



BERNSTEIN

Wealth Beyond Measure

Insights from Family Offices

Introduction

We are thrilled to present *Wealth Beyond Measure*, a deep dive into the complex world of family, wealth and purpose. Bernstein's UHNW Team has worked extensively to bring you this in-depth study, drawing on our decades of experience helping families navigate the transfer of wealth-related values and knowledge.



During our interviews, we had the privilege of speaking with 40 families from every major US region as well as all corners of the globe. Through these conversations, we gained invaluable insights into the challenges and opportunities faced by families as they manage their wealth, business and family dynamics. We listened intently to their stories, perspectives and concerns, and we are honored to share their wisdom with you.

Our in-depth study is not just a collection of quotes and anecdotes. It is a thoughtful analysis of the issues that matter most to UHNW families, complemented by our own expertise and advice from nearly 60 years of managing private wealth. We hope that these insights will offer you a meaningful glimpse into some of the world's most successful families.

At the heart of this special report is a desire to foster learning and connections among our clients. We know that many of you are eager to learn from each other, and we are honored to facilitate this exchange through Wealth Beyond Measure.

We would be remiss if we didn't express our deepest gratitude to the families who shared their stories with us. We recognize that these are deeply personal subjects, and we are humbled by the trust you have placed in us to report with discretion, neutrality and emotional intelligence. Thank you for your partnership and for helping us create thought leadership that we hope will be of great value to families for years to come.

Very best regards,

Anne Bucciarelli, CFA

Senior National Director, Family Engagement Strategies

Rick Meyers

Executive Managing Director, Head of Client & Advisory

Aaron Bates

Senior National Managing Director, Head of UHNW & Growth Strategies

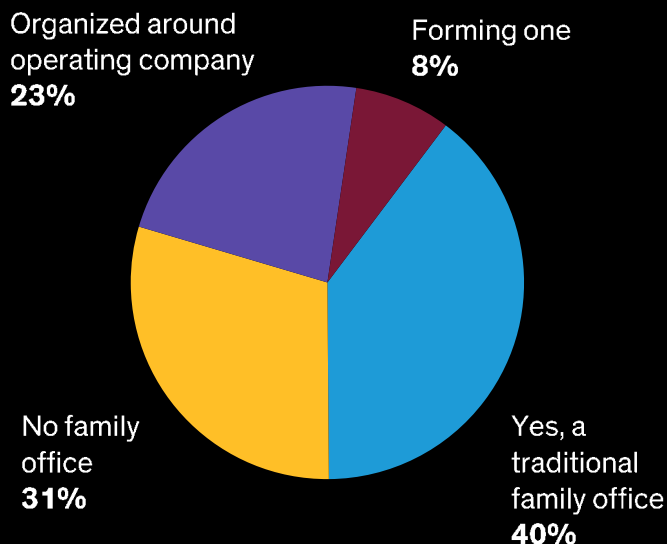
Bernstein's UHNW team consists of a dedicated group of professionals with experience and training in helping families explore the transfer of wealth-related values and knowledge. Through directed exercises, the team helps uncover what matters the most, and the least, to the families with whom we work. Our experts conduct facilitated conversations and family meetings, ensuring that voices are heard, expectations are managed and key findings are incorporated into strategic plans—including family governance, business succession, educational programs and wealth strategies.

Family Offices



The definition of family office is much broader than what you think so it's important to start by assessing what you need as a family."

HOW IS YOUR FAMILY ORGANIZED? IS THERE AN ESTABLISHED FAMILY OFFICE?



Responses may not total 100% due to rounding.

Source: Bernstein

While most conversations and academic research focus on the single-family office structure, our experience advising wealthy families shows that a variety of structures can be effective for organizing complex estate planning strategies and intergenerational dynamics. About 70% of the families we interviewed have a formal family office structure, organize their family around an operating business or are in the process of forming a family office. These families are bound together by a common purpose, which can be a family foundation with a clear mission statement or a family operating business. Regardless of the entity, there is a defined mission, governance strategy and family unity around a shared vested interest that informs the family office.

Organizing Around an Operating Company

About a quarter of the families we interviewed view their operating business as the common nexus that organizes the family (Display).

