

FOX PUBLIC WEBCAST | JANUARY 17, 2024

The Future of Family Wealth

A glimpse into the cultural and structural transformation that will reshape the families, family enterprises, and the family wealth industry.



Peter Moustakerski
CEO



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President of Membership



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Chief Learning Officer



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Chief Technology Officer

FOX Values



OBJECTIVITY

Provide independent, objective, and unbiased knowledge, guidance and advice.



DISCRETION

Safeguard member privacy and protect against unwelcome commercial targeting.



CONNECTIONS

Cultivate meaningful, life-long connections among likeminded peers on similar life journeys.



CURATION

Sift through the noise to deliver highly relevant and timely knowledge, data and insights.



LEARNING

Foster a community of peer sharing, collective intelligence and continuous learning.



FORESIGHT

Foresee key trends, anticipate future developments and foster proactivity and preparedness.

FOX Vision

Realize the vast potential of **family capital.**

FOX Mission

Provide the **knowledge, connections, and tools** that enable enterprising families to thrive across generations.



Knowledge

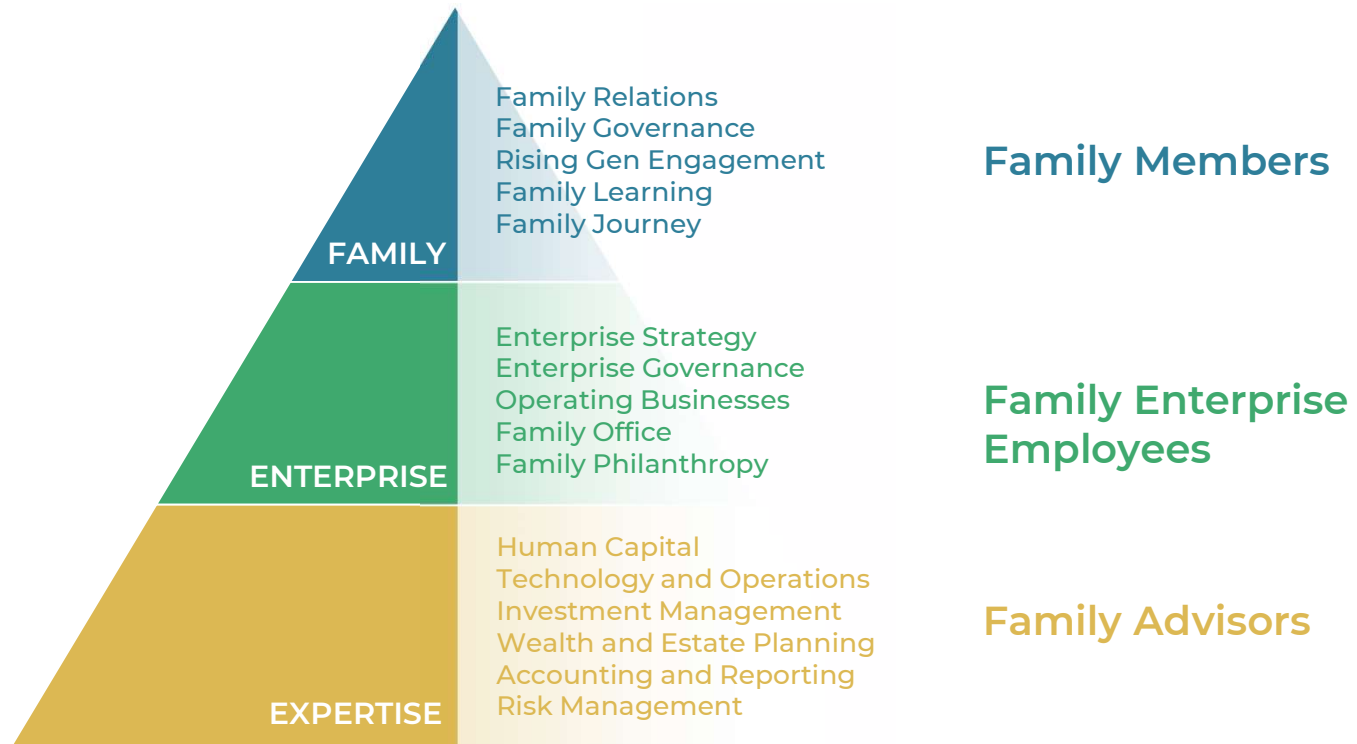


Connections



Tools


The Pyramid of Family Wealth



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The Future of the Family

Families Will Be Key to Successfully
Resolving the Current Global Crisis.



“Families have come to realize over time that preserving the family in the midst of wealth is more difficult than preserving the wealth.”

