insurance matters/claims					
11. Education					
12. Satisfaction with the Family Office's assistance in achieving your financial goals					
13. Maintaining Confidentiality					
14. Coordinating cash distributions/cash transfers					
15. General level of service					
16. Proactive contact about issues and ideas					
Office Atmosphere/Communications					
17. Level of comfort when you are in the family office or calling there					
18. Staff is courteous, friendly, and respectful					

19. How frequently do you contact the Family Office?

- | | |
|----------------------------------|---------------------------------------|
| <input type="checkbox"/> Daily | <input type="checkbox"/> Quarterly |
| <input type="checkbox"/> Weekly | <input type="checkbox"/> Annually |
| <input type="checkbox"/> Monthly | <input type="checkbox"/> Almost Never |

20. Over the last 2-3 years, has the quality of your relationship with the Family Office...?

- Increased
 Decreased
 Remained the same

21. If you answered DECREASED above, please explain why.

22. Do you have any suggestions that would make your relationship with the Family Office better?

23. Are there additional services that the Family Office should be providing to you and your family?

24. Are there services that you think are unnecessary and could be eliminated?

25. If you didn't have access to the Family Office, how would you rate your ability to coordinate your own financial affairs?

- | | |
|------------------------------------|-----------------------------------|
| <input type="checkbox"/> Very able | <input type="checkbox"/> Not Able |
| <input type="checkbox"/> Able | <input type="checkbox"/> Unsure |

26. If you answered not able or unsure, what additional help, training, education do you think you need? From whom?

27. Do you consider the Family Office important to maintaining family contacts and family legacy?

- YES because _____
 NO because _____

28. Please identify whether you are a G-1, G-2, G-3 or G-4 client.

29. Describe the most significant benefit you have received from having a Family Office.

30. Are you satisfied with the communication, information provided and overall performance of the Board of Directors?
Investment Committee?

A. Board of Directors

YES

NO because _____

B. Investment Committee

YES

NO because _____

E. Total Cost of Wealth Management Report

Smith Family - Total Cost of Wealth Management For Calendar Years 2009 and 2010

2010 Projected

Service Provider (Nominal Fees)	Foundations	Family	Combined
Custody (5 bps)	\$50,000	\$200,000	\$250,000
Investment Consulting (15 bp)	150,000	600,000	750,000
Family Office, LLC (50 bp)	500,000	2,000,000	2,500,000
Traditional Managers (varies)	400,000	900,000	1,300,000
Alternative Managers (varies)	250,000	400,000	650,000
Total Fees	\$1,350,000	\$4,100,000	\$5,450,000
Fair Market Value of Assets	\$100,000,000	\$400,000,000	\$500,000,000
Average Cost of Wealth Management (bp)	135.00	102.50	109.00

2009 Actual

Service Provider (Nominal Fees)	Foundations	Family	Combined
Custody (5 bp)	\$48,750	\$187,500	\$236,250
Investment Consulting (15 bp)	146,250	562,500	708,750
Family Office, LLC (50 bp)	487,500	1,875,000	2,362,500
Traditional Managers (varies)	355,000	800,000	1,155,000
Alternative Managers (varies)	230,000	375,000	605,000
Total Fees	\$1,267,500	\$3,800,000	\$5,067,500
Fair Market Market Value of Assets	\$97,500,000	\$375,000,000	\$472,500,000
Average Cost of Wealth Management (bps)	130.00	101.33	107.25

About Harris myCFO



Harris myCFO has served as the contributing partner in the research and production of this publication and is the exclusive sponsor of this work. This role is consistent with their leadership in the family wealth industry.

Harris myCFO

At Harris myCFO, we view wealth management in terms of advocacy—on behalf of you, your family, your objectives and your values. We believe in listening before speaking, and understanding before advising. Since our establishment, we've been providing comprehensive family office guidance and services, including integrated and customized investment advisory, income tax planning and compliance, financial reporting, philanthropic advisory services, financial planning, concierge, and expense management for high-net-worth families and individuals across the nation.

Objectivity

Harris myCFO has built a strong culture that puts clients first. We believe that our most important role is to act as your advocate—helping you navigate the complexities, issues and challenges that come with managing significant wealth.

Rather than promote proprietary offerings, we provide you with access to a highly select and diverse group of carefully chosen and vigorously monitored investment managers who we believe can deliver superior risk-adjusted returns over time. Our professionals provide objective, unbiased advice and support on a fee-only basis, employing a completely transparent fee structure.

Integration

We stress the importance of using an integrated approach to planning because it is the best way to view the entirety of your financial situation and to provide advice that will empower you to achieve the full potential of your wealth. We ensure that seasoned professionals across financial specialties participate as a team and communicate with each other on how these elements of wealth planning can work together to achieve better results than planning them individually.

