

► **Greycourt White Paper**

White Paper No. 11 – *Affinity Groups: Resources for Wealthy Families*

Background

Clients often ask us if we can recommend resources for wealthy families concerned about establishing family offices, investment strategies, philanthropy and similar issues. While there are innumerable organizations offering assistance in very specific areas – intergenerational issues or family communications, for example – the purpose of this white paper is to identify several of the affinity groups that serve as broad resources for wealthy families.¹

Discussion

CCC Alliance

The CCC Alliance was formed in the early 1990's when two independent family offices successfully experimented with collaborative purchasing whereby their family offices purchased certain commodity services jointly in order to receive preferential rates. Today, the Alliance has approximately fifty family members aggregating nearly \$40 billion in assets. CCC Alliance chapters are active in Boston, Denver and Atlanta. The Alliance continuously investigates opportunities to reap the benefits of joint purchasing and will negotiate preferable rates and terms with providers that are otherwise unavailable on an individual basis.

The Alliance holds meetings on a monthly basis to expose its members to its collaborative purchasing opportunities. Those meetings cover a variety of topics, including investments, services, and products that families and their offices may utilize. CCC remains impartial throughout the negotiations by not receiving referral fees from its providers.²

The Alliance also serves as a resource for family offices to cooperatively pool insights and experiences to solve issues of shared importance. CCC Alliance realizes the significance and the benefit of enabling peers to come together as a group in a non-threatening environment to achieve their goals. CCC's regional

¹ Descriptions of the affinity groups are taken largely from information supplied by the organizations and from their respective Web sites. However, Greycourt has had extensive experience working with each organization and can vouch for the integrity of the information supplied.

² Greycourt offers certain services to members of the CCC Alliance that are not available on an unbundled basis to other families.

meetings throughout the year consist of issues spanning all aspects of family office and wealth management. Examples include family office liability, asset allocation, economic trends, and family governance. The Alliance invites various professionals who are seasoned in wealth management to present various topics of interest.³ Given the Alliance's member base and dedication to maintaining confidentiality, membership is exclusive to families and family offices. Because the Alliance is able to provide this "safe" environment, its members feel comfortable discussing issues they are facing. They are able to look to their peers for common experiences, advice and/or solutions.

A particular strength of the Alliance is its continuing research into effective ways of implementing technology to benefit its member families. One solution is its use of internet portals. The portal improves communication with Alliance members and within individual family offices by allowing the Alliance to customize Web sites comprised of member-relevant information such as Alliance information, economic reports, member information and meeting agendas and recaps. The tools also allow offices to customize Web sites for their specific end users. The portal facilitates family office management by integrating member-specific applications such as portfolio management tools and accounting systems. The portal also helps members manage their finances in an efficient and informative manner by accessing multiple financial Web sites, account aggregation tools and customized research.

One of the most important guiding principles of the Alliance is that members are ultimately responsible for the opportunities they pursue. Participation in collaborative purchasing, as with all Alliance activities, is entirely voluntary.

The Alliance can be reached at:

CCC Alliance, LLC
121 High Street, Suite 400
Boston, MA 02110-2416
617-457-8368
Fax 617-261-3864
www.cccalliance.com

Family Office Exchange

The Family Office Exchange, known as FOX, serves as an independent advisor to families of exceptional wealth, offering an education on complex financial issues, and guidance on the selection of appropriate advisors.

³ Greycourt has been a frequent presenter at CCC Alliance meetings in Boston, Denver and Atlanta.

Founded in 1989 by Sara Hamilton, FOX is a leading provider of strategic advice for financial families. FOX is:

- ◆ The leading global authority on the best practices in wealth management across disciplines for sophisticated families of exceptional wealth.
- ◆ An exclusive network of families, family offices and key wealth management industry professionals.
- ◆ A resource for peer exchange, discussion and progressive education.
- ◆ A central network location of leading advisors and resources to identify the best advice.
- ◆ A consulting group skilled in the custom design, implementation and intricate advancement of the family office and family office services.
- ◆ A focused executive search team with unique capabilities for identifying, qualifying and placing specialized professionals employed by family offices and wealth management industry organizations.
- ◆ A buying consortium providing custom products and solutions to meet the needs of members.

The FOX membership consists of approximately 330 family offices and 150 professional advisors from around the globe. Family office member assets range from \$30 million to several billion, with an average asset size of \$350 million. Almost 40% of FOX's family office members still own some percentage of an operating company, while 60% have sold the business. Just about 50% of the advisor members are investment managers, followed by bankers, consultants,⁴ accountants and attorneys.

FOX's Web site offers educational content on financial issues, a database of leading wealth management advisors, and opportunities to collaborate with other sophisticated families in areas of specific interest. Several times each year FOX sponsors a conference for members at which issues of importance to wealthy families are discussed.⁵

FOX Exchange serves as a resource for families of exceptional wealth to help develop their understanding of wealth management issues and guide their selection of strategic advisors. FOX Exchange is:

- ◆ An independent clearinghouse of global state-of-the-art best practices, leading-edge trends and education in wealth enhancement, wealth preservation and private philanthropy.

⁴ Greycourt is an industry member of FOX.

⁵ Greycourt is a frequent presenter at the FOX forums.

- ◆ An exclusive global community of peers in collaboration, sharing knowledge and experiences.
- ◆ A source of leading professional wealth management advisors in a spectrum of technical disciplines.
- ◆ A buying consortium created to provide access to discounts on custom products and services.

FOX can be reached at:

Family Office Exchange
137 North Oak Park Avenue, Suite 310
Oak Park, IL 60301
708-848-2030
Fax 708-848-2131
www.foxexchange.com

Institute for Private Investors

Founded in 1992 by Charlotte Beyer, the Institute for Private Investors is a resource for individuals with substantial assets. Educational programs are carefully crafted to maintain a "safe harbor" for private investors and allow for a confidential exchange of information.

