

COMMERCIAL • PRIVATE CLIENT • PENSIONS & BENEFITS

# Supporting structures

FAMILY OFFICES AND  
FAMILY GOVERNANCE



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## FAMILY OFFICE/FAMILY GOVERNANCE

### What is a family office?

Over the centuries many individuals have created or inherited substantial wealth. Those who create it have to consider, prior to their death, how it should be managed after their death; those who inherit, how it should be managed during their lifetimes and thereafter. In many cases, a will is sufficient. However if the wealth is particularly substantial, or the assets or family circumstances complicated, other succession planning tools may be required. This is often particularly relevant for substantial family businesses.

“Family office” is a term used for the office which administers (and possibly invests and distributes) the assets for one family. In some respects it is similar to the role of an “estate office” in administering an estate for a wealthy family. Carey Group offers family office services to a number of families so would be described by some people as a “multi family office”.

### What is meant by family governance?

“Family governance” is a term sometimes used to describe the management of a family’s assets. If the family office is the equivalent of the head quarters of a company, family governance is the equivalent of the role of the board of directors. Put another way, family governance has the same function for a family as does corporate governance for a company.



- **What is a family office?**
- **What is meant by family governance?**

## FAMILY OFFICE/FAMILY GOVERNANCE



### What arrangements can be used?

Trusts have long been used in family succession planning and can be very useful. Where substantial wealth is involved it may be appropriate to incorporate a private trust company (or “PTC”) whose sole purpose is to act as trustee of one or more family trusts. This is also a mechanism by which family members may have more influence, for example via their role as a director of the PTC. Letters of wishes can also be used to guide trustees.

Of course it is common for the structures to include one or more holding and/or operating companies. If there is one main holding company it may be appropriate to regulate some matters by way of a shareholder agreement. However this may be of relatively limited use (and certainly limited flexibility) when it comes to succession planning.

It may be helpful to create parallel trust structures, one trust holding the voting shares in the family company thereby dealing with management of the company, and another holding shares with the dividend rights thereby dealing with the management of the family’s wealth.

There are a number of other tools that can be used depending on the circumstances. For example, it is sometimes helpful to have an overriding “family charter” which sets out, in high level terms, a number of issues including:

- involvement of family members in the family business;
- the involvement of third parties (such as trustees or protectors);
- the terms on which family members may expect to receive income and/or capital.

***“There are a number of other tools that can be used”***

## FAMILY OFFICE/FAMILY GOVERNANCE

### What factors should be taken into account when designing family governance arrangements?

There are a number of factors which may be relevant depending on the circumstances and which may include:

- expectations regarding the future management (and possibly sale) of the family business;
- expectations regarding retention and distribution of family wealth (whether or not associated with the sale of the family business);
- family relationships;
- cultural and/or religious factors;
- geography and nationality;
- taxation;
- philanthropy.

### Where can I get further advice?















For further details please contact either Fred Milner or Glenn Mellor at Carey Nova at +41 22 718 75 80 or email [info@careygroup.gg](mailto:info@careygroup.gg)



***“There are a number of factors which may be relevant depending on the circumstances”***



## MEET THE CAREY GROUP TEAM

 <p><b>KEVIN MCAULIFFE</b> Chairman</p>	 <p><b>FRED MILNER</b> Chief Executive Officer, Private Clients</p>	 <p><b>TIM PARKES</b> Chief Executive Officer, Commercial</p>	 <p><b>PATRICK BOS</b> Director Private Clients; Director Commercial</p>
 <p><b>JIM O'KEEFE</b> Finance Director</p>	 <p><b>SIMON DENT</b> Managing Director, Alderney</p>	 <p><b>ANDRIA ANDREOU</b> Chief Executive Officer, Cyprus</p>	 <p><b>GLENN MELLOR</b> Executive Director, Geneva</p>
 <p><b>JIM GILLIGAN</b> Managing Director, Guernsey</p>	 <p><b>GARY MAUGER</b> Director, Guernsey</p>	 <p><b>PHIL RETZ</b> Director, Guernsey</p>	 <p><b>SONIA BOURGAIZE</b> Director, Guernsey</p>
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 <p><b>CATHERINE PEUTEMAN</b> Director, Luxembourg</p>	 <p><b>LINDSAY LEGGAT SMITH</b> Managing Director, Monaco</p>	 <p><b>STEPHANE POSTIFERRI</b> Director, Monaco</p>	 <p><b>CHRISTINE HALLETT</b> Chief Executive Officer, UK</p>
 <p><b>URS SPECKER</b> Managing Director, Zurich</p>	 <p><b>RUDOLF KAUFMANN</b> Senior Manager, Carey AG, Zurich</p>		

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