"We looked into establishing a family office," stated one family running a successful real estate business, "but right now, we can achieve most of the goals around organization and family needs through our business."

Families work hard to build their businesses and wealth while forming a legacy. However, many overlook that their family business can double as a family office, providing tailored services without establishing an independent legal entity. This structure can be a cost-effective way to manage and support family wealth, transitions and endeavors outside the family's enterprise. Even so, family governance and family office governance are still necessary to organize and oversee the family system, even if existing corporate governance directs and manages the business.

One family in its fourth generation achieves their needs within the confines of their operating business. Said a third-generation member, *"We have two different types of stores and that's the retail business. There's also a real estate business related to the stores, and that side of the business started growing and growing and it's got to the point where it has substantial assets in it...There are some pretty sound policies in place for those two operating companies, and for the real estate business. Not so much for the investments. We can't ignore it anymore because it's a different business and it's grown in size. We've been discussing how to make it more professional, give it a more structured way to operate, put more governance in place. The right policies for when conflict arises. So, we're in this phase of exploration to see how we can really achieve a more formal institution to avoid conflict in the future."*

Additional family members weighed in on the need to revisit the whole structure. An uncle in the 2nd generation echoed, *"I think the family members involved in the business are well informed, but we have not done a very good job communicating to the rest of the family...we always focus on the retail part, the ultimate cow. But the real estate part is really big, and many family members are not aware of the size of the investments part. [That] part has to be run with the same level of professionalism as the other two."* The family is now reviewing their existing governance and estate plans to ensure that all aspects of the family wealth is managed and governed appropriately, starting with a focus on values, shared purpose and communication.

Formal governance structures, based on shared values and a common mission, can inform how the office fits into the overall structure while helping to balance the needs of both the family and the entity. As a result, this formalized framework for decision-making and communication can reduce conflict and increase the likelihood of continuity for all aspects of the family enterprise, including the family, the business, philanthropy or other entities in place.



Transition Events

When there is a generational transition or a sale of the operating business, it's important to consider how the family will organize and structure itself post-sale. One family, for example, convened an assembly to formalize their governance structure and familiarize members with the family business units, key employees and upcoming decisions. They also used newsletters and virtual meetings for global family members to keep everyone informed about both business operations and family updates, reinforcing key values. This sets the stage for an effective transition from organizing around the family enterprise to a formal family office structure if the business is sold or professionally managed in the future.

It's worth noting that transition events and their impact on the family office are not limited solely to a succession or liquidity event in an operating business. They can occur for families who have long since exited a business, as a result of a generational transfer or a succession involving a family's philanthropy. To prepare for significant changes in the family office structure, effective governance should be established beforehand. This includes mapping out key generational milestones and decision points to create a road map for necessary changes.

After the death of the patriarch, one multigenerational family went through a transition. Their large family foundation had historically played a role in organizing the family, which had a decades-long, deeply embedded focus on philanthropy. The current generation is now looking to blend their mission and vision with support for institutions that were important to the past generation in honor of their legacy. Observing how their needs had shifted, current leadership noted, *"When we started coming up for air...we started to think about what is vision for all these different buckets [philanthropy, personal, children]? We're actually thinking really strategically, we're trying to be more efficient because simultaneous to the shift in leadership at the family and in the philanthropy level, there was a shift in the market. Let's be efficient, let's use in-house capacity. Over the past few years, there's been a recalibration, a new entity structure, a real emphasis on being mindful of resources, both philanthropically and personally."*

The current generation's needs have expanded beyond the foundation's scope, such as building a school in Latin America. As a result, they are creating a formal family office with a distinct philanthropic mission that is separate from the other non-philanthropic needs of the family members. *"We're trying to formalize [structure and governance] and establishing the family office was one way to do it...actually instituting meaningful protocol and procedure. On some level, there is still a very personal and relationship-driven culture of decision-making. We are shifting away from a culture of personal influence and working to institutionalize data-driven decision-making, especially as it relates to finances and investments. There should be decision-making whether it's personnel or investments, there should be a protocol, there should be procedure...and so we're working on that."*

What Should Be Kept In-House?

