

Investment management, succession planning, philanthropy: the diverse functions of the family office

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Wealth is increasing exponentially among some of the world's richest families, to the extent that, for many of these families, it makes commercial sense to have their own bespoke family office which looks after key operations and functions of the family. These services might include investment management, property management, day to day accounting and payroll activities and management of legal and tax affairs. In addition some family offices provide softer concierge services connected with travel and managing household staff.

Ordinarily the establishment of a family office also goes hand in hand with succession planning and providing a framework to ensure an orderly transfer of wealth to the next generation. To this end family offices may also provide family management services, which includes family governance, financial and investment education for future generations and philanthropy coordination.

For a number of reasons ultra-high net worth families are choosing Jersey as their jurisdiction of choice to locate their family office. Jersey is politically stable and has close links with the UK and Europe as well as strong legal foundations and a robust and respected regulatory framework. We have assisted a number of wealthy families from different parts of the world, including the Middle East and East Asia, establish family offices in Jersey. Founders from these jurisdictions are increasingly looking to protect wealth in the face of political instability. We are also seeing a much greater desire from HNW families to establish meaningful charitable legacies and charitable structures. This ties in well with the Charities (Jersey) Law 2015 and the push to make Jersey a worldwide centre of excellence for charities and philanthropy.

Jersey is also particularly attractive because of the high quality of professional services available in the investment, accounting and legal sectors. A family office is only as good as those running it and the right mix is crucial - both in terms of providing for the key professional services needed by a family office (e.g. accounting, legal and investment services) and the softer skills

required for diffusing difficult family issues and ensuring individual family members buy in to the family's vision for the future.

It is also likely that economic substance provisions are influencing where ultra-high net worth individuals are locating their family office. Jersey was very much on the front foot here in ensuring it was reaffirmed by the European Union as a cooperative jurisdiction in terms of good tax practice and transparency in March 2019.

Additionally, of course, Jersey is a great place to live. Over the past few years the number of ultra-high-net-worth individuals coming to live here has gone up significantly. Some individuals are bringing their businesses with them and they're setting up their family and business headquarters here by way of a family office.

The first step is to determine what the client's real needs are when they say they want a family office as requirements can vary materially from family to family. In recent times many of our mandates are connected to asset management, such that a fund structure might well be incorporated into the family office platform. Inevitably these structures will need funds and regulatory advice. Our private wealth advisers also advise on the holding structure for the family office, the form of which will often be driven by succession planning, control and tax.

Ogier has a dedicated family office team that can help ultra-high-net-worth individuals establish family offices in Jersey with experts from our private wealth, funds and local legal services teams.

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