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The Luxembourg Association of Family Offices is founded

Because the Family Office is a profession in its own right

Luxembourg Association of Family Offices

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Luxembourg, 1 July 2010. Founded on 17 June by the members of a working group of the ALPP (Association Luxembourgeoise des Professionnels du Patