

FBN FAMILY OFFICE INTERNATIONAL FORUM | ZURICH, SEPTEMBER 25-26, 2024

Responsible Ownership at the Dawn of a New Era



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Family
Office
Exchange

What's on owners' minds?



What enterprise families are asking us about

The Needs

...or just a small sample of them...

Should I build a Single-Family Office or hire an MFO?

How should I compensate my family office executives?

Should I have an internal CIO?

What is the best governance structure for my family enterprise?

Which educational programs are best suited for my rising-gen family members?

How do I find the best external advisors for my family?

What technology platforms do I need to acquire for my SFO?

Which SFO services should I outsource vs. build in-house?

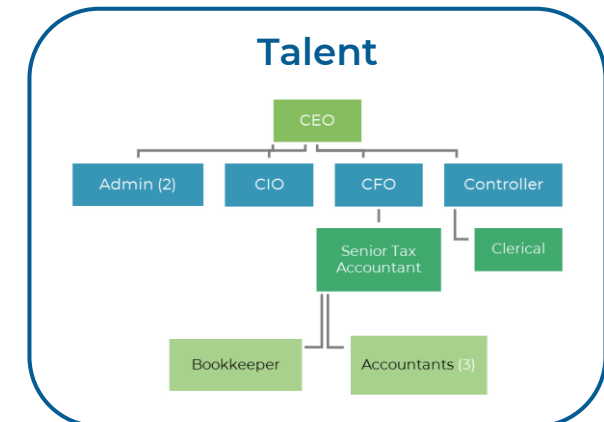
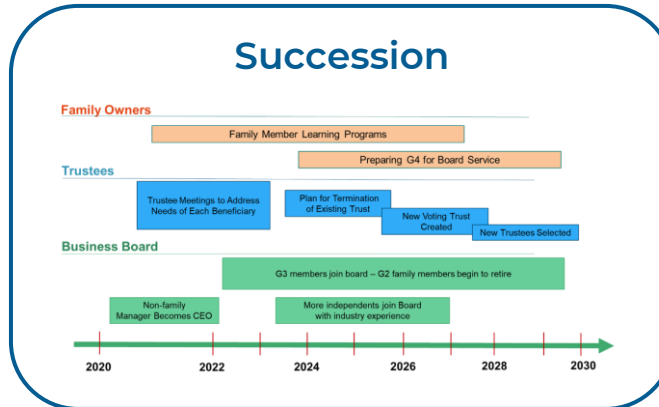
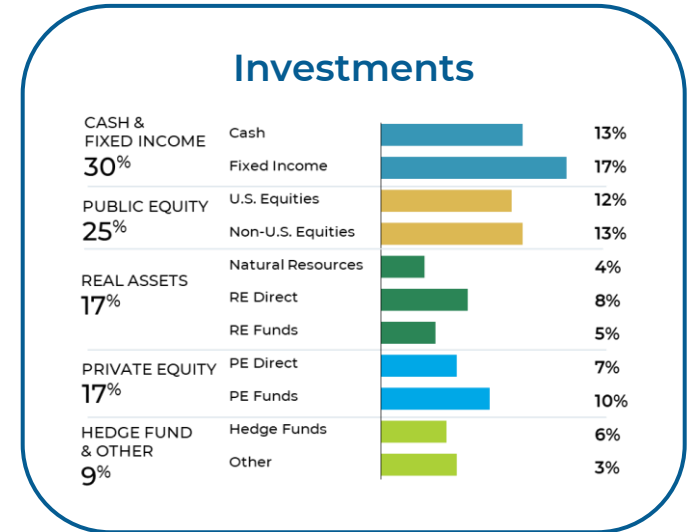
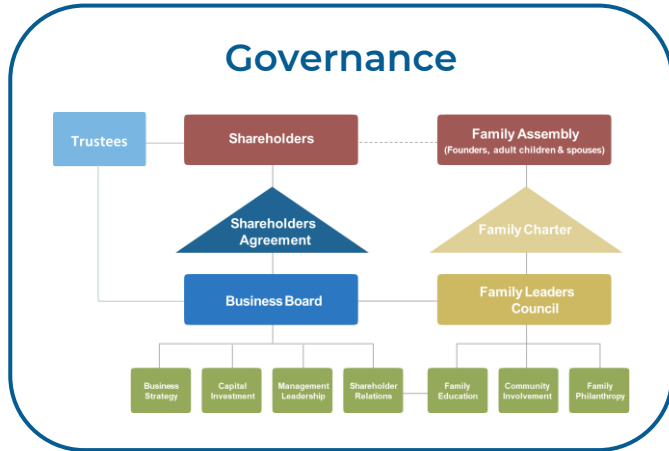
A group of business professionals in an office setting. In the center, a woman with long dark hair, wearing a light blue button-down shirt, looks surprised with her hand to her chin. She is surrounded by colleagues: a man in a dark suit on the left, a woman in a white blazer and glasses above her, a man in a grey suit pointing at a document above her, and a woman in a tan blazer on the right. They are all looking at various documents and a laptop in the foreground. The text "So many products and solutions..." is overlaid on the left side of the image.