True integration also incorporates other trusted advisors who are critical to your wealth management, including CPAs and estate planning attorneys—all working together as a single, unified team. Harris myCFO's unique approach affords you a range of compelling benefits not typically available from most family offices, including:

- Conflict-free advice
- Improved cost efficiencies
- A clear, single-minded strategic vision across all your advisors
- The opportunity to work with best-of-class providers for every aspect of your wealth management strategy

Technology

Harris myCFO invests in building and maintaining advanced reporting, analytic and information processing systems. Our robust platform delivers comprehensive, fully customizable reports that encompass your entire financial picture. As a result, you enjoy an at-a-glance view of every component of your overall wealth and how it is performing—both in absolute terms and relative to your overall plan.

Whether you need to outsource a particular project or financial specialty or are looking for a team that can fully integrate your wealth needs, Harris myCFO would be happy to talk with you about your specific situation.

Harris myCFO™ is the brand used by Harris myCFO, Inc. providing Family Office Services, Harris myCFO Investment Advisory Services LLC, an SEC-registered investment adviser and certain divisions of Harris N.A. and its affiliates that are national banks with trust powers. Not all products and services are offered in every state and/or location.

About Family Office Exchange

Family Office Exchange (FOX) is the world’s leading peer-to-peer network for ultra-wealthy families and their family offices, and is the leading authority related to matters of sustaining wealth.

With more than 20 years of experience, and a staff of 40 people based in Chicago, New York, and London, FOX is a thought leader in the areas of family strategy and governance, family office best practices, and family risk planning. FOX serves family groups and their advisors in 23 countries, providing trusted insight and best practices for managing family wealth. The network includes 340 ultra - wealthy families, as well as 170 multifamily offices (MFOs) and advisory firms. More than 6,000 individual family members are served by the FOX global community.

Members rely on FOX (www.familyoffice.com) to help them make better, more informed decisions about their family legacy and their wealth management practices and providers. FOX has established a safe, confidential environment of common interest and mutual trust to enable members to compare experiences and learn from the collective knowledge of other members in the network.

Resources available to FOX members include proprietary research on wealth management best practices, peer benchmarking, bimonthly webinars on current trends, and an extensive library of articles and white papers, as well as online discussion forums, regional peer roundtables, and a variety of educational forums.

The annual FOX Forum held in Europe in the spring and Chicago in October provides an opportunity for FOX members to gather with peers and thought leaders to discuss global issues and important challenges facing wealthy families. The Forums address many of the issues of greatest concern to wealthy families and their advisors in the areas of legacy and leadership.

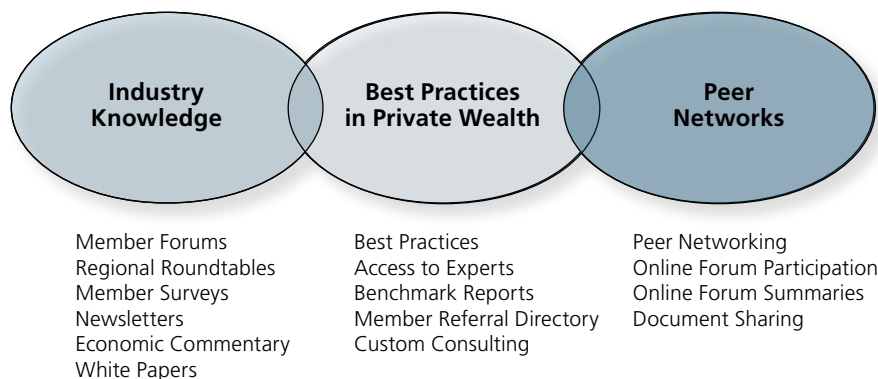
Perhaps most valued by members is the collective intelligence of the FOX network. This accumulated wisdom has been methodically captured by the FOX staff, with full respect for confidentiality and discretion, and archived in a secure searchable database for the exclusive use of FOX members. This collective knowledge is what truly sets FOX apart.

Sara Hamilton founded FOX in 1989 to provide objective information and advice on family wealth, family leadership, and different pathways available to sustain wealth across generations.

Helping members preserve and enhance their true family wealth by providing education, insights, and peer exchange is the sole focus of FOX. The firm’s success is measured by the quality and value of the experience of its many private investors, family offices, multifamily offices, and wealth advisor members.

True to this original vision, FOX strives to address new challenges and to provide insights on current trends and issues regarding investing, philanthropy, and owner education. As an advocate for wealth owners, FOX provides leadership in the private wealth field, helping to shape the industry and develop standards of performance for industry professionals.

Fox Membership Services



Prototype Report Card

Wealth Owner Expectations	Importance to Owner (✓)	Owner Satisfaction (✓)	Metrics or Measures of Value
1. Family Legacy and Leadership	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	
2. Responsible Ownership and Governance	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	
3. Management and Control of Family Financial Affairs	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	
4. Operations and Cost Control	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	
5. Knowledgeable Staff and Clear Communication	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	
6. Sustainability of Wealth	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	
7. Risk Management	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	Low <input type="checkbox"/> Med <input type="checkbox"/> High <input type="checkbox"/>	



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