-Sara Hamilton

The Future of the Family



Family Demographics

Wealth Transfers

Secular Crisis

Three Vectors for the Future of the Family



Family Demographics

- 4 active generations
- Diverse values
- Longevity vs. fertility
- Inverted family trees



Wealth Transfers

- \$84T in motion
- 1930s dynasty trusts
- Newly minted owners
- Purpose of the wealth



Secular Crisis

- The fourth turning
- Continued uncertainty
- Crisis resolution
- Millennials take over



The very essence and definition of the family will continue to evolve – increasingly away from traditional archetypes and towards new paradigms.

Strategic Imperatives for the Family

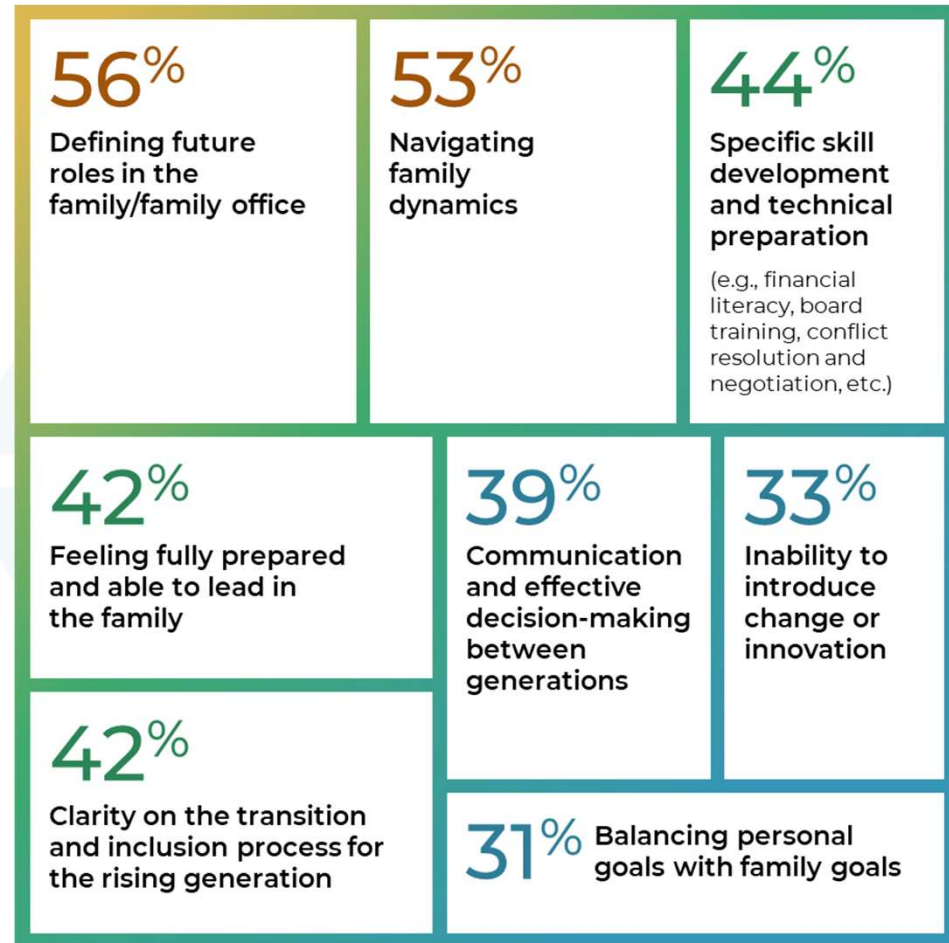
- Reestablish the purpose of the family enterprise with input from all generations.
- Reorient the family culture to create a more inclusive “federation” of generations.
- Establish the role of family elders as wisdom keepers, story tellers, and mediators.
- Cultivate empathy, normalize emotions, and use positive, supportive language.
- Shift from passing down knowledge to multigenerational co-learning.
- Invest in all-family learning, children’s education, and young-adult engagement.
- Expect integrated advice from the family’s wealth advisors.
- Develop trusted peer connections and learn continuously from other families.

Rising Generation Education and Engagement Opportunities

What are your top challenges?

“Our parents built this from the ground up so they just know what to do, inherently. As we're trying to figure out our next roles, I would really love some kind of roadmap and some very black and white explanation as to why things work the way they do and what to do and when to do it.”

-Focus group participant



Source : FOX Research, "Finding a roadmap: Snapshots of the rising gen journey" (2023).

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The Future of the Family Office

Why Family Offices Need to Be
Constructed for the Long Run.