When transitioning, families must carefully consider what the family office will provide and retain versus what will be outsourced. To do this, family offices should create a [milestone chart](#) and a family genogram if they haven't already. A genogram is a diagram that provides insights into family history and relationships across multiple generations. It can help family offices better understand complex dynamics and relationships, uncover patterns of behavior passed down over generations and map out each family member's four sources of capital (human, financial, cultural and social). By gaining a better understanding of family relationships, behaviors and emotions, family offices can make better decisions around governance, business and estate planning.



As families expand, the traditional [family tree](#) may no longer suffice, and a more comprehensive visual representation may be necessary. Our [Family Genogram worksheet](#) can better detail the family's needs.

As families grow and change, their leadership, needs and goals may also shift. To ensure everyone is on the same page, it's important to create a clear road map of the organizational structure within the family governance system. This includes defining roles, assigning responsibilities and providing transparency and clarity to both family leadership and the broader family unit. In some cases, families may incorporate vetted partners with specialized expertise in niche areas relevant to the family.

During our interviews, several families mentioned how their family office evolved over time to meet the family's growing needs. It's crucial for the family office to continually assess and determine if they have the necessary expertise to fulfill them.



Using a decision grid can help to clearly identify and define family members' roles in the family governance system. This holistic map can also be beneficial for family offices, which can use a similar methodology to incorporate roles and services within the office. To get started, our [Roles and Responsibilities worksheet](#) can serve as a helpful resource for creating this map.

One fifth-generation family remarked that their family office started with a team of three—the head of the office, an accountant and an assistant. *"It was just the three of us, and over time we built out a more full service family office. Our family office now offers philanthropy, investment management and community development. We still prepare their taxes, plan for meetings, real estate management and estate planning...We have built our team over the last 14 years, and now we have a staff of seven serving the third, fourth and fifth generations."*

Alternatively, some families prefer a hybrid approach where they determine which services and expertise should be in-house—giving them more control over the family office—and outsource the rest.

One family with a small office staff commented, *"We have a trusted estate attorney and she's one of the people we push things out to. We're not doing in-house accounting and income tax—that's pushed out. But we do have these three employees within our family office that pick the companies we're going to invest in, that oversee the family governance."*

There can be an acute need for outsourcing when a family transitions from an operating company to a diversified portfolio.

Noted one family, *"We were used to the operating business staff doing all of these things, and the business covered the cost. Now that we see the cost on top of the portfolio, we think about it differently and outsource some of the staffing."*

More than Financial Capital

While it's natural to measure wealth quantitatively, research shows that families who remain successful across generations share a different definition of wealth—one that encompasses more than just financial capital (*Display*).

To support all sources of capital, family offices can survey and understand family members at different levels, from the broad group to individual participants. This approach helps pinpoint where services and support are needed and fosters engagement between the family office and family members.

To avoid focusing solely on financial assets, governance practices can help families develop other forms of capital that replenish financial assets, such as human, social and cultural capital. By growing these, families can create an additional layer of stability and support for their members.

One family office serving multiple generations mentioned that their team is currently broadening the definition of family capital. "As families evolve, our focus is broadening the definition to more than just financial capital. One item I created for the family was a structure called 'The Family Capital Tree.' This breaks out financial capital, human capital, relationship capital and social capital. I worked with the family on 'what's important to you,' and 'how can the family office help grow your capital in each segment'...as opposed to just focusing on financial capital. This family is in their fifth generation, with generations three through five living. As you get to the fourth generation and beyond, those other capital segments become more important."



Mapping out family members' various forms of capital can expand the family office's effectiveness. See our [Sources of Family Capital](#) worksheet for help getting started.

WEALTH IS MORE THAN FINANCIAL CAPITAL



Human Capital

Health
Knowledge
Emotional resilience

- What makes our family members unique?
- Are family members thriving?
- Are they purpose-driven and productive?



Social Capital

Relationships
Community
Philanthropy

- How do we demonstrate what our family stands for?
- Do we have the impact we desire on our communities and the world?



Cultural Capital

Values
Family identity
Mindset

- Do we continue sharing our family's heritage and traditions?
- Do we face the world as a unified family?



Financial Capital

Capital assets
Business interests
Real estate

- Is the enterprise strong and secure?
- Does wealth entitle, control, or empower us?

