

## Why Today's Family Offices are Different

By Charlotte Luer, Editor in Chief, Family Office Networks

As a worldwide ecosystem that actively connects and serves ultra high net worth families, Family Office Networks is positioned at the forefront of the family office industry. Every year we host dozens of thought leadership events around the world to introduce new investment and luxury opportunities. In addition, our team meets privately with many families to discuss their areas of concern and priorities for the future. These high-level discussions during the past few months point to several clear trends that we expect to see continue through year-end.

### **Luxury Experiences Are the Ties That Bind**

In years past, vacation homes have been one measure of a family's success. Many of us have fond memories of visiting the same beach or mountain home each year with the cousins, barbecues and story telling. It's evident, however, that the family vacation home represents an estate planning challenge in cases where the financial burden is overwhelming for children who are not able to agree on use, expenditures and even whether they want this part of the family legacy to continue. Study after study reports that millennials value travel and experiences over real estate and materials possessions.

Companies such as [Hatteras](#), which is poised to introduce its first 90-foot yacht this fall, are leading the way in changing the face of family experiences. What better way for a family to bond than to sail to new destinations around the world while enjoying a life without limits? Indeed, selective families who seek to create their own adventure while pushing boundaries are curating unique multi-generational experiences aboard Hatteras Yachts.

### **New Asset Classes Are Appealing**

A recent essay penned by James R. Hedges, managing director of the Los Angeles Family Office Association, outlines why uncorrelated alpha seems to be a thing of the past and applauds the emergence of marketplace and peer-to-peer lending as one example of new asset classes that are emerging as a solution for today's family office investors.

Although not exactly a hedge fund, it does fall under the alternative investment banner that families and institutions rely on to enhance performance and meet funding goals. Peer-to-peer or marketplace lending is a relatively new segment of the alternative investment landscape, one grown out of the ashes of the 2008 financial crisis. As banks were slapped with increased regulatory oversight, they exited many segments of the direct lending market, most notably unsecured consumer credit and small business credit. The result created a void of lending solutions that have now been gradually replaced by fin-tech powered platforms focused on loan origination.

### **Idea Sharing is Priority**

Because the family office world is fragmented it is often challenging for families to meet. "Industry Standards and Best Practices" simply have not been established as of yet. There is, however, considerable desire for the opportunity to co-invest, share intellectual capital (multi-generational asset allocation, internal family office dynamics resolution, trust and estate strategies, etc.), share family office generated deal flow, and learn about effective services, etc.

Family Office Networks has years of data, trends and live examples which we use to help families interact and share knowledge on ideas, strategies, opportunities and much more.

### **Focus on Multi-Generational Education**

Wealth managers, trust companies and others are beginning to offer Next Gen educational programs to help younger generations prepare to take over management of the family legacy. Major firms such as US Trust and Citigroup and membership-based organizations such as 100 Women in Finance are among those with programs dedicated to education.

In addition, firms such as Gallatin Wealth Management based in Jackson, WY host private peer-to-peer Family Enterprise Workshops that provide a forum for families to discuss topics such as transitional planning, governance and wealth in a private forum. Overall, the intent is to help the wealth creator and his or her family to sustain and steward family wealth over generations. The sessions examine some of the practices that families have initiated to succeed across generations and explore how families view and implement these practices. The goal is to look ahead and design a long-term development plan for all of the actual and potential sources of "capital" in the family.