The Impact of Growth on Family Offices

Size Characteristics

- Market size \$11.3 T
- 100,000 households, 8% annual growth
- Nearly 10,000 centimillionaires
- 10,000 family offices

Source: Wealth X

UHNW Family Investable Assets



Source: 2023 FOX Global Investment Survey

Family Office Cost

- \$3.0m - \$6.0m
- Average \$3.6m (40 bp)
- Employees 6.0 ('21) to 8.6 ('23)

Source: 2023 FOX Family Office Benchmarking

Creating Challenges for Family Offices

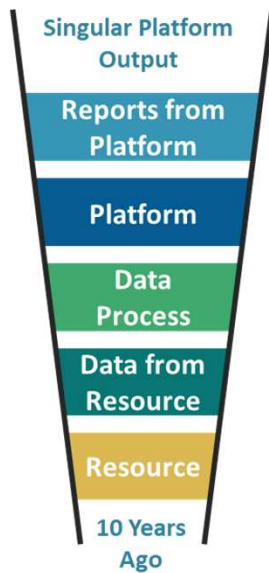
Increasing complexity is largely responsible for consuming more resources and driving greater costs.

Challenges for family offices is being fueled by:

- Needs and demands of families are escalating.
- Family office staff growth 43% (from 6.0 to 8.6 employees).
- Talent demand vs. supply is driving compensation up.
- Inflationary pressures.
- Technology stack challenges.

Technology – The Simple Truth – The Best Is Yet to Come

Historical Process and Data Management



Moving Forward to Adapted Integrations and Choices



The Role of the Family Office is too Important to not be Built to Last

“How confident are you that your family office will sustain its purpose and fulfill the family’s needs over the long run?”

Highly Likely 43%

Moderately Likely 43%

Not Likely 2%

Do not have a family office 12%

There appears to be the will to make family offices last ...

... Is there a way?

Responses from Oct. 2023 FOX Family Forum Family Office Session

Preparing the Family Office for the Long Run

Sustaining a family office is means operating at a consistently high level that supports the vision as well as the collective well-being of the family.

Three practices lay the foundation for sustainability:

1. Establish and Fortify Governance
2. Create Leadership and Succession Planning
3. Build a Foundation of Learning and Achievement

Establish and Fortify Governance

“The true wealth of a family is its members and their capacity to make decisions together, and even more importantly, that they have a common aspiration.”

– Jay Hughes

85%

Have at least one formal Governing Board for the Family Office

3.9

Average number of family meetings last year

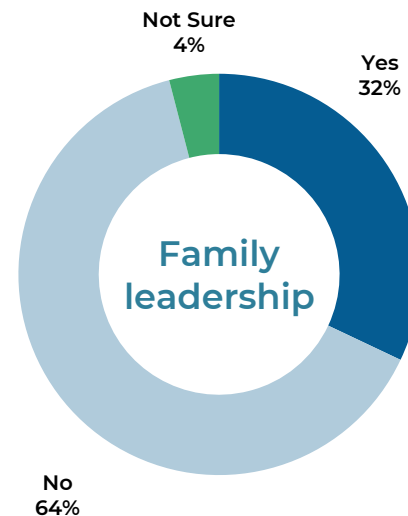
32%

Have a formal leadership succession plan

Construct Leadership and Succession Planning

Sustaining a family office over the long haul requires developing a long-term strategic plan centered on family and family office leadership succession.

Formal succession plans (n=148)



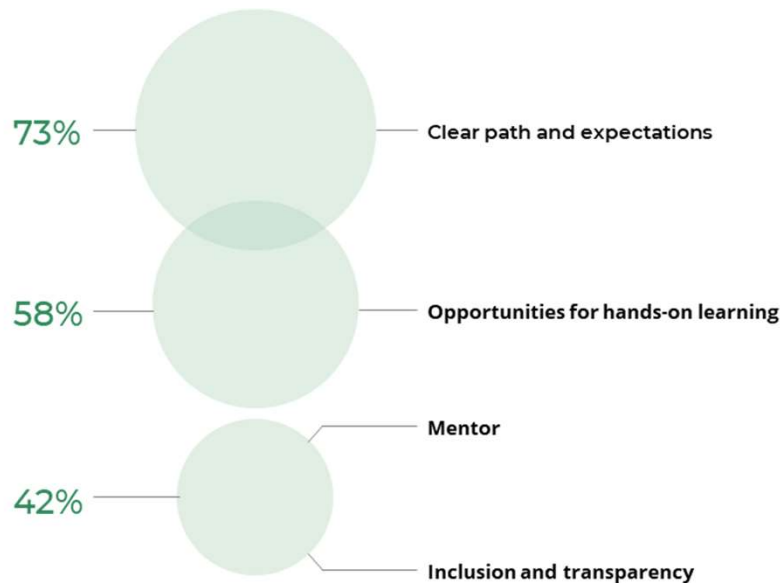
Build a Foundation of Learning and Achievement

Absent a foundation of learning and achievement the durability of strong governance and leadership succession will atrophy.

