



HANDLER THAYER, LLP
ATTORNEYS AND COUNSELORS AT LAW

2012 FAMILY OFFICE OUTLOOK

Summer 2012

By: Thomas J. Handler, J.D., P.C.

As Family Offices continue to deal with the lingering, deep economic recession, the increasingly elusive hunt for alpha and on-going tax uncertainty, a whole new host of regulatory and compliance issues have been added to the mix. Consequently, increasingly aggressive government agencies empowered by Obama Administration rhetoric, investment advisor abuses and lack of Congressional oversight have fostered an environment of defensiveness and inaction which has chilled economic growth, entrepreneurship and wealth accumulation.

In this very difficult environment, the Advanced Planning and Family Office Practice Group at Handler Thayer, LLP characterizes the current outlook for family offices as follows:

- The Family Office landscape is changing and attended by proliferation of Virtual Family Offices (“VFOs”), international Single Family Offices (“SFOs”) and Multi-Family Offices (“MFOs”) (over 150 in existence according to research conducted by The Family Wealth Alliance).
- Increased outsourcing of professional services and investment advisory services appears to be escalating along with the trend toward Family Office collaboration and joint ventures.
- Family Offices are placing increased emphasis on open architecture, transparency and objective professional advice.
- Most Family Offices with U.S. taxpayers are struggling with the requirements of the Dodd-Frank Act, view the Act as an unwarranted intrusion into privacy and are uncertain of the Act’s impact on them.
- Escalating costs for Dodd-Frank compliance in addition to other operating costs are raising the bar to SFO formation and causing increased concerns regarding long-term sustainability.
- The trend toward movement of capital, businesses and people out of high tax and highly regulated jurisdictions and countries has escalated significantly in the last three years.



HANDLER THAYER, LLP

ATTORNEYS AND COUNSELORS AT LAW

- Prophylactic measures designed to mitigate risks and avoid liabilities have continued to remain a priority as Family Offices and affluent families continue to maintain a highly defensive posture. Accordingly, asset protection planning, pre-marital planning, captive insurance companies, special risk insurance and umbrella liability insurance policies are increasingly considered and implemented.
- Transition and Succession Planning for SFOs remains a key consideration as families cope with cost containment, scalability and sustainability.
- Due to sunseting estate and income tax laws and significant tax increases scheduled to take effect in 2013, Family Offices with U.S. taxpayers are increasingly focused on 2012 income tax planning and wealth transfer initiatives now taking place at unprecedented levels.

About Handler Thayer, LLP

Handler Thayer, LLP is one of the premier private client law firms in the United States. Its national and international practice, based out of Chicago, Illinois and Washington, D.C., utilizes interdisciplinary teams of advanced planning attorneys. The firm has been recognized by *U.S. News & World Report* on its lists of Best Lawyers and Best Law Firms in America and in 2012 was named the Best Overall Law Firm in the U.S. serving ultra-high net worth families, privately-held businesses and family offices by *Private Asset Management Magazine*. In 2012 the firm was also recognized by *Family Office Review* as the Best Private Client Law Firm in North America. Handler Thayer is dedicated to providing distinctive, technologically-current and responsive legal services to affluent families, privately held businesses and family offices. Its practice is concentrated in Corporate, Real Estate & Securities Law, Sports & Entertainment Law, Federal, State & International Taxation, Trusts & Estates and Financial & Estate Planning. Firm clientele include foundations, multinational corporations, professional athletes, prominent entrepreneurs, celebrities and family offices. See WWW.HANDLERTHAYER.COM.