Adapted from James E. Hughes, Jr., *Family Wealth—Keeping It in the Family: How Family Members and Their Advisors Preserve Human, Intellectual, and Financial Assets for Generations* (Bloomberg Press, 2004)

Family Milestone Worksheet

A milestone tracker can help organize—and prepare for—significant upcoming events. This timeline can also memorialize key moments in a family's history.

It may be helpful to start with a single family member (see below).

What key milestones have occurred, or are expected to occur?

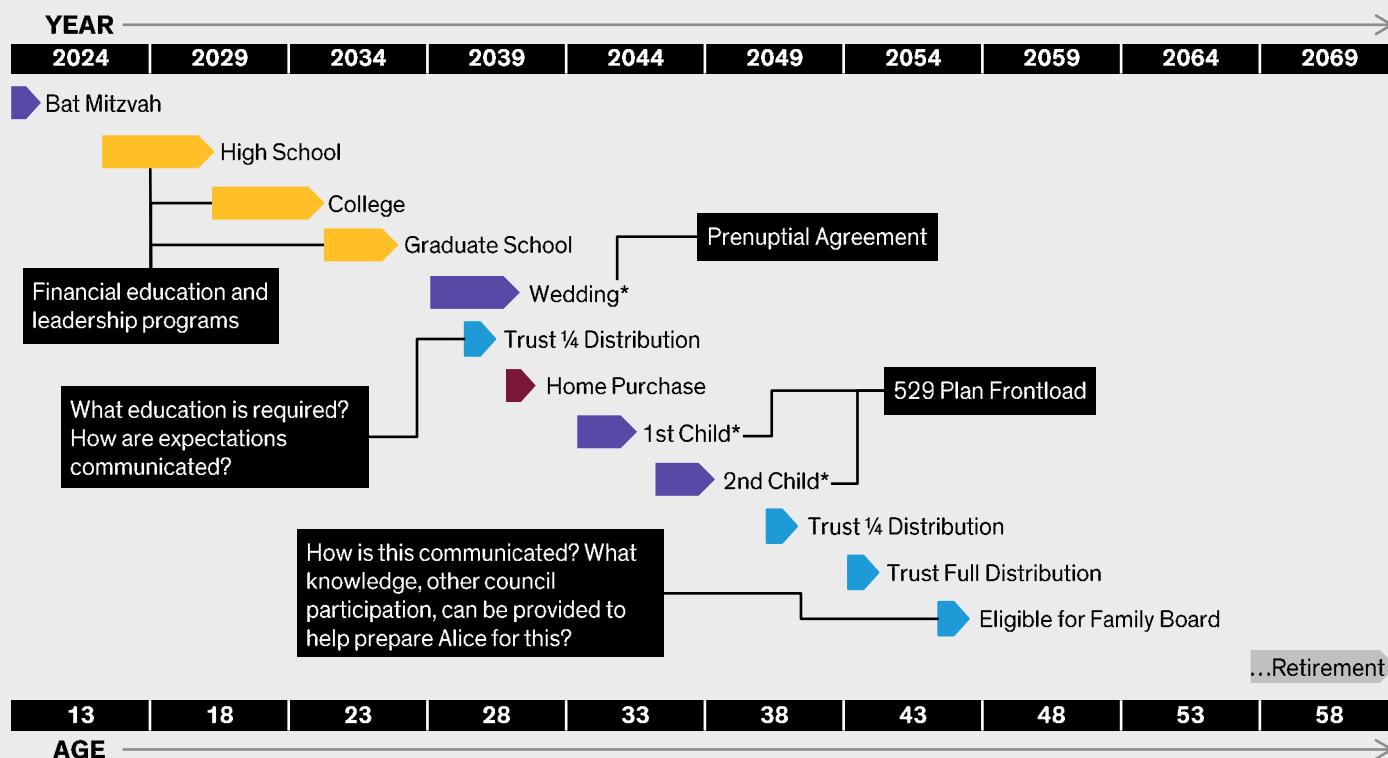
Consider:

- Weddings/Engagements
- Divorces/Deaths
- Births/Adoptions
- Education
- Home Purchases
- Careers (first job/retirement)
- Creation/Sale of Businesses
- Governance (family constitution, councils, reunions)
- Other family-specific or important religious events

Larger families may benefit from an aggregate view. Milestones for each family member can be color coded by "type of event" (e.g., shade all celebrations, weddings, anniversaries purple). That way, significant clusters of events will stand out. Once charted, consider the following:

- What future events would benefit from planning today?
- Where are there possible areas of conflict down the road that could benefit from governance and scenario planning today?
- Is our current governance and estate plan calibrated appropriately?
- What lessons, whether effective or cautionary, can be learned from our history and factored into decision-making going forward?