- Budgets for family office training, family meetings, and education have increased markedly over the past few years, those budgets started from a low base.
- Education and leadership budget is less than 2% of the family office budget.

Family Learning: Where to Start

What rising gen want to help them prepare



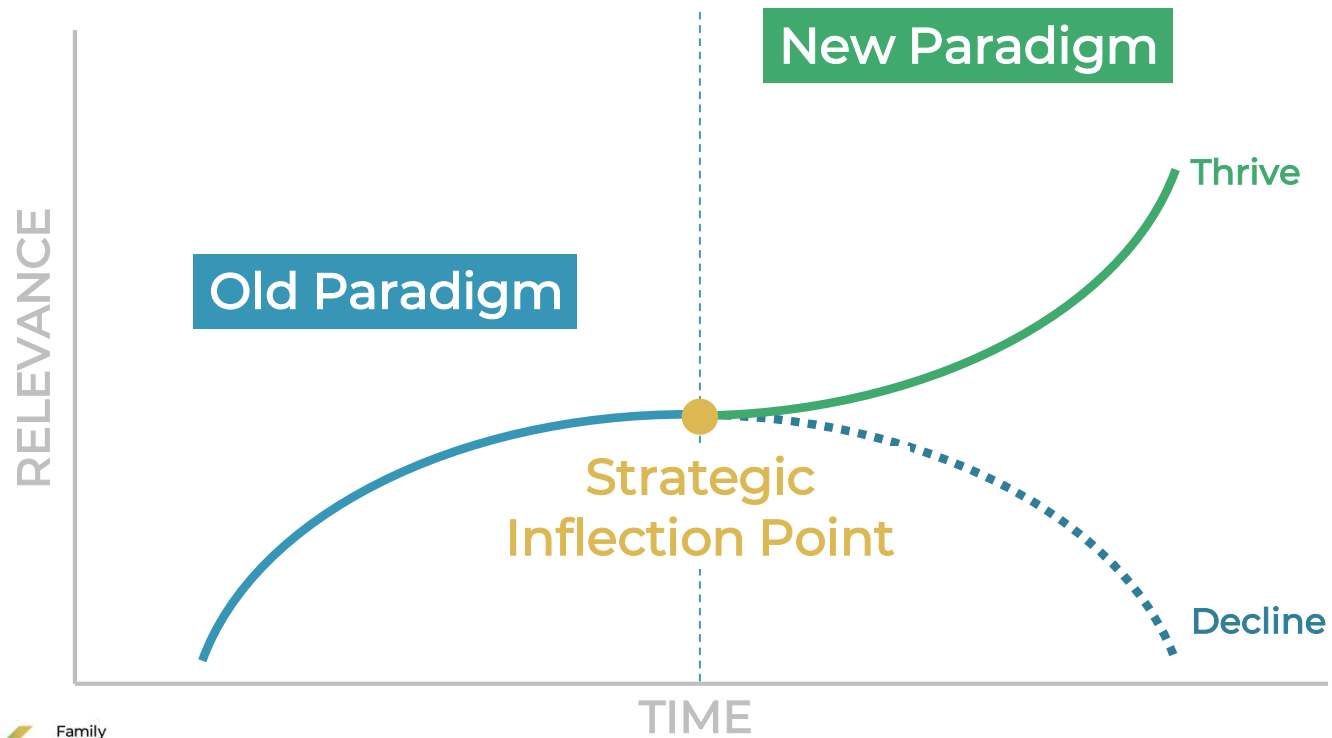
Rising gen primary learning opportunities

Attend family meetings	86%
Attend industry workshops and forums	67%
Attend board meetings (family office or operating company)	63%
Serve on committees	51%
Attend advisor meetings	47%
Vote on selection of family leaders	43%
Serve on philanthropy boards	39%
Serve on governing boards	39%
I am not currently involved or contributing	2%
Other (please explain):	12%

The Future of the Family Wealth Industry

Family Wealth Advisors Are Facing an
Existential Imperative to Evolve Rapidly.

