



[www.switzerland-family-office.com/costs.html](http://www.switzerland-family-office.com/costs.html)

## **Costs of Family Office Services**

**The cost of operating a single-family office can easily add up to one million US dollars per year. In order to minimise costs most wealthy families nowadays work with a multi-family office.**

### **Costs of a single-family office**

You will need a considerable sum of money to operate a single-family office, if you consider the costs of a small team consisting of a lawyer, an investment specialist, a tax lawyer, an accountant and an assistant working solely for you and your family. And such a team, which you will have to recruit yourself, is in most cases the minimum you will need to run a real single-family office. Furthermore, with a single-family office the full operational risk and all additional costs are also borne by the family. It is only in exceptional cases that families with an overall worldwide wealth of less than three hundred million US dollars set up their own family office.

### **Costs of a multi-family office**

As the costs of family office services are very high, most families nowadays work with a multi-family office. A multi-family office is cheaper and offers the family immediate access to experienced staff. The family can benefit from the experience and expertise that has been gained by the staff through supporting other families. On the other hand, unlike in the case of a single-family office, the family does not control the employees and there is no exclusivity of services.

### **Fee models:**

A multi-family office may use different models to charge fees for its services. The two main fee models are a fixed (hourly) fee for the actual services delivered, and a fee as a percentage of the assets under management. A combination of these two cost models is also possible.

### **Costs of a family office as a fixed fee**

If a fixed fee is charged it will mostly be charged using a minimum fixed amount. It will be based on the time spent on all necessary services related to your family's wealth. As already stated with respect to the costs of a single-family office, there will be quite a number of professionals working for you, causing costs to rise quickly. In case the family office works for a number of wealthy families, the fixed costs are of course shared by several families.

In principle, basing fees on the number of hours spent is the most objective and transparent way of charging you. Fees from external advisors will be added to the fixed rate for the family office services. When selecting a family office in Switzerland you should therefore determine whether the services are offered in-house or whether a network of external specialists is used. Because when external specialists are used more often, costs could increase considerably.

### **Costs of a family office as a percentage**

Family office fees can also be charged as a percentage of the amount of assets under management. Normally the more substantial the amount of assets, the lower the percentage charged. Costs charged by external advisors and specialists will be added to the costs for the services provided by the family office. In a commonly applied model a minimum amount of costs will be charged regardless of the percentage of the assets being used to compensate the family office for its services.

Because a family office in most cases has (privileged) standing relations with a large number of private banks, it will often be able to negotiate lower custody fees for you than you have with your current banking relation. As a result it may turn out to be less expensive than expected to use the services of a multi-family office. On the other hand you also have to realise that in most cases it does not make sense from a financial point of view to use a multi-family office if your overall worldwide wealth is under thirty million US dollars.

Although the decision as to which family office to use in Switzerland should not be based merely on the fees charged, it is definitely an important component to take into account. But ultimately it is most important that you can put your mind at rest in the knowledge that competent and trustworthy professionals are managing your wealth.

We look forward to helping you find the ideal family office in Switzerland for you with the fee model that best suits your expectations.