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## **Creating foundations to support a cause**

By [Ken Tarbous](#)

Wealthy families that emphasize the importance of charitable giving may set up foundations supporting causes close to their hearts, according to **Scott Mahoney**, a financial adviser and family wealth director in Morgan Stanley Smith Barney's Morristown office. It's yet another area where outside financial expertise is sought and retained.

"It's a great way to teach the younger generations about wealth, and used properly, it's a great way to help the next generation to understand how wealth should be handled and what you should do with it," Mahoney said.

**Evan Jehle**, a principal in the Family Office Group at **Rothstein Kass**, said support of nonprofits often is born from life experiences. He spoke about a client who decided to support the American Cancer Society because her mother died of cancer.

Mahoney said the needs of foundations and their missions expand beyond the original intentions of the matriarchs and patriarchs.

"Once the family grows and the dynamics change, the foundation needs to adjust to that and allow for family members to be able to include what's important to them in terms of philanthropy, and that will keep the foundation strong and going forward," Mahoney said.

According to Alex Serrano, co-managing partner of Citrin Cooperman's Springfield office who works with single-family offices, many founders of family offices with a significant number of heirs form private charities.

"They make the decisions annually as to which charities they are going to fund, and there's a lot of responsibilities to go with the private foundations," Serrano said

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## Advisers teach clients best practices in family security

By [Ken Tarbous](#)

Family protection and personal safety have emerged as hot topics for wealthy families, and the professionals who serve family offices say they are being called upon more often to advise clients on identity theft and international travel safety to prevent kidnappings as part of security preparation.

"Wealthy people are obviously concerned with their security needs — and not just, 'I own a home, get ADT to come in and put an alarm system in,'" said **Evan Jehle**, a principal in the Family Office Group at Roseland-based professional services firm Rothstein Kass. "It's just knowing the lay of the land, especially when you're traveling overseas."

Timothy Speiss, partner-in-charge of the personal wealth advisers group at **EisnerAmper** Wealth Planning LLC, said a frequent occurrence is a grandchild who posts international travel plans on social media sites, which may be monitored by criminals on the lookout for well-heeled Americans traveling without proper security.

"We're aware some very affluent people still have their children and grandchildren going on to Facebook and telling them where the next family vacation will be. Not very smart, if you think about it. We've been talking to clients about kidnapping risks," Speiss said.

**Scott Mahoney**, a financial adviser and family wealth director in Morgan Stanley Smith Barney's Morristown office, said his firm assists on educating family members about security precautions.

"Unfortunately, a lot of that crime is going on. We do coach our families on how to be careful. We teach them and coach them on best practices," Mahoney said.

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## In the family

### High-net-worth individuals tap small offices for privacy

By [Ken Tarbous](#)

Alex Serrano, co-managing partner of Citrin Cooperman's Springfield office.

Taking care of large amount of wealth can be a full-time job. That's where family offices come in.

Ultra-high-net-worth families, top-paid athletes and celebrities — those with hundreds of millions or billions of dollars — set up family offices, many with full-time chief financial officers, attorneys and other professional staff, to manage their investments and trusts, travel arrangements and other aspects of their lives, according to **Evan Jehle**, a principal in the Family Office Group at Roseland-based professional services firm Rothstein Kass.

“They expect that kind of service, and they're willing to pay to get it,” Jehle said. “It really is so involved with the family's life, and it's really anything that you and I take for granted that we have to do for ourselves — that's what the family office does for these people. When you're worth a billion dollars, they still want the control, and that really is the key component to a single-family office, control.”

Family offices, which usually are private companies, range in size of staff and scope of duties, and they can serve one family — a single-family office — or more than one family, a multifamily office, Jehle said. Some family offices, though, are run by banks, law firms, or accountant firms.

For a single-family office, a wealthy family hires its own tax department, investment team and management for any businesses the family owns, among other staff, Jehle said.

Enterprising families running their own single-family offices have taken to creating multifamily offices, often established and then expanded, to provide similar services such as investment advice and tax planning.

“These family offices are looking to generate revenue, because it's so hard for them to create the wealth in the family in the public markets and interest rates are so low, and they're trying to justify all this overhead they have,” said **Scott Mahoney**, a financial adviser and family wealth director in Morgan Stanley Smith Barney's Morristown office.

Wealthy families value their privacy, and that's a major incentive for professionals serving

family offices, said **Alex Serrano**, co-managing partner of the accounting firm Citrin Cooperman's Springfield office.

"The number-one concern for any family office is confidentiality, and that's something that's key in maintaining a very happy relationship with the client. These are very private families, and one has to be well aware of that," Serrano said.

There's disagreement among professionals about how much money or wealth a family needs to have before it becomes cost effective to set up a single-family office, as the price tag of caring for all aspects of a large family's activities, and monitoring investment holdings and properties, can run into the millions each year. To make sure those operations are running efficiently, many such offices turn to outside professionals, said Timothy Speiss, partner-in-charge of the personal wealth advisers group at EisnerAmper Wealth Planning LLC.

"They're typically wanting to make sure services are being delivered efficiently and effectively to the constituent family members," Speiss said. "They're very savvy about cost control and making sure that the service providers they work with — whether that's CPAs or attorneys or their investment advisers — they want to make sure those advisers are working efficiently together."

Since family offices run trusts for family members, foundations for their charitable giving pursuits, and income-producing investments and business enterprises, tax planning and tax preparation are sources of work and fees for accounting firms, Serrano said.

"If they have many kids and grandchildren, you could have a substantial number of trusts in place. If it's a small family, they may have just a few. I can think of one family we have now, we file 18 trust returns," Serrano said.

In addition to financial services, family offices — whether working for one family who controls the direction and operations of the entity or one serving more than one family with different needs and goals — provide a wide array of personal services, said Mike LaForge, a CPA and audit partner at accounting firm Sobel & Co. LLC.

Concierge services — managing travel arrangements, paying family members' personal and business bills, and even finding appropriate doctors for family members — are a large part of what wealthy families are looking for, LaForge said.

LaForge also said family offices are all about having someone available 24 hours a day, seven days a week. That could be "a person who's worried about whether or not the pool water is getting changed down at the house in St. Bart's, or whether or not the boat is being taken care of," LaForge said.