Strategic Inflection Point



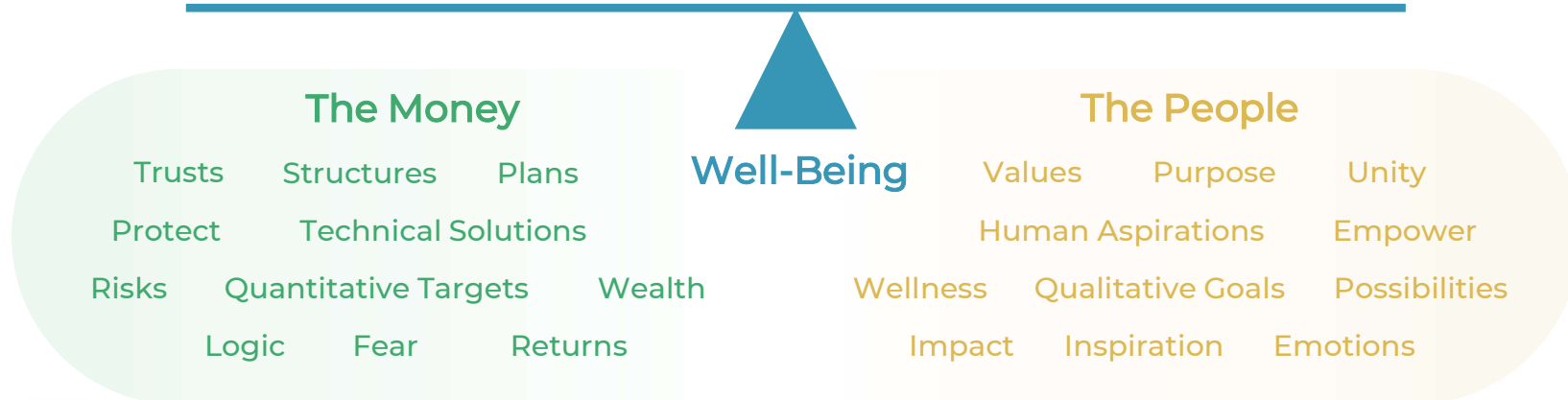
The Key to Family Well-Being



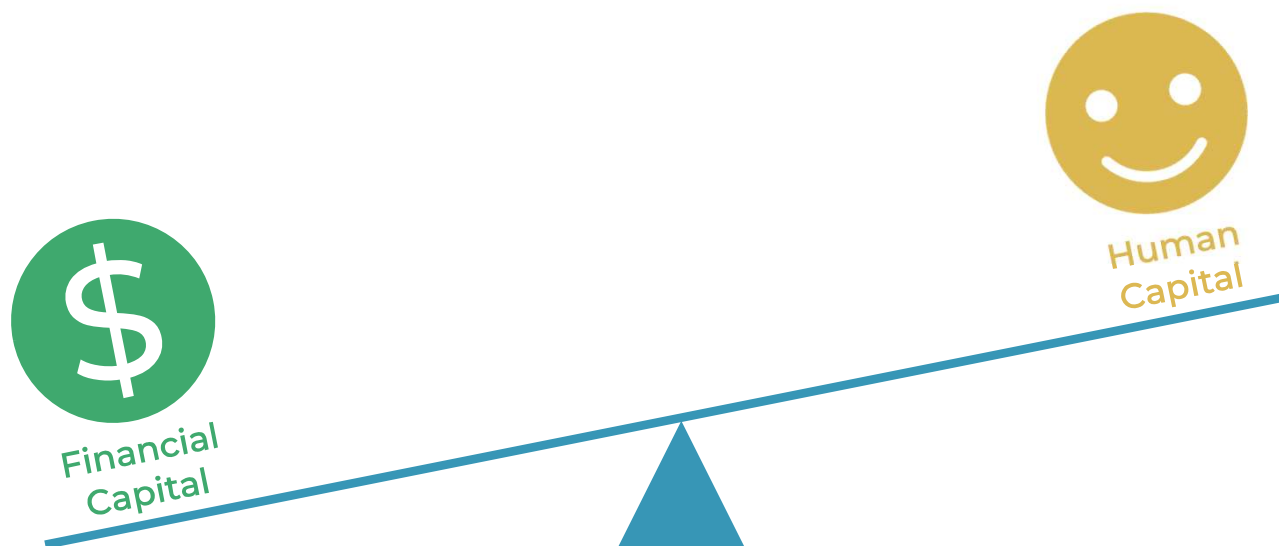
Financial
Capital



Human
Capital



The Last 40 Years



The Future of the Family Wealth Industry



Qualitative Needs

Positive Attraction

Integrated Advice

Professional Standards

Four Vectors for the Future of the Family Wealth



Qualitative Needs

- Wealth as well-being
- All forms of capital
- Qualitative disciplines
- Humanizing advise



Positive Attraction

- Positive motivation
- Aspirational thinking
- Unlocking possibilities
- The power of language



Integrated Advice

- 23 external experts
- Complex ecosystem
- Right-brain expertise
- Generalist coordinator



Professional Standards

- Code of practice
- Rigorous research
- Standard taxonomies
- Advisor certification

Strategic Imperatives for the Family Wealth Industry

- Put the family and the well-being of its members at the center of the conversation.
- Invest in hiring high-EQ advisors and developing their qualitative skills.
- Rework the language used by advisors and documents to foster positive engagement.
- Embrace the full spectrum of technical and qualitative family needs.
- Build an ecosystem of specialized partners across all family well-being disciplines.
- Join the best peer communities representing holistic family wealth advice.
- Adopt and promulgate the integrated family advisor model.
- Ensure sustainable pricing and profitability of holistic family wealth advisory services.