**So many products
and solutions...**

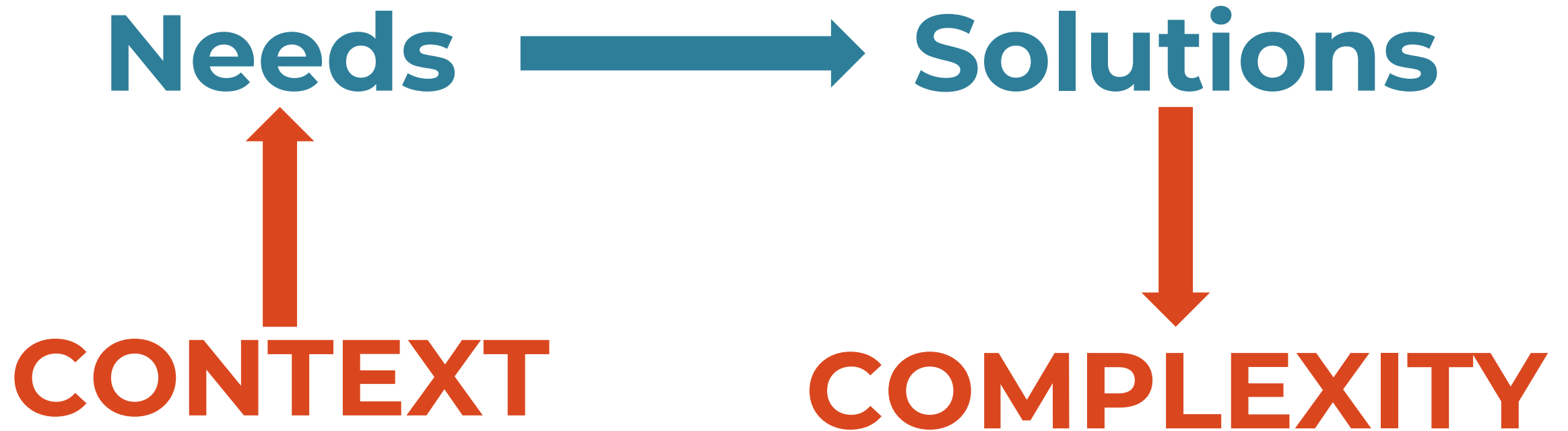
What they spend (a lot of) time and money on

The Solutions

...or just a small sample of them...



What often is not considered sufficiently



Context matters



The family context shapes its needs... and the solutions

CONTEXT: Three Tiers



1. Individual

What stage of life is each family member in?



2. Family

Where in the enterprise journey is the family as a whole?



3. World

Where in the global cycle is the world we live in?

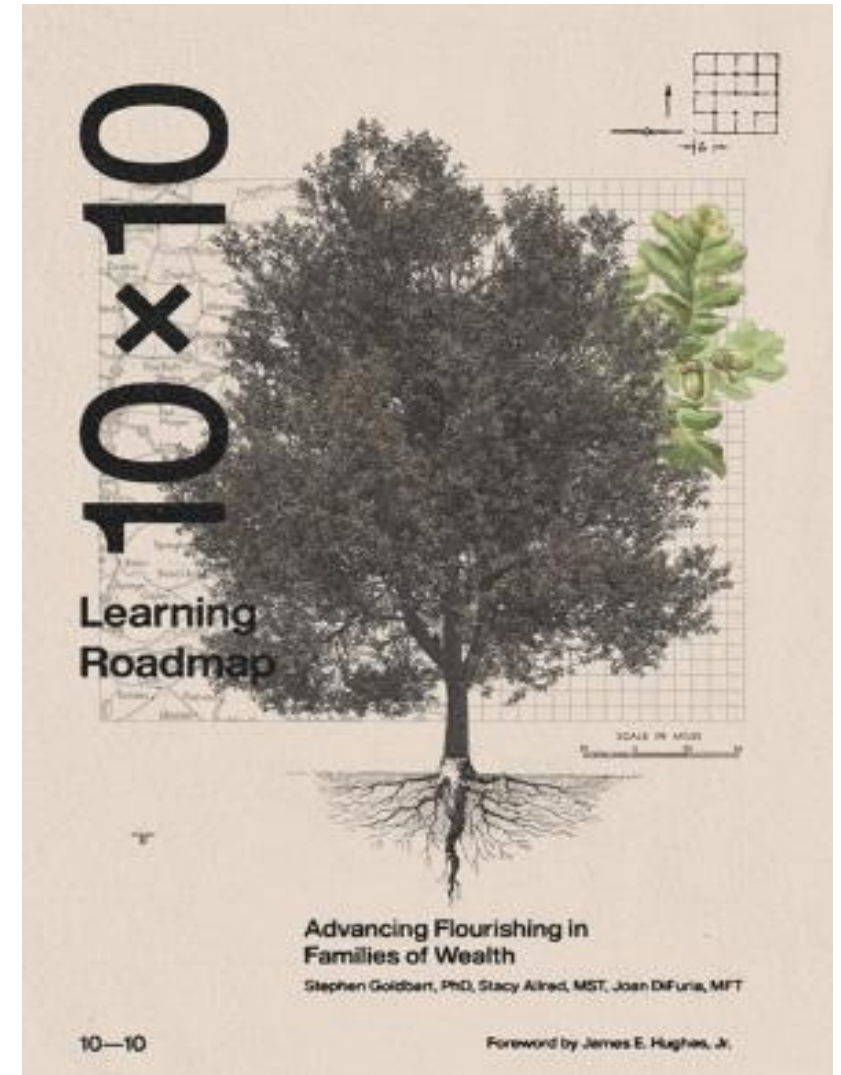
A hiker with a backpack walking on a trail in a mountainous, forested landscape. The hiker is wearing a blue jacket and a yellow backpack, walking away from the camera on a dirt path. The background features rolling green hills, dense evergreen forests, and distant mountain ranges under a cloudy sky.

The Individual Context

What stage of life is each family member in?

