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What should you expect from a virtual family office?

BY NADINE GORDON LEE



Standing, left to right: Liz Talbot, Stephen R. Stelljes, Nadine Gordon Lee; seated: Michael J. Nathanson

THE COLONY GROUP

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TEAM

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Liz Talbot, CFA®, CPA, Managing Director,
Senior Financial Counselor

ASSETS UNDER MANAGEMENT
\$5 billion (approximately)

MINIMUM FEE FOR INITIAL MEETING
None required

FINANCIAL SERVICES EXPERIENCE
Nathanson, 25 years; Lee, 35 years;
Stelljes, 22 years; Talbot, 30 years

PRIMARY CUSTODIANS FOR INVESTOR ASSETS
Fidelity, Schwab, TD Ameritrade

COMPENSATION METHOD
Fixed fees (planning services); asset-based fees (investment services)

PROFESSIONAL SERVICES PROVIDED
Planning, investment advisory, money management and family office services

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As a result of the rise in prominence of independent firms and strides in technology, wealthy individuals and families have greater options than ever in the selection of top-tier wealth-advisory services. Today, individuals with \$25 million or more in portfolio assets (or individuals who anticipate having those assets in the near term through a liquidity event) can expect services that in the past only single-family offices could have provided.

Post-2008, however, rebounding markets have served as a catalyst, along with private equity, for creating the latest generation of wealth. Once a liquidity deal becomes public information, new wealth creators are bombarded with offers to manage their assets. Yet, it is *pre*-liquidity-event planning that can have the most dramatic impact on the transition to wealth. So, don't confuse liquidity with wealth. Find your team of advisors early to optimize results.

The virtual family office is just such an approach. It involves an integrated wealth-management team consisting of financial planners, investment advisors, tax advisors, accountants, attorneys and business or other consultants.

impact of the various options presented. And that help is now accessible and interactive.

Financial modeling has made huge strides in both providing a richer experience and illustrating the impact of complex strategies from cash-flow and tax- and estate-



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Importantly, "virtual" in this context refers to the fact that these advisory roles may not be served within one office but possibly coordinated across firms by professionals acting as a team to optimize your and your family's decisions and results.

What value can this unified approach bring to a family on the verge of a liquidity event? It can:

- Clarify the goals, context and criteria for the transaction.
- Maximize the realizable value of the transaction.
- Offer the strategy and structure to minimize taxes.
- Transfer growth to future generations, using techniques that protect the wealth creator if circumstances do not go as planned.
- Implement pre-liquidity philanthropic giving that reduces taxes and provides resources for the family's charitable endeavors.
- Create a clear picture of what "life" will look like, post-liquidity.

Given these many factors, most decision-makers need help in understanding the

planning perspectives. Static presentations have been replaced with innovative technology, allowing clients and planning teams to work together to contemplate options and weigh the impact of their decisions.

What else should clients look for from their virtual family office?

- Trustworthy advice, with transparent and fair pricing.
- Establishment and management of investment policy, along with benchmarks.
- Coordination of investments with planning, estate, risk and tax strategies.
- State-of-the-art technology that allows customizable and instantaneous reporting and coordination of investments.
- Access to opportunities, unhindered by institutional walls.

Often, today's busy wealth creator is so absorbed in building the business and working through the transaction that he or she does not yet feel "rich" and does not necessarily take the time for financial planning until the deal is closed. The virtual family office can help with that. In fact, it can maximize the after-tax value of the wealth creator's business and equity-based compensation, as well as guide this individual through one of the most complex transitions of his or her life. ●

⬇ ABOUT US

FOUNDED IN 1986, THE COLONY GROUP IS AN INDEPENDENT, FEE-ONLY FINANCIAL ADVISORY FIRM THAT STRIVES TO PROVIDE PEACE OF MIND TO CLIENTS. ITS TEAM OF TRUSTED EXPERTS DELIVERS OBJECTIVE FINANCIAL

ADVICE, STRIVING TO PROVIDE CLIENTS WITH THE HIGHEST LEVEL OF PERSONALIZED SERVICE.

The Colony Group works with high net worth individuals and families, corporate executives, professionals and institutions, providing deep expertise that goes beyond investment management. The firm's clients have access to a full suite of financial counseling services, including tax, estate, retirement and philanthropic planning, asset allocation and cash and risk management. ●



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