The Goal: Achieving Balance, and Well-Being



Additional Resources

For those of you who have a continuing interest and appetite to learn more about these topics consider the following sources.

- [The Family Office Supports the Evolving Family Enterprise Journal of Wealth Management](#)
- [Succession Stories: Lessons learned from former family office CEOs – Northern Trust](#)
- [Why the Modern Family Office Matters – Mutual Trust](#)
- FOX's [Family Learning Handbook](#)
- The [2023 Family Office Study Chart Pack](#) is available as well as our “Highlights from the [Family Office Study](#)” [webcast](#) from November 8.
- Consider our [Family Office Design Workshop](#), which is now offered virtually. A more streamlined version is available on our website through our growing lineup of [e-learning courses](#).

Expanded insights on the *Future of Family Wealth* that we identified today will be available to FOX members next week in our 2024 edition of FOX Foresight.



Q1 Upcoming Events

- Private Trust Company Workshop* Jan. 23-25
- Technology Resource Partner Focus Group: Libretto Feb. 1
- Member Town Hall Feb. 2
- Risk Management Member Meeting Feb. 8
- Winter Technology and Risk Management Partner Days Feb. 21-23
- Technology Resource Partner Focus Group: Deviate Consulting Mar. 8
- Webcast: Corporate Transparency Act Update Mar. 20

**Event is open to qualified non-members*

2024 FOX Forums

**FOX
Global
Investment
Forum** | **May 7-8, 2024**
Miami, FL
and Virtual

**FOX
Family Office
and Wealth
Advisor Forum** | **July 15-17, 2024**
Chicago, IL
and Virtual

**Rising Gen
at the
FOX Family
Forum** | **October 27-28, 2024**
Atlanta, GA

**FOX
Family
Forum** | **October 28-30, 2024**
Atlanta, GA
and Virtual

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We are dedicated to supporting your growth through industry leadership and forward thinking. FOX will continue to deliver value by helping you see what's coming; systematically sharing best practices and lessons learned; and identifying your closest peers and strategic industry partners.

To learn more about membership, contact us at info@familyoffice.com or call at 312-327-1200.