The ten stages of a person's life – and lifelong learning

Stage 1	Age 5-12	Elementary School	<p>External Competencies</p> <ul style="list-style-type: none"> • Financial Skills • Wealth and Life Planning • Stewardship and Governance Skills • Philanthropy Skills • Entrepreneurial and Family Enterprise Skills <p>Internal Competencies</p> <ul style="list-style-type: none"> • Emotional Abilities • Social Abilities • Learning and Growth Mindset • Responsibility and Accountability • Health and Wellness
Stage 2	Age 12-15	Middle School	
Stage 3	Age 15-19	High School	
Stage 4	Age 19-25	Emerging Adulthood: Launching	
Stage 5	Age 26-35	Early Adulthood	
Stage 6	Age 35-40	Middle Adulthood: Reevaluation	
Stage 7	Early 40s to Late 50s	Established Adulthood	
Stage 8	Mid 50s to Mid 70s	Late Adulthood: Liberation	
Stage 9	Late 60s to 90s	Eldering (Part I): Summing Up	
Stage 10	Late 70s to End of Life	Eldering (Part II): Encore	



The Family Context

Where in the enterprise journey is the family as a whole?



The family enterprise evolves as the family journey advances over time

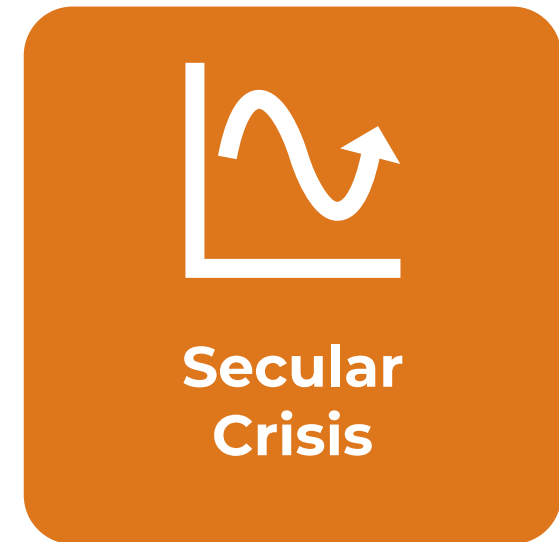
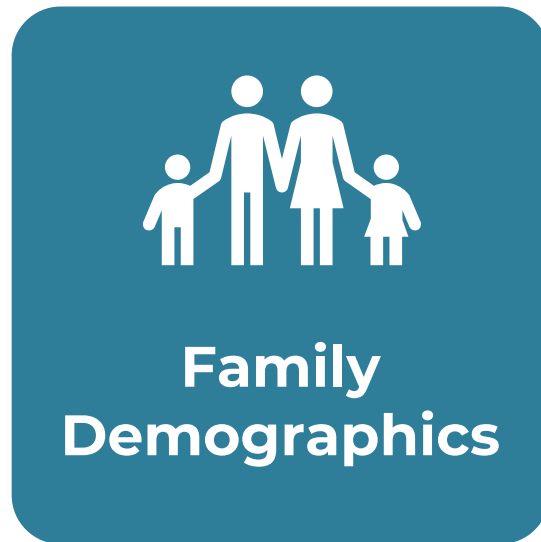


The World Context

Where in the global cycle is the world we live in?

