

Sample Client Case Study

Personal CFO or Family Office Services



The Ableson Family

The Ableson family includes a matriarch, three middle age children and a dozen spouses and grandchildren. The family made its money in the coal business, selling both the business and its valuable real estate holdings in the late 1980's for \$80 million. The patriarch of the family passed away several years ago.

The matriarch currently has an estate worth over \$50 million. Each of her children has estates estimated in value at between \$5 million and \$15 million. Although family wide there is close to \$90 million in total wealth, this is shy of the \$100 million in net worth that is commonly thought to be the minimum asset size that justifies the cost of a dedicated family office.

The family currently has no active businesses, although each family member has a number of outside investments and interests. The family currently manages some of their wealth and outside business interests, but also uses a patchwork of outside tax and investment advisors.

Their Concerns

The Ableson family's primary concern is capital preservation and that this wealth is maximized for generations to come. They have always been prudent in how they manage their affairs and constantly worrying over their exposure should a large sustained "Bear Market" occur in the equity markets.

Few family members have done much in the way of estate planning. Although they universally believe that it is better to do prudent planning today, then leave a large inheritance to "Uncle Sam" (their silent business partner under the estate tax rules).

The family is very concerned about reducing their income tax burden. They think their current financial advisors could do a better job managing their wealth in order to minimize his taxes. On the flip side, they are also concerned with investment returns. They would like to focus on maximizing after tax returns and taking advantage of longer-term trends in various financial and investment markets.

They are concerned about employing multiple advisors who cannot work closely together—no one is currently looking at their complete financial picture. They also would like their advisers to take a greater role in nurturing the family's younger generations through education and closely working with them in evaluating business or investment opportunities.

Our Solution

A current InTrust Advisors client referred the Ableson family to us. After an initial meeting with our client advisors, the family decided that InTrust Advisors offered a total solution to their financial needs.

The family's client advisor immediately put together a plan to effectively manage their current investments and coordinated this plan with the Ableson's long-time investment advisors. This plan included the consolidation of investment data from the family's multiple brokerage and advisory accounts, the

establishment of an asset allocation plan for each family member or related investment entity and the recommendation of investment managers based on that plan. To mitigate their market concerns, their client advisor stressed the importance of diversification and assisted the family in weaving non-correlated market trading strategies, real estate and venture capital holdings into their respective asset allocation plans. Their advisor even provided the family with ongoing investment oversight and performance review/reporting for each family member or related investment entity.

To assist the family in developing a common mission and to educate younger generations, their client advisor set up and administrated a series of educational seminars by well-known industry experts. These educational seminars covered such topics as “Long-Term Investment Strategies”, “The Family Mission Statement”, “The Family Balance Sheet & Income Statement” and “The Family Bank”. The seminars provided the family with the knowledge it needed to govern itself effectively and establish long-term goals that furthered family unity, while enhancing cross-generational cooperation and planning.

Their client advisor also set the family up to meet with one of the country’s top estate planning attorneys. Together their client advisor, tax advisor and estate planning attorney crafted each family unit an estate plan that would save each such unit millions in estate taxes. InTrust Advisors also assisted the family in establishing the various plan trusts and partnerships, hiring appraisers, transferring assets and administrating the process from start to finish.

At the same time, the Ableson’s advisor also reviewed their income tax planning with their tax advisors. Together they crafted a plan for reducing each family unit’s taxable income by shifting certain incomes to children or grandchildren. This work was done in conjunction with the estate and investment/asset allocation planning.

Finally, their advisor kept on working with them on an ongoing basis providing periodic financial reporting, help with quarterly tax reporting and preparation of draft tax work for their tax advisors just to name few services. The advisor also continually monitored the family's estate, income tax and investment planning and worked closely with the family to modify this planning over time to adjust for changes in family dynamics.

The Ablesons are quick to point out how much simpler InTrust Advisors has made their lives. By focusing on the family's total financial needs, InTrust have saved the Ablesons millions of dollars in income and estate taxes while giving them time to enjoy their wealth.

Note – The aforementioned client is fictitious, any similarities to current or prospective clients is purely coincidental.