

fordham

For business owners
Accounting & Tax
Investment Management
Strategy & Planning

family office ...



The Fordham Wealth Management Model

In 1899, Commodore Vanderbilt died the richest man in the world. He had more money than the US Treasury. By the late 1920's, there was not a millionaire left among his heirs.

Building it is only half the battle.

Bad investments, over gearing, poor business management, matrimonial issues, lavish lifestyles and financial incompetence will rapidly destroy a family heritage. Even within a founder's lifetime and even by the founder. We have seen fortunes won and lost. It hurts to be poor when you have had wealth... especially if everyone else is still wealthy.

It doesn't have to be that way.

With the right help and guidance, it is possible to structure wealth so that investments are properly chosen and controlled, lifestyles are limited, risks are regularly assessed and managed, good citizenship and values are embraced so that wealth is not squandered.

It gives a chance to create an enduring legacy which can benefit grandchildren and beyond.

... build it, protect it, preserve it.

Planning is the key ...

Central to all client engagements is Fordham's planning methodology. It brings together the client, their hopes and fears, their goals and aspirations and the world they live in ... into one practical achievable strategy.

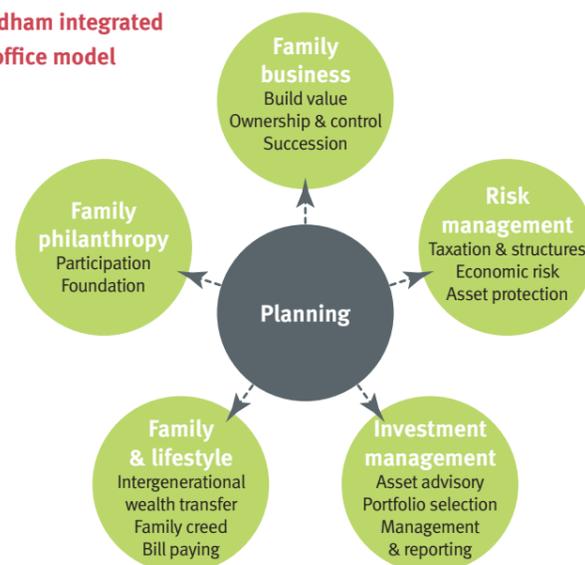
It begins when we first meet. We start planning with the owner and his or her spouse:

- How does the business fit in?
- What is its role in the family?
- What is the business' life cycle?
- What might the exit strategy be?
- What lifestyle price should the family pay?
- How does the next generation fit it?
- How much wealth does the family need?
- What are the risks to wealth?
- Are there other non-financial considerations for the future?
- What is the big picture?

Only by understanding and addressing these big picture family issues can we move forward to the next step. That step will be defined by the priorities in the initial plan.

This planning methodology is used again and again to re-establish goals and strategies for the business, for wealth, for the family and achieve an enduring quality of life.

The Fordham integrated family office model



... and integration is the outcome.

The role of the family business Usually, the “goose which lays the golden egg”. It is invariably the core of the family wealth that enables lifestyle, provides a sense of both purpose and identity for the owner and gives an opportunity to deliver a one-off boost to wealth at the time of exit.

Succession of that business may be within the family or to external parties such as management, partners, competitors, suppliers, private equity funds, investors, large public companies or even an IPO. Central to that process is a long term plan to build value in the business and understand the options for the future.

Where succession is within the family, the issues of career management, mentoring, remuneration, family members external to the business and the transition process also require planning over a long period.

Risk has many faces Most obviously, every active business faces commercial risk just to open the door every day. The risk can arise through no fault of management. Things go wrong. That puts the assets of the family at risk through a contagion effect resulting from poor firewalling, director responsibilities, inappropriate location of assets or IP and a cobweb of guarantees.

Wealth that is built outside of the active business is subject to different risks. Short term, “get rich quick” strategies will eventually end in tears. A considered, planned, conservative approach is far more likely to always see the capital preserved and provide security for an enduring period. Particularly if tax effective.

Of course, the human risk remains. It is easy to lose it. Whether through excessive spending and lifestyle assets, children inheriting large sums and ruining their lives, matrimonial disputes or poor structuring and estate planning; this part of risk management can be the hardest to manage. Especially after death.

Front cover

“We help successful families manage their complex financial affairs and structure and plan their futures.”

Andrea McNamara
Director, Fordham Business Advisors

Integration

Family office planning invariably involves specialist third parties such as:

- solicitors
- bankers and financiers
- insurers
- property specialists

Our planning and implementation process involves and co-ordinates key advisors into the planning process.

Administration

Invariably, the final step for Fordham Family Office clients is Bill Paying.

It takes time for families to be ready to hand over the administration of their household. However, this usually brings in a sense of relief, that no matter where they are in the world, the gardener will get paid!

It is not for everybody, but those who use it, love it.

Investment management Everyone's an expert. There is no shortage of advisors out there. It can be hard to get integrated, independent, knowledgeable and experienced help.

Fordham's investment management process starts with the provision of advice which looks at all aspects of the family wealth and provides a framework for asset allocation and management consistent with these goals and changing circumstances over time. Further, the actual selection and management of investment portfolios is all driven in-house. All investment portfolios are subject to the same disciplines and diligence that business owners demand in their own business. Reporting and communication are commensurate.

Lifestyle and family What is the point of building huge wealth in a business if the owner has no time to spend with the family or in enjoying the benefits of that wealth. Left too long, work becomes a compulsion.

For many families, the ultimate planning process is the **Intergenerational Wealth Plan**. It is the mechanism which brings together all of the parts ... the business and its succession, wealth and security, lifestyle and retirement, estate planning and children ... into one co-ordinated process which sees an orderly, timely and documented transition to the next generation.

Family philanthropy For those who have achieved success and have accumulated significant wealth, many feel a sense of responsibility to help others who, for all sorts of reasons, are in need.

Fordham helps many wealthy families design structures which provide capital accumulation in a tax effective way so as to create a family legacy capable of delivering benefits to worthwhile causes over many years. These can be exclusive or shared.

We help clients learn how to leverage their donations through the provision of some of the talents that made them successful in the first place. We also show how these values can be passed into the next generation.

For many families, giving back to the community becomes an immensely fulfilling part of their lives.

fordham

Fordham Business Advisors Pty Ltd ABN 77 140 981 853

Liability limited by a scheme approved under Professional Standards Legislation

Level 35, Rialto South Tower, 525 Collins Street, Melbourne Victoria 3000

+61 3 9611 6611 fordhamgroup.com.au

Fordham Business Advisors is part of the Perpetual Group