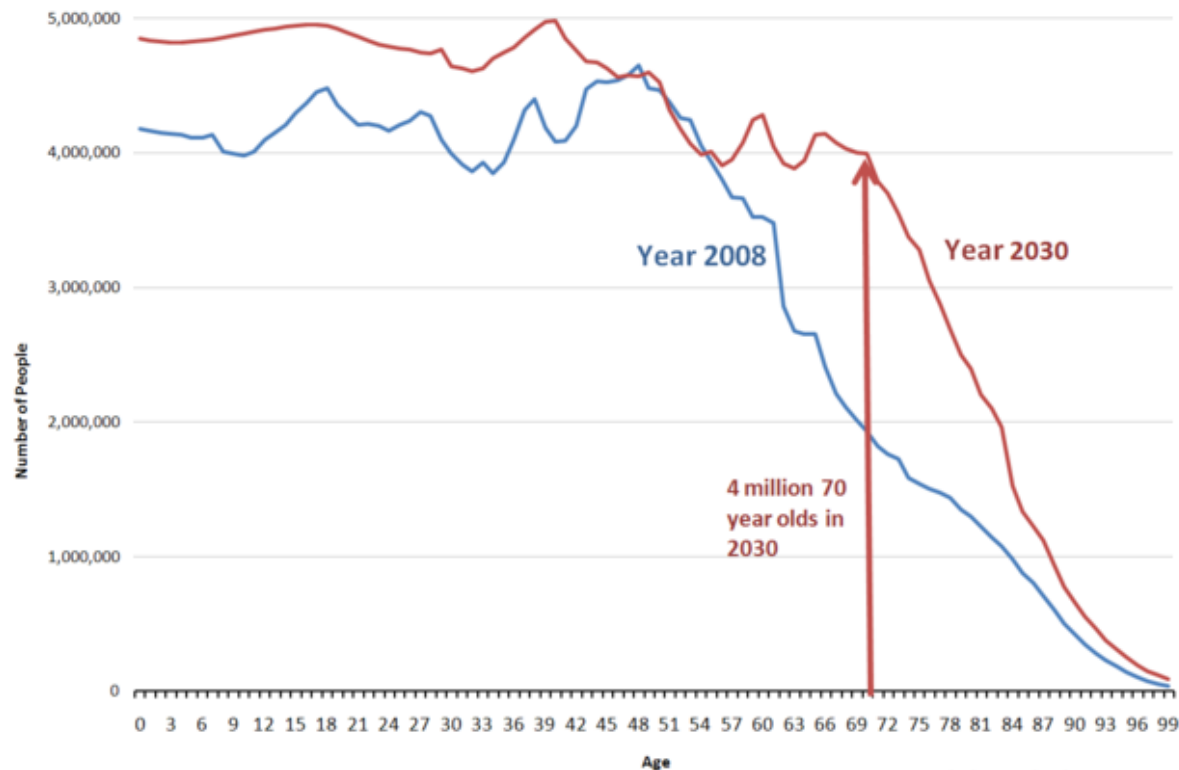


Three environmental factors impact families today

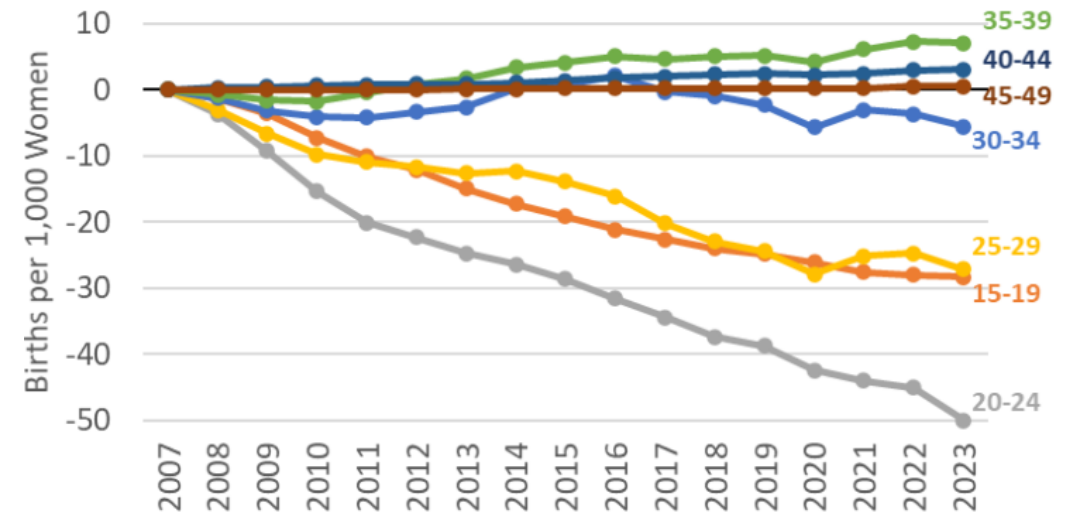


Family pyramids are inverting with 4-5 generations active in the family enterprise and decision-making

US Population Distribution by Age
2008 to 2030



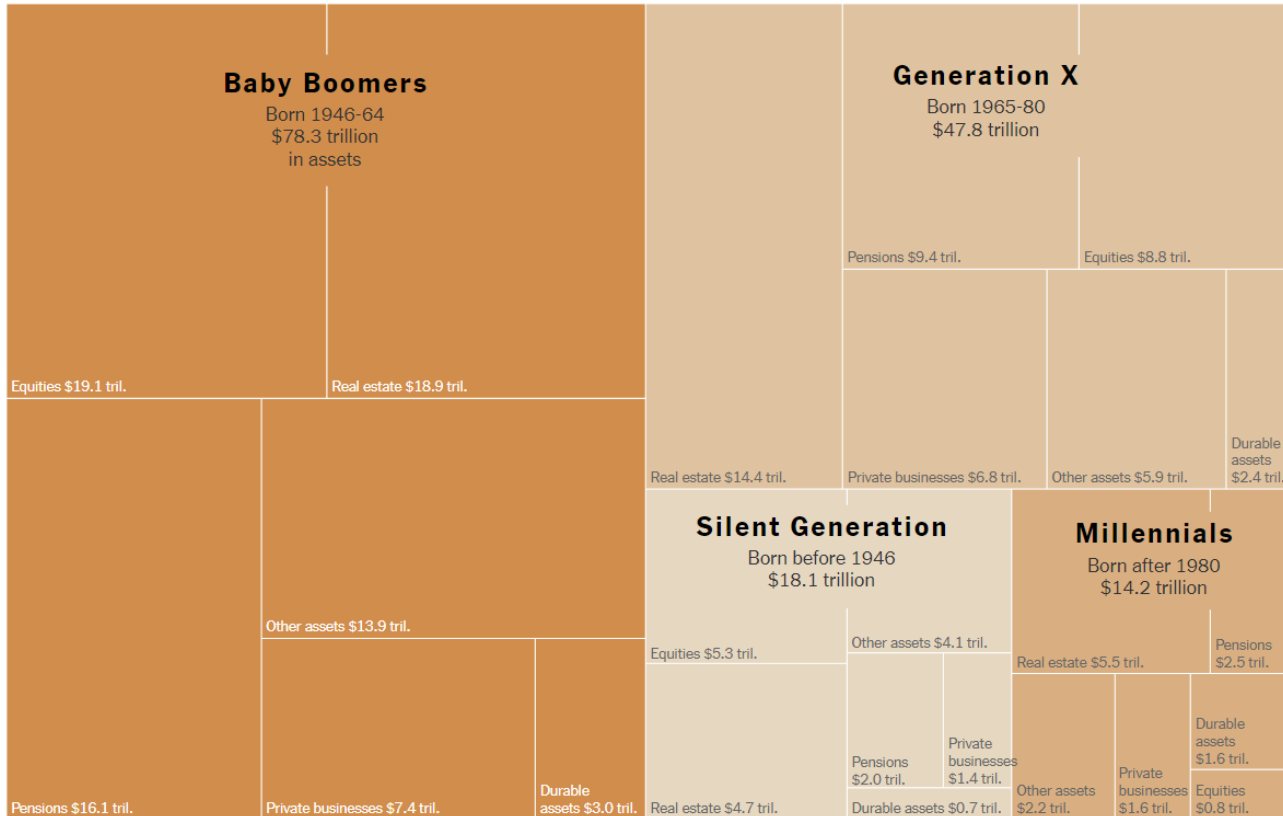
Cumulative Change in Annual Birth Rates by Age
2007 to 2023