Representing a broad spectrum of investment views and levels of sophistication, all members share a deep commitment to staying informed on the latest investment ideas, thereby enhancing their own due diligence. With most members employing at least seven outside money managers, they are motivated to learn how to better monitor these managers.

Membership dues and educational fees from advisors and individual members are the sole revenue sources of the Institute. The Institute does not endorse any investment services, strategies or managers.

Today, the membership of the Institute is comprised of 500 individuals, representing over 220 different families. As a complement to the private investor membership, more than 150 advisors are also members of the Institute. Advisors, who represent the full spectrum of financial industry professionals, join the Institute to learn what private investors expect from their advisors.⁶

Invitations to Institute meetings are extended only to families recommended by a current member or to those qualified by the Institute. This is one way the Institute protects the confidentiality and integrity of the membership. The Institute sells no

⁶ Greycourt is an Advisor member of the Institute.

investment products or consulting services, and the non-commercialism is a carefully guarded tradition.

Maintaining a "safe harbor" for private investors is critically important to the membership and the Institute. A special status of membership called "Ivory Snow" has been designated to identify those members who have no business interest in gaining other private investors as clients. At meetings, nametags reflect the Ivory Snow status and many sessions are open only to Ivory Snow members. The majority of Institute family members are Ivory Snow members.

Institute members stay informed and connected through Memberlink Services, the Institute's members-only, password-protected Web site. Memberlink serves as an educational warehouse with Institute staff acting as experienced guides. Here members can access survey results, review educational material, listen to selected session recordings and pursue networking opportunities.

Regular surveys of the Institute membership are performed by telephone, online or in written form. Members are assured of anonymity and results are published in aggregate on such issues as asset allocation, portfolio performance, tax sensitive investment strategies, family office practices, fees and manager hiring.

On a continuing basis, members exchange ideas on various topics of interest via several private email networks. Each different category of membership has its own private listserv. Advisors are kept apprised of what issues are being discussed by private investors, and private investors are alerted to what advisors are offering in monthly bulletins.

The Institute offers its educational agenda through a series of forums, special briefings, in-depth seminars and annual international destination programs, open only to certain membership levels. It is guided in its educational efforts by an Advisory Faculty comprised of private investors and a Leaders Council of nominated advisors.

Institute speakers are selected based on their expertise and do not receive compensation or endorsement by the Institute. All aspects of speaker presentations are carefully monitored by the Institute to ensure appropriate content.⁷

Each summer, the Institute offers the Private Wealth Management Program, a five-day intensive seminar at the University of Pennsylvania. It addresses the critical issue of family preparedness for wealth in transition. Developed as a way for members to gain the foundation of knowledge necessary to oversee substantial

⁷ Greycourt is a frequent presenter at Institute meetings.

private wealth, the program is taught by Wharton faculty. Participants have an opportunity to apply the knowledge in key areas of wealth management by participating in a week-long case study. Case study teams act as a family in determining how to manage their wealth from both an administrative and financial standpoint over the course of one year. The seminar combines education with the unusual opportunity to meet and work with others who, like themselves, are part of a family with substantial assets.

The Institute can be reached at:

Institute for Private Investors
74 Trinity Place
New York, NY 10006
212-693-1300
Fax 212-693-2797
rarc.rutgers.edu/memberlinkpublic

Council on Foundations

Unlike the affinity groups discussed above, the Council on Foundations is the leading national affinity group for charitable foundations (not families), and hence its focus is specifically on the organization and operation of foundations and grantmaking programs. However, since most Greycourt clients operate foundations, and since the Family Foundations Section⁸ of the Council is now extremely active, we have included it in this white paper.

Since 1949, the Council on Foundations has helped foundation staff, trustees and board members in their day-to-day grantmaking activities. Through one-to-one technical assistance, research, publications, conferences and workshops, legal services, and a wide array of other services, the Council addresses the important issues and challenges that face foundations and corporate funders.

The Council on Foundations is a membership organization that serves the public good by promoting and enhancing responsible and effective philanthropy. In an environment of unprecedented change and potential, the Council on Foundations in the twenty-first century supports philanthropy worldwide by serving as:

- ◆ A trusted leader promoting the highest values, principles and practices to ensure accountability and effectiveness in philanthropy.
- ◆ An effective advocate communicating and promoting the interests, value and contributions of philanthropy.

⁸ Gregory Curtis, Greycourt's Chairman, was instrumental in the organization of the Family Foundations Section of the Council. Mr. Curtis has also served on several boards and committees associated with the Council.

- ◆ A valued resource supporting learning, open dialogue and information exchange about and for philanthropy.
- ◆ A respectful partner collaborating within a network of philanthropic and other organizations working to promote responsible and effective philanthropy.

The Council holds a widely-attended annual meeting each year, and also sponsors numerous smaller meetings throughout the year. Greycourt clients may be particularly interested in the annual meeting of the Family Foundations Section.⁹

The Council can be reached at:

Council on Foundations
1828 L Street, NW, Suite 1200
Washington, DC 20036-5168
202-466-6512
Fax 202-785-3926
www.cof.org

SUMMARY

We hope this description of the main affinity groups for wealthy families has been helpful. Greycourt maintains a substantial database of other advisors likely to be of interest to families, and we will be happy to recommend organizations and professionals competent in such areas as estate, trust, tax and insurance planning, effective philanthropy, intergenerational issues, family communications, closely held businesses and similar issues.

GREYCOURT & CO., INC.
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(This paper was written by Gregory Curtis, Greycourt's Chairman.)

⁹ Greycourt is a member of the Philanthropic Advisors Network at the Council.