

What is a Family Office?

PCH uses the Family Office as its business model. The term is currently toted more regularly around the industry, but it does not have a uniform definition. But what does it actually mean?

The modern FO is thought to originate in the late 19th century from American industrialist and philanthropist John D. Rockefeller, who started an office of professionals who could manage his family's wealth as an investment portfolio separate from the running of his business empire. However, FO can be traced back even further to the time of royalty and feudal rule, where a trusted inner circle of advisors would manage the family's wealth and budgets.

As the family office function has evolved over time, it can also be said that PCH has evolved into a family office over time as it has tailored and enhanced its service offering around its client needs.

The modern definition of a family office is a privately controlled and commercially operated organisation that employs staff to support a number of affluent families with the organisation, management, and maintenance of their wealth according to their needs and wishes. These offices aren't necessarily advertised or intrusive, but rather service their clients with discretion and tailor it according to the needs of the family.

The relationship between client and wealth manager is a special bond of trust and loyalty, backed by sound advice and personal service. This relationship is then enhanced within the organisation by making use of internal specialists and professional knowledge which make up the family office offering. The wealth manager then becomes, per se, the family's Chief Financial Officer, with intimate knowledge of the family dynamics, history, wealth and legacy plans.

For an organisation to call itself a family office, it needs to provide more than just the standard wealth management or fiduciary functions. Outside of those functions, a family office should be able to provide a holistic service of tax planning, estate and legacy planning, access to private banking and private trust services, document management and recordkeeping services, expense management, risk management, bill paying, bookkeeping services, family member financial education, family support services, family governance and the efficient transfer of inter-generational wealth.

A family office client must rest peacefully knowing that an independent professional organisation has its best interest at heart and has intimate knowledge of the family and its aspirations. It is a highly focused and integrated approach to managing wealth and it is a process that is underpinned by confidentiality and respect.