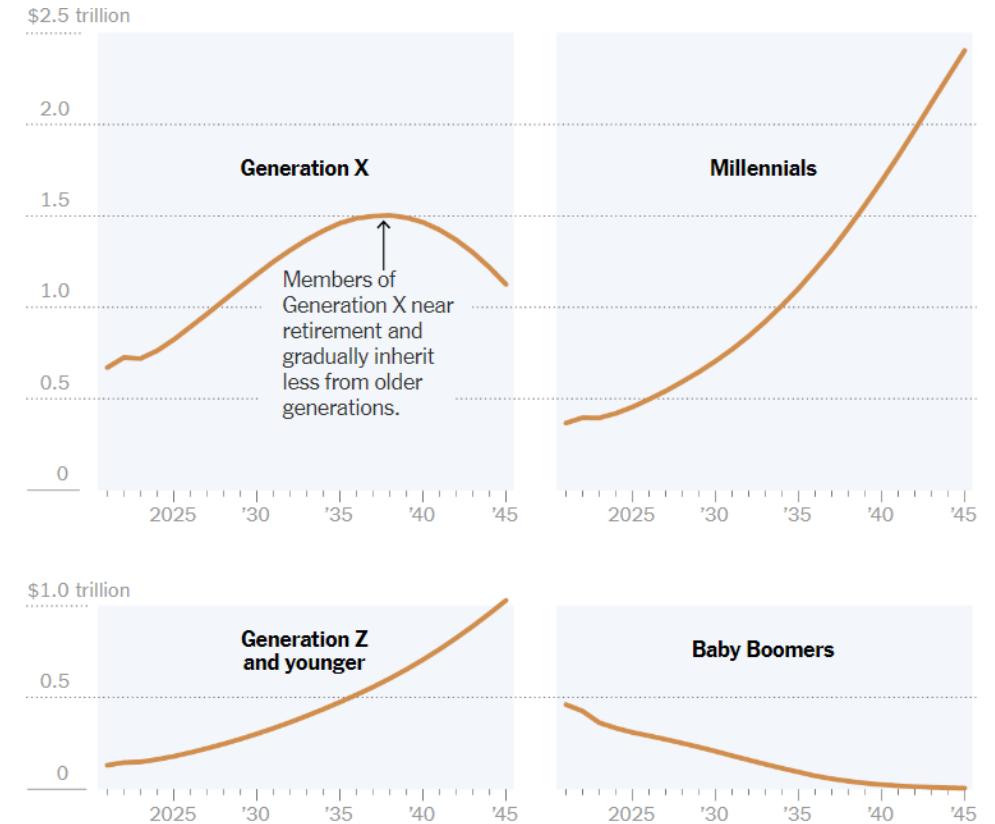
Source: US Sensus, National Center for Health Statistics (CDC)

“The Greatest Wealth Transfer” is creating many new and inexperienced wealth owners

**Total Family Wealth Held by Generation
(\$140T Net of Liabilities)**

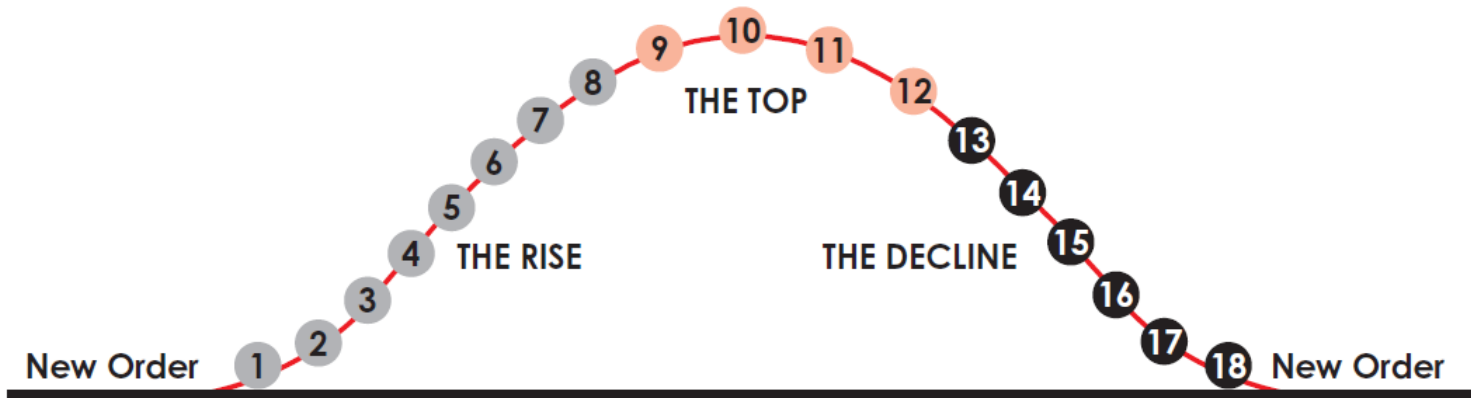


**Annual Wealth Projected to be
Inherited by Each Generation**



Source: NY Times, Federal Reserve, Cerulli Associates

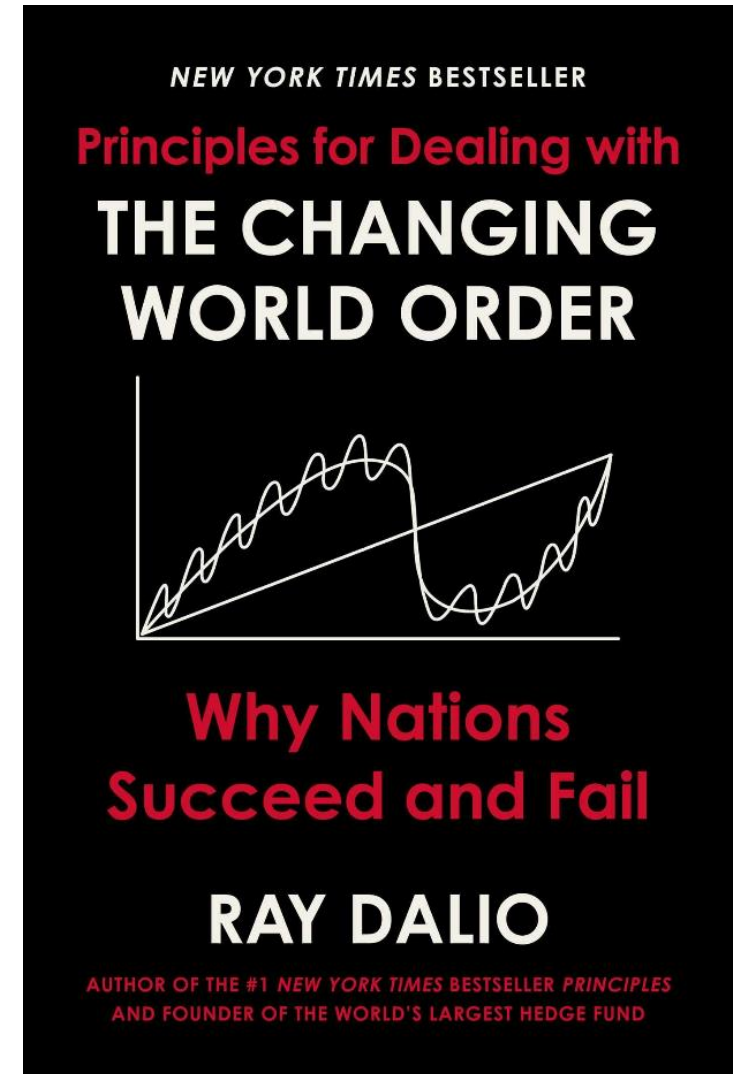
We are in the final stage of the predictable “Big Cycle” of the rise and fall of our current world order



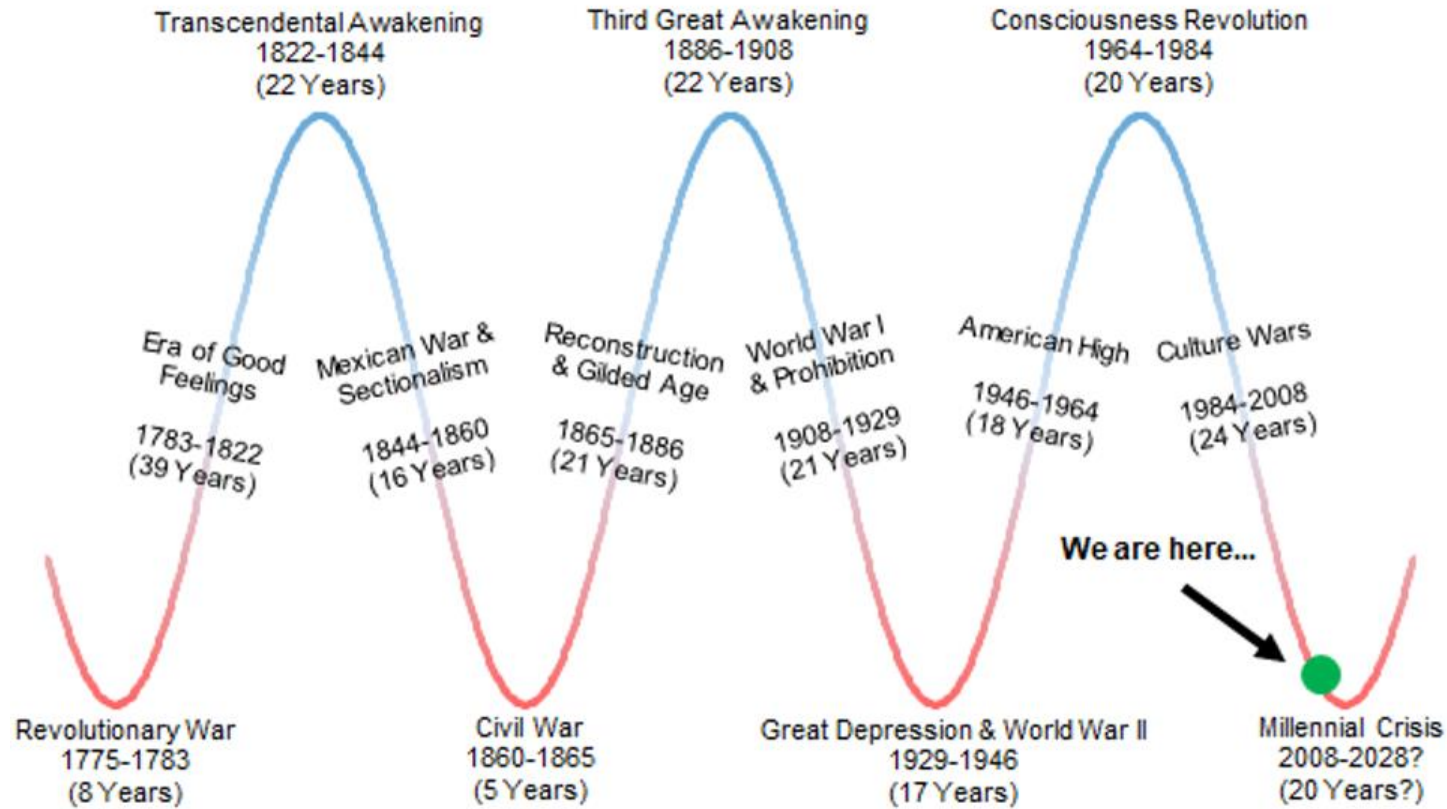
- 1 Strong leadership
- 2 Inventiveness
- 3 Education
- 4 Strong culture
- 5 Good resource allocation
- 6 Good competitiveness
- 7 Strong income growth
- 8 Strong markets and financial centers