FAMILY MEMBER: ALICE SMITH (SAMPLE)



*Indicates an estimated range for a particular milestone to occur.

Source: Bernstein

Family Tree Worksheet

A family tree is a powerful visual representation of how family members relate to each other, providing a window into their ancestors and origins. When created collaboratively, it can help strengthen bonds and foster a shared appreciation of family history and stories. The resulting resource can help members better understand the family system, their role within it and the existing complexities that shape their relationships. In addition, it serves as a valuable guide for professionals who work closely with the family.

Complete the diagram below—including dates of birth, marriage, death, divorce and any other defining moments. Try to go back as far as memory and records allow—we've provided wide margins with room for expansive trees.

Your Family Tree

Great-Grandparents		Great-Grandparents	

Grandparents		Grandparents	

Parents		Parents	

You and Spouse/Partner	

Children (and their Spouses/Partners)	

Children (and their Spouses/Partners)	

Family Genogram Worksheet

While there are many ways to create a genogram, the legend below includes the most commonly used symbols. Some offices may ask family members to complete this exercise at a family assembly or annual retreat. Family members can fill it out individually, in pairs or in small groups (whatever works best). Large, legal-size paper, colorful pencils and a ruler will ensure participants have ample space and tools.

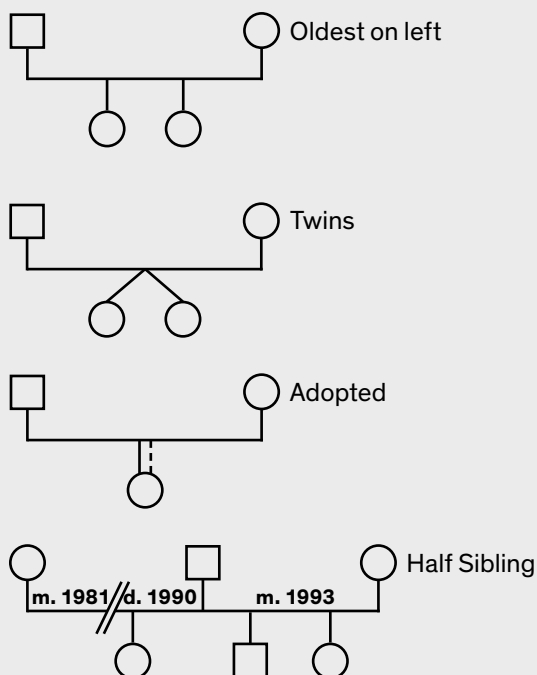
Gender

- | | |
|---|--|
| <input type="checkbox"/> Male | <input type="radio"/> Female |
| <input checked="" type="checkbox"/> Male (Deceased) | <input checked="" type="radio"/> Female (Deceased) |

Additional Data

- | | |
|------------------------|--|
| 42 Age | Miami, FL Geographical Location |
| 1979 Birth Year | |
| 1940–2012 Death | Sao Paolo Immigration |

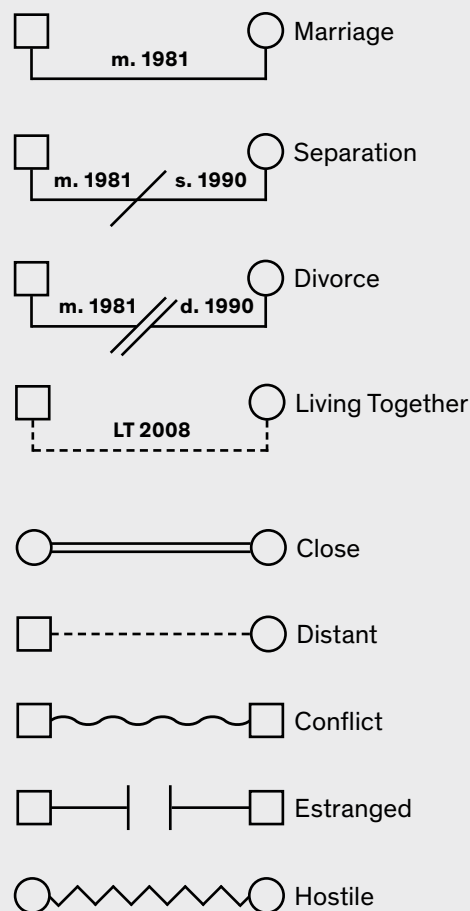
Children



Once completed, reflect on the results, considering:

- What surprises emerged?
- What patterns arose, and what are their implications?
- What strategies come to mind (governance, philanthropy, family business, etc.)?
- How have the roles and responsibilities of various family members—and office employees—evolved over time?

Relationships



Roles and Responsibilities

A family governance system map can bring transparency and clarity to the family leadership and members. As families expand in size and entities, it's easy to lose track of purpose and responsibility. As the excerpt below illustrates, scoping out family tasks and decisions, along with those within the governance system who will handle them, helps pinpoint how decisions are made. Family leaders or the family office can help identify roles. Below, the RACI system is used (Responsible, Accountable, Consult Before and Inform After), but families can use simple check marks and comments to get started.

Once mapped, consider the following:

- Are there constraints, or bottlenecks, in the system? Who might be spread too thin? Are there opportunities to delegate?
- Is there accountability for important duties?
- Is there an opportunity to engage junior committees or the broader family for input and ideas?
- How will the organizational structure be communicated to family members?

Task/Decision	Position				
	Family Assembly Member	Next Generation Council	Family Council	Family Business Board	Family Foundation Board
Schedule, manage annual 2Q family retreat	I	I	A, R	C	C
Attend family retreat	R	R	R	R	R
Schedule, manage 1Q, 3Q, 4Q family assemblies	I	I	A, R	C	C
Attend 1Q, 3Q, 4Q family assemblies	I	I	R	R	R
Record, distribute assembly minutes	I	I	A, R	C	I
Create meeting agendas	C	C	A, R	C	C
Plan family social gatherings	I	R	A	I	I
Discuss business, ownership, family issues	I	I	A	R	I
Create next generation education and leadership programs	I	A, R	C	I	C
Create, produce family newsletter	C	A, R	C	C	C
Identify family business talent	I	C	R	A	I
Educate family members about family business	I	C	A, R	C	I
Hire, manage, evaluate, compensate CEO	I	I	I	A, R	I
Provide vision, mission, goals of family business	I	I	C	A, R	I
Develop, monitor foundation Investment Policy Statement	I	I	C	I	A, R
Communicate foundation mission, vision	I	I	C	I	A, R

R = Responsible

A = Accountable

C = Consult Before

I = Inform After

Source: 9.1.2.1 Organization Charts and Position Descriptions. A Guide to the Project Management Body of Knowledge (PMBOK Guide) (5th ed.). Project Management Institute. 2013. p. 262. ISBN 978-1-935589-67-9.

Sources of Family Capital Worksheet

Name: _____

Complete for individual family member or family as a whole

Human Capital: *Health, Knowledge, Emotional Resilience.* List abilities and strengths. Can you leverage strengths and support gaps so family members thrive?

Social Capital: *Relationships, Community, Family.* List impact and connections. Are they aligned with values and mission?

Cultural Capital: *Values, Family Identity, Mindset.* List areas of shared values and conflict. Is there alignment in vision and purpose?

Financial Capital: *Capital Assets, Business Assets, Real Estate.* List financial assets. Do they provide the intended benefit?

