## OVERVIEW

*Every family office is different. With different trust structures, investment strategies and philanthropic goals, there is no basic template that will work for every family office. However, there are certain steps all family offices should follow, regardless of size, strategy or long-term objectives and this roadmap helps to define those steps for each family office.*

## STEPS TOWARDS BUILDING A SUSTAINABLE FAMILY OFFICE

1. ***Hire a reputable law firm to assist in the legal structure for your family office***.
   a. Does not need to be the biggest law firm or the most expensive, but does need to have experience in financial services and, most importantly, understanding ways to structure family offices to optimize for long-term vision of the business.
2. ***Work with counsel (and tax advisor) to determine best structure for short and long term vision for family office (taking into account family trusts, investment strategies, types of investments and philanthropic goals).***
   a. Once selected, draft all organizational documents, operating agreements, succession plans, etc.
   b. Keep in mind – Day 1 Vision rarely matches Year 5 reality! Make sure structure is tax efficient and gives you flexibility for various investment opportunities and allocation of charitable donations
   c. Will you take on outside money now or potentially down the road? If yes, consider ramifications of registering with the SEC, audit costs, custody exams, filing ADV, etc.
      i. ***If it becomes necessary to register with the SEC, there will be additional critical steps to complete to meet regulatory requirements.***
3. ***Select all third-party vendors and service providers to help achieve long-term vision for family office.***
   a. Business Basics – Business banking, insurance (property, E&O), telephone providers, HR providers (payroll services, health plans, retirement plans for employees), office space, logo design/business cards/presentation materials, website design, office security
   b. Service Providers – IT managed service provider, compliance, tax/accounting, audit, cybersecurity, fund administration/custodians, data management/client reporting solutions, CRM solutions

      **Atrina Advisory can provide list of best-in-class service providers for each vendor that are the best fit for your specific firm.**
4. ***Build out tech infrastructure and install/implement flexible and efficient systems, controls, etc. from selected service providers.***
   a. Includes compliance / cybersecurity: how are you going to protect against data breaches, loss of personally identifiable information (PII), disaster recovery, etc. Critical and essential to have strict policies and procedures in place from Day 1!
   b. Includes policies around trading, due diligence, money movements, asset reconciliations and investment performance monitoring– all **essential** to ensure protection of assets and accuracy of investment results.
5. ***Determine investment strategy and how you will implement*** – Are you going to have an internal trading desk or will you outsource trading? Or are you going to simply allocate money to third party managers?

   a. If allocating to third party managers, need to determine investment criteria, document due diligence and determine best sources for opportunities
      i. What are the account minimums at those managers? Will you meet those thresholds?
   b. If trading internally, need controls/reconciliations/systems in place and will want to research and understand all trading costs (and discuss with providers different fee structures and price breaks due to size).
   c. If outsourcing, how much transparency do you want outsourced firm to have to your positions/activity? Evaluate and document cost vs. benefit.

6. ***Determine where you need full-time positions vs. outsourced providers across operations, trading, compliance, accounting, research, etc.***
7. ***Determine risk profile and investment objectives for each entity/trust and build asset allocation models for each.***
   a. Again, Day 1 Vision for asset allocation rarely matches Year 5 reality – give yourself flexibility for opportunistic investment choices in different asset classes (e.g., alternative investments)
8. ***Import any historical investment transactions onto current platform (if necessary). Once complete, your family office is ready to start investing!***

## IMPORTANT THINGS TO CONSIDER

1. Some of the most important decisions you'll make in the beginning will be hiring the right employees and the right service providers. Replacing service providers or employees takes time, costs money and is stressful. Be patient and try to get it right the first time.
2. Spend money in the right way. Find providers that strike the right balance of client service, cost and experience. Sometimes the least expensive options just wind up costing you money in the long run.
3. Worth repeating – your Day 1 vision for your family office will not be your Year 5 reality (or even Year 2 reality). Build a business that affords you flexibility to adapt with your evolving investment and philanthropic goals.
4. Maintain relationships with companies that you considered on Day 1 but didn't choose – listen to how they've improved. Discussing their improvements with your current providers helps to ensure that your systems and policies and procedures don't become outdated.
5. Talk with your tax team and legal counsel constantly. If you're making investments in new asset classes, speak with them before you invest. Always make sure that you've structured things to optimize for latest tax laws.