- 9 Less productive
- 10 Overextended
- 11 Losing competitiveness
- 12 Wealth gaps

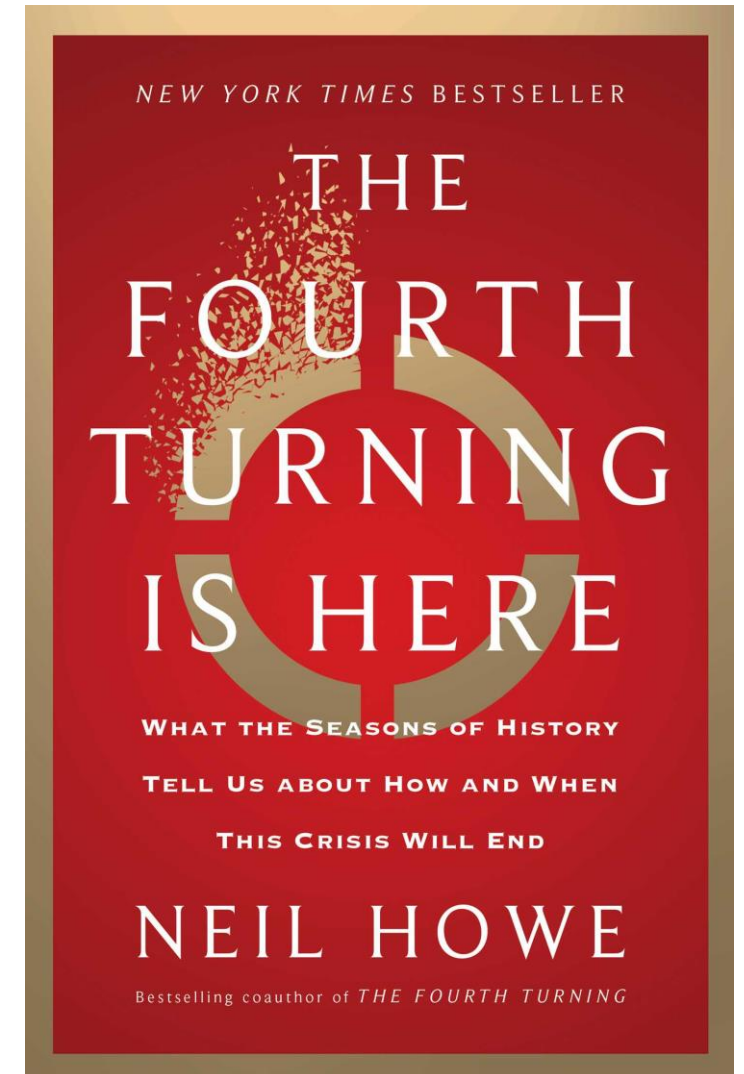
- 13 Large debts
- 14 Printing money
- 15 Internal conflict
- 16 Loss of reserve currency
- 17 Weak leadership
- 18 Civil war/revolution



Following the current crisis, a new 80-year “saeculum” will start in the next decade



Source: *The Fourth Turning* by Neil Howe & William Strauss, Hedgeye Research and Silverlight Asset Management, LLC





**Complex
Needs
Drive
Complex
Solutions**

The 43 Factors of Family Enterprise Complexity

Family Factors

1. Oldest generation in leadership role
2. Number of generations involved in the enterprise
3. Number of governing boards supporting the enterprise
4. Number of family members on the boards (or committees)
5. Number of independent directors on the boards (or committees)
6. Number of committees supporting the boards
7. Number of family meetings held per year
8. Annual budget for meetings and family learning

FO Investment Factors

20. Investable assets
21. Architect for overall investment strategy
22. Have an in-house Chief Investment Officer
23. Number of public money managers
24. Number of private funds (e.g., PE, VC, hedge funds)
25. Number of direct real estate and natural resource holdings
26. Number of investment partnerships managed by the office
27. Investment Portfolio Asset Allocation