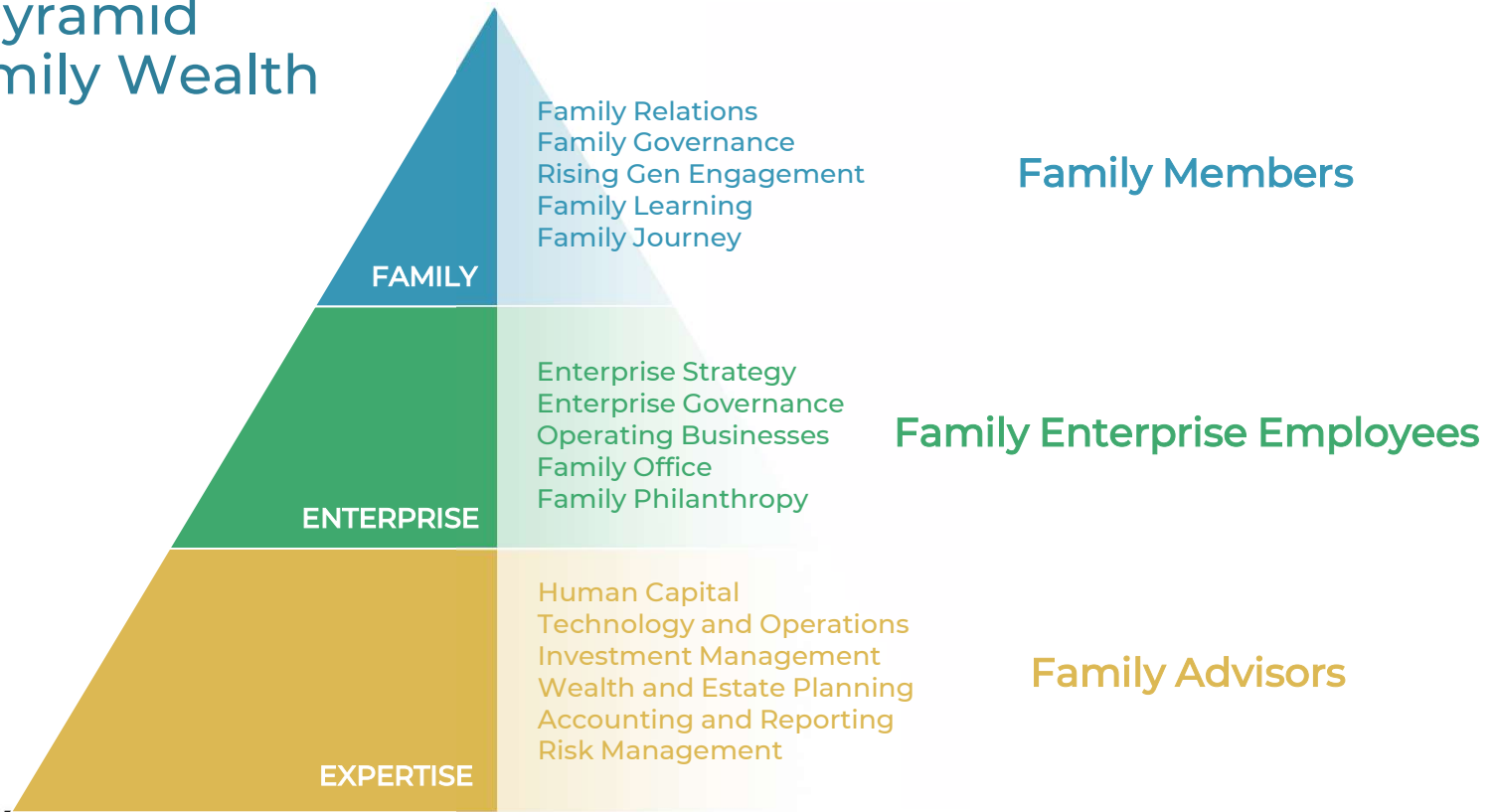


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Strategic Imperatives for the Family

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The Pyramid of Family Wealth



FOX Vision

**Realize
the vast
potential
of family
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FOX Mission

**Provide the
knowledge,
connections, and
resources that enable
enterprising families
to thrive across
generations.**

The Future of the Family

The very definitions of “family” and “wealth” will continue to morph as new generations, new disruptions, new technologies, and new belief systems ascend over the coming decade.

We believe that the future of the family will be defined by the following three vectors of change:

1. Family Demographics
2. Wealth Transfers
3. Secular Crisis

Family Demographics

Multiple generations of adults concurrently active in the life of the family and in the activities of the family enterprise.

- Forcing a lot more intergenerational communication and collaboration than families have ever had to contend with, often involving very different value systems and worldviews among different generations.
- These dynamics will inevitably cause qualitative human-capital needs, positive engagement and aspirations, and family unity and sustainability to rise to the top of the agenda for family leaders.

Wealth Transfers

“The Greatest Wealth Transfer in History” is upon us.

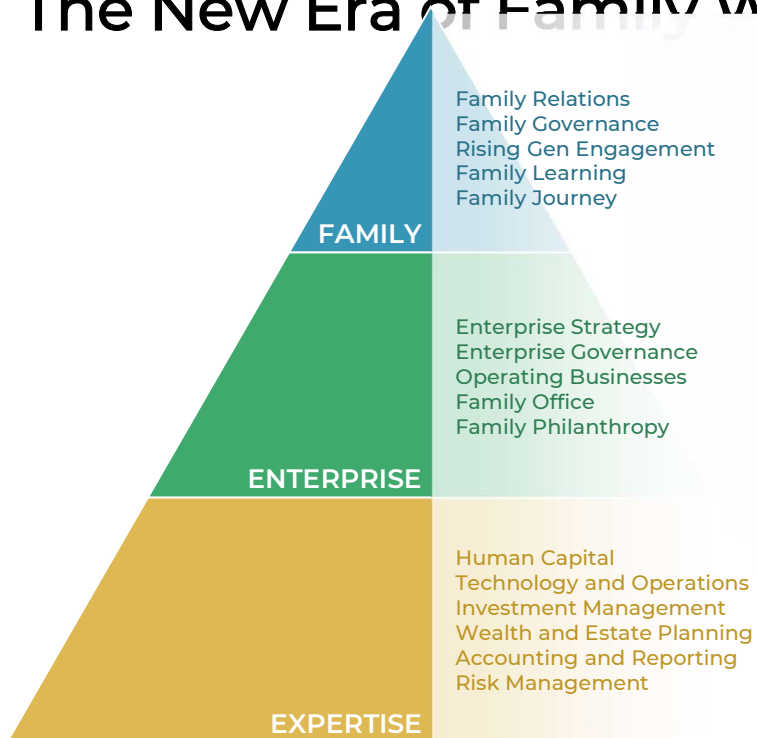
- Some \$84 trillion of that wealth is projected to be passed down to millennial and Gen-X inheritors between now and 2045 – and \$16 trillion of that will be transferred within the coming decade.
- Will also create enormous pressure and anxieties among them, and generate significant demand for expert advice and solutions.
- This will drive exponential proliferation of complex wealth-transfer structures.