About the Respondents

40

interviews

60%

have family
businesses

\$100 Million
to
\$4 Billion

net worth

2/3

have a family office
structure in place

1/4

organized around an
operating business

Spanning from wealth creators
and small family branches to
8th-generation families with
400+ family members

Demographics

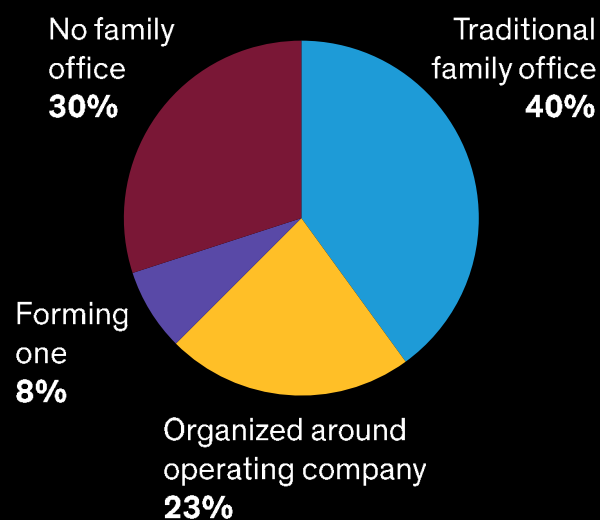
General	Value
# Interviews	40
Total Net Worth	\$23.5 Bil.
Average Net Worth	\$586 Mil.
Median Net Worth	\$1.0 Bil.

Location	People	Percent
North America	27	67.5
Latin America	6	15.0
Europe, Middle East, Africa	5	12.5
Asia	2	5.0

Source of Net Worth	People	Percent
Consumer	7	17.5
Manufacturing & Industrial	6	15.0
Technology	5	12.5
Financial Services & Investments	5	12.5
Real Estate	4	10.0
Logistics	3	7.5
Government Contracting	2	5.0
Oil & Gas	2	5.0
Agribusiness	2	5.0
Automotives	1	2.5
Entertainment	1	2.5
Pharmaceuticals	1	2.5
Diversified	1	2.5

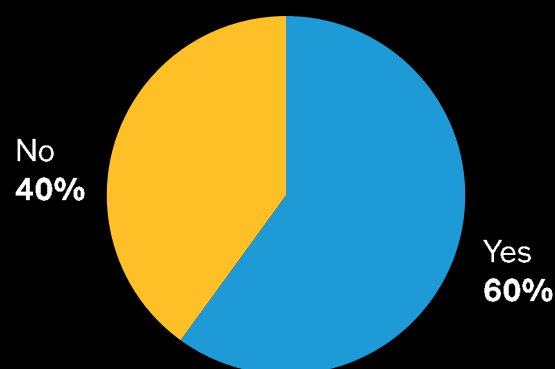
HOW IS YOUR FAMILY ORGANIZED? IS THERE AN ESTABLISHED FAMILY OFFICE?

Is there a family office in place?



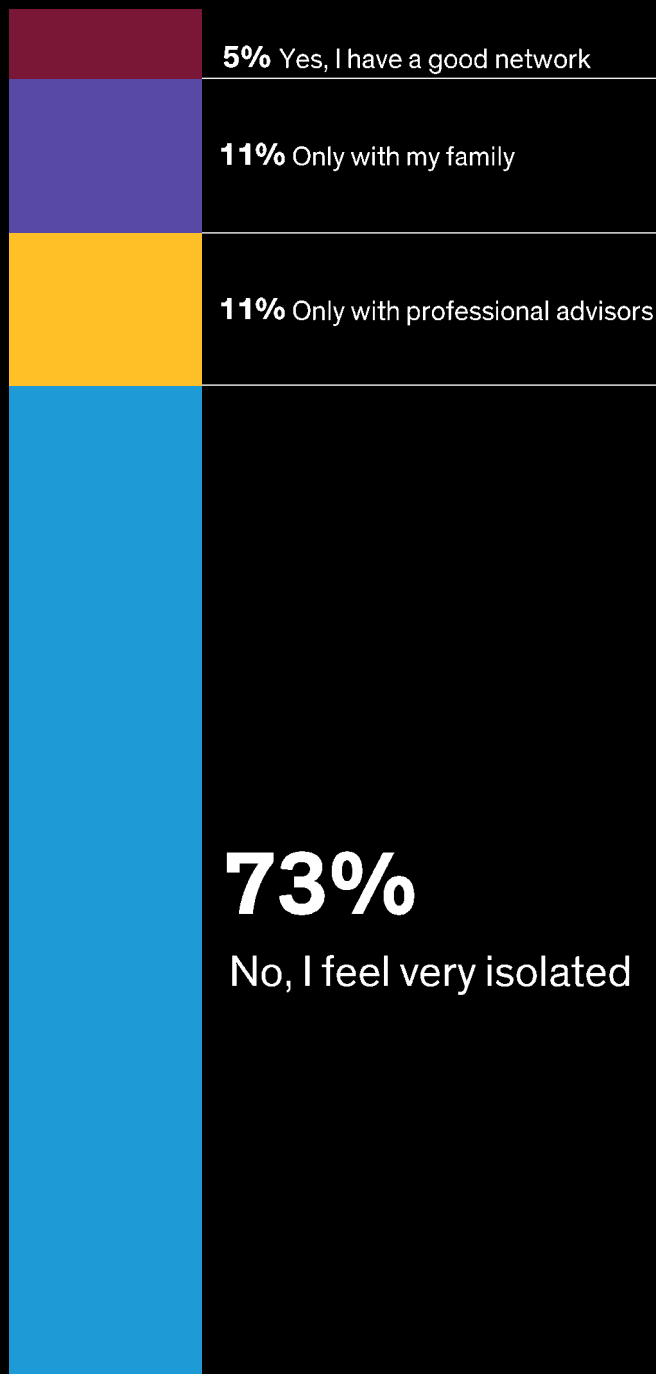
May not total 100% due to rounding.

Is there a family business?

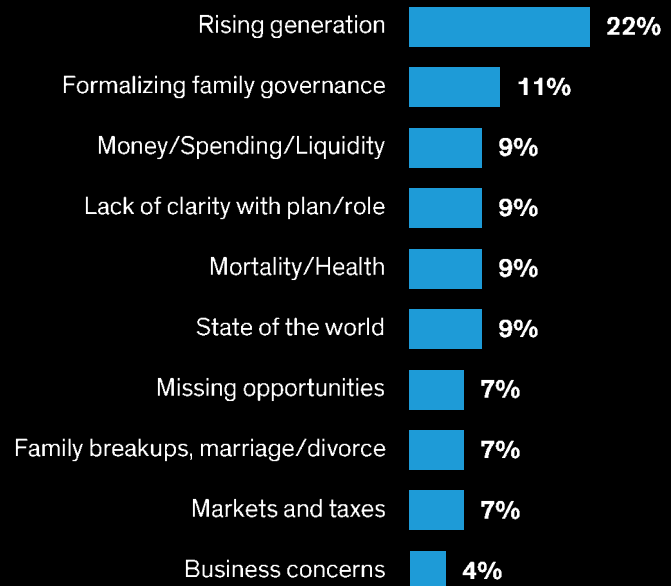


Insights

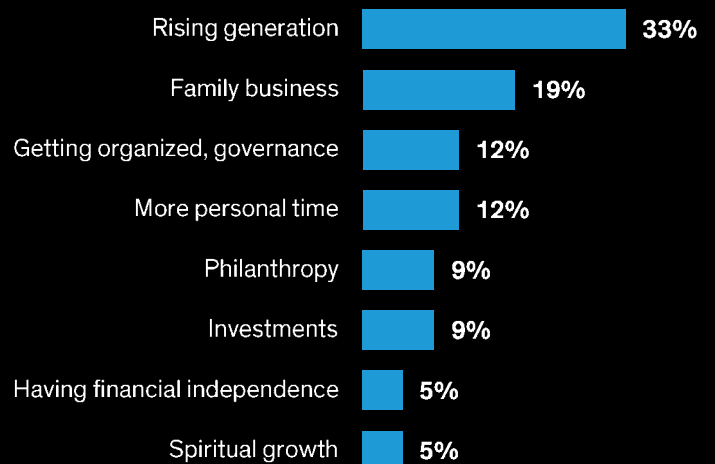
Do you feel you have people you can speak to about the complexities of wealth?



What is your top concern today?



What do you feel most excited about?



Money may bring comfort and security, but it cannot replace the warmth and connection that comes from sharing our wealth-related concerns and joys with others. To help overcome the often isolating nature of wealth, we're letting readers hear from their peers in their own words—and giving them the tools to act on what they've learned.



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