Ownership Factors

9. Number of businesses controlled and/or operated by the family
10. Number of other direct investments
11. Number of family trusts
12. Number of current trust beneficiaries
13. Percentage of family assets held in trusts
14. Percentage of assets held in trusts with single beneficiary
15. Percentage of assets held in centralized "single pot" trusts
16. Have a private trust company (regulated or unregulated)
17. Number of private foundations and other charitable entities (e.g., DAFs)
18. Number of annual grants awarded
19. Amount of charitable giving annually

FO Management Factors

28. Size of office staff (FTEs)
29. Number of adult households served by the office
30. Number of other family employees managed or paid by the office
31. Number of properties, boats, planes, collections, etc. managed
32. Office facilitates family learning or rising gen engagement
33. Number of external advisor relationships (excl. money managers)
34. Number of legal entities
35. Number of tax returns filed annually
36. K-1s received (US-only)
37. Number of countries / locations with legal presence
38. Number of countries in which taxes are filed
39. Has a profits interest management company (US-only)
40. Internal family office budget / costs
41. External advisor fees paid by the family office
42. External investment fees paid by the family office
43. Total cost of wealth management (paid by the family office)

The total cost of wealth management for the average enterprise family is over \$10 Million (n=121)

Data is AVERAGES

Internal Office Costs \$3,595,000	External Advisory Costs \$716,000	External Investment Costs \$6 464 000
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Internal Family Office Costs (in Thousands)	Avg	Med
Compensation and benefits	1,944	1,000
Operations overhead	491	220
Technology	196	75
Staff development	31	15
Family meetings	103	50
Family education programs	39	25
Regulatory compliance	78	25
Other fees	713	180

External Advisory Fees (in Thousands)	Avg	Med
Legal planning fees	134	50
Tax and accounting fees	216	77
Insurance fees	123	50
Membership fees	35	25
Other fees	208	92

External Investment Fees (in Thousands)	Avg	Med
External CIO/strategist	347	240
Investment research	89	18
Investment consultant(s)	1,169	300
Investment managers	2,099	500
Custodians	213	100
Trading accounts	67	15
Other AUM fees	2,480	298

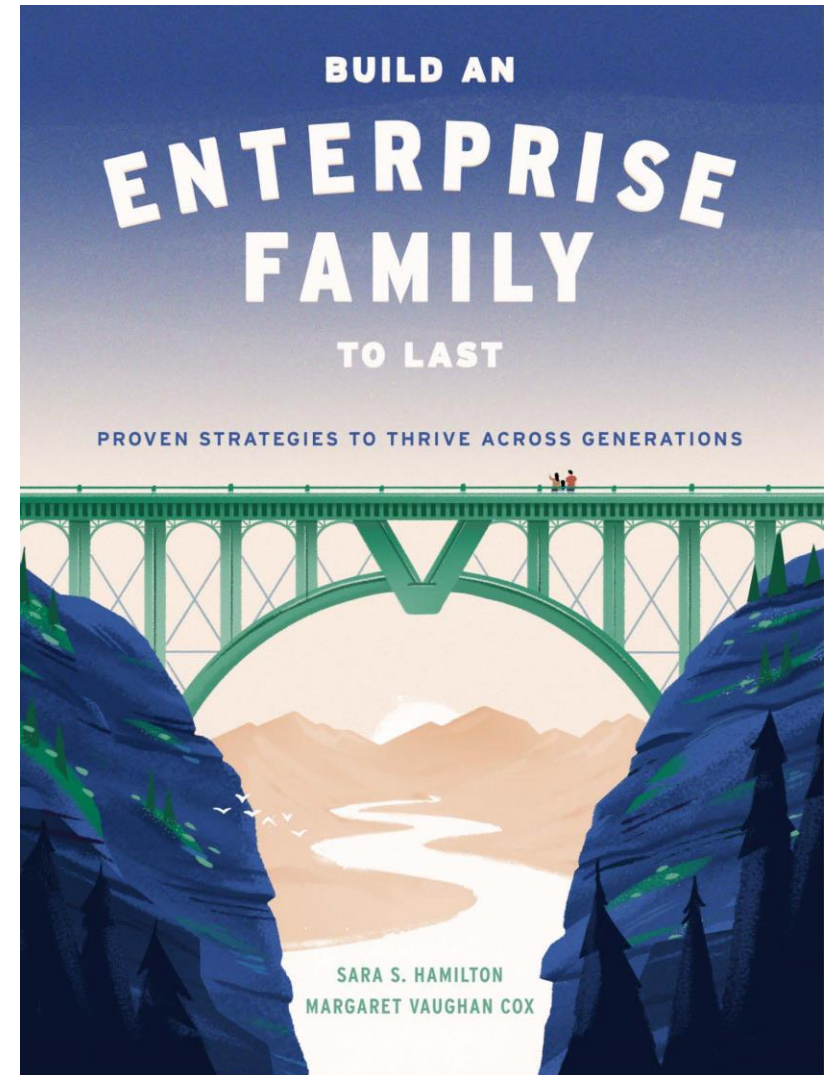
(n=varies by category)

Don't be a slave to complexity...

**Master
complexity.**



An enduring enterprise family intentionally adopts a multigenerational mindset that supports the shared ownership and collective interests of the family





ROEF

ACADEMY

RESPONSIBLE OWNERSHIP
for ENTERPRISE FAMILIES

2025 Cohort Starts
January 27, 2025
in Miami, FL

Register at:
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ROEF Program Director



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Building an Enduring Enterprise Family Workshop

Feb. 5-7, 2025
Miami, FL



SARA HAMILTON



MARGARET VAUGHAN COX



Enterprise
Family Advisors



Thank You

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