Secular Crisis

Demographic shifts and wealth transitions are happening at a very particular and precarious moment in the natural cycle.

- According to American author and researcher Neil Howe, we are well into “The Fourth Turning” – the “crisis” stage of the current four-stage “saeculum”, which the world entered right after World War II.
- The next generation of family leaders will not only have to navigate the exponentially complex family demographics and dynamics and handle the largest transfer of wealth and power history has seen, but they will also have to steer their family enterprises, and the entire world, through the inevitable nadir of the secular crisis we are currently in.

The New Era of Family Wealth Is Here



- Capture the family values across all generations
- Envision the family's place within its community
- Empower family members' positive ambitions
- Elevate human capital to the top of the agenda

- Focus on the family and its goals and aspirations
- Prioritize family education and engagement
- Encourage family to engage with peer families
- Equip staff with EQ skills to work well with family

- Understand the family's (intangible) objectives
- Develop advisors' EQ skills to best serve families
- Build an ecosystem of outsourcing partners
- Invest in thought leadership as a differentiator

Strategic Imperatives for Family Leaders

Demand integrated and future-focused advice from wealth advisors.

- Determine purposefully who is best positioned to be the integrator of the family's complex needs and multidisciplinary problems to be solved.

Develop peer connections.

- With other enterprise families and cultivate continuous reciprocal learning and exchange of experiences along various stages of each family's respective journey.

The Future of the Family

The future will bring many changes – for family members, for the family enterprise and family office, and for the external wealth advisors the family relies on.

The Future of the Family Wealth Industry

Family wealth professionals will face many transformative challenges driven by the rising complexity of the UHNW families they serve and will face the imperative to evolve quickly and learn to serve the full breath of complex needs and expectations.

The Future of the Family Office

We are in a period of extraordinary wealth creation and accumulation that is driving the need for more family offices and, at the same time, expanding the breadth and depth of what is expected from family offices.

The Future of the Family Wealth Industry

The family wealth industry is at a strategic inflection point – the kind that Intel’s co-founder Andy Grove described as “an event that changes the way we think and act.”

For business leaders who recognize and respond swiftly to a strategic inflection point, the rewards can be bountiful. For those who fail to do so, the consequences are almost always devastating.

Four Vectors for the Future of Family Wealth

Over the past 40 years, the family wealth industry has seen tremendous growth and progress.

Over this period, families evolved from being focused on the operating business that created the wealth to placing the wealth and its longevity at the center of their focus to eventually shifting their priorities to the family itself and the unity and shared purpose among family members.

Four Vectors for the Future of Family Wealth

We at FOX believe that the future of the family wealth industry will be shaped by the following four vectors of change.

We believe that the future of the family will be defined by the following three vectors of change:


1. Qualitative Needs
2. Positive Attraction
3. Integrated Advice
4. Professional Standards

Areas for Leaders of Family Wealth Advisory Firms

- Put the family itself and the well-being of its members at the center of the conversation.
 - Place advisor talent atop your strategic agenda and invest in hiring and developing the qualitative skills that will be required to serve UHNW clients.
 - Embrace the reality that your family clients are now surrounded by an ever-growing orbit of specialists whose expertise is far removed from your own technical discipline.
- Recognize and study the integrated family advisor model and make what will likely be the most important decision for the future of your business.
 - Work obsessively on securing the profitability and sustainability of your advisory business. Ensure your team and your clients are focused on the right success metrics.

FOXCast: CEO Series - Season 2 is Here!

NEW EPISODE




**FOXCast
CEO SERIES**

S2EP2 Guest
Ella Chase

EQUIPPING THE RISING-GEN WITH THE SKILLS AND TOOLS TO FLOURISH WITH ELLA CHASE 34:4

Today, I have the pleasure of speaking with Ella Chase, co-founder of Wealth Works, an executive coaching and leadership company for wealth inheritors and future family leaders. Ella is herself a 7th-generation family member of a 100-year family, and has seen the burdens and blessings of complex, multi-generational family en...

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**FOXCast
CEO SERIES**

S2EP1 Guest
Sara Hamilton

DEFINING THE BUILDING BLOCKS FOR AN ENTERPRISE FAMILY WITH SARA HAMILTON

[View Episode](#)




**FOXCast
CEO SERIES**

EP27 Guest
Amber Slattery

GENERATING ENGAGEMENT AMONG TEENAGE FAMILY MEMBERS WITH AMBER SLATTERY

[View Episode](#)



**FOXCast
CEO SERIES**

EP26 Guests
Dr. Jesse Viner & Dr. Bryn Jessup

MANAGING MENTAL WELLNESS WHILE CREATING A SUSTAINING FAMILY CULTURE WITH DR. JESSE VINER & DR. BRYN JESSUP

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29 Total Episodes

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