Family Offices and Private Foundations: Exploring the Tensions

Jan. 18, 2018

Morey Ward

Topics

- Family Offices
- Common Sources of Problems
  - Shared Employees and Office Space
  - Joint Investments
  - Contributing Interests in a Family Business
- Family Foundation/Family Office Crisis

Family Offices

- What is a family office?
  - An entity that manages the financial and personal affairs of one or more wealthy families
- Services include wealth management and support services
  - Investment and banking services, tax planning
  - Check writing, facilities management, philanthropy advising and administration

Explanation of family offices drawn from a presentation by Jody Blazek, Blazek & Vetterling; Robin Krause, Patterson, Belknap, Webb & Tyler LLP; Celia Roady, Morgan Lewis LLP; and Douglas Varley, Caplin & Drysdale, Chtd.

Family Offices

- The family office structure can give rise to self-dealing concerns if the family office provides services to one or more family private foundations as part of its function
- Common issue areas are:
  - Sharing employees and office space
  - Joint investments

Foundation & Family Office Sharing Office Space and Employees

- Concern: Potential for Self-Dealing
  - Self-Dealing excise tax intended to prohibit transactions with “disqualified persons” (“DQP”)
  - Excise tax is imposed on DQP and potentially on foundation managers
  - No abatement

Foundation & Family Office Sharing Office Space and Employees

- Self-dealing exceptions that help in managing the relationship between the family office and the foundation include
  - Personal services exception
  - Incidental and tenuous benefits exception

Title search: Family Offices and Private Foundations: Exploring the Tensions

Also available as part of the eCourse
2018 Nonprofit Organizations eConference

First appeared as part of the conference materials for the
35th Annual Nonprofit Organizations Institute session
"Family Offices and Private Foundations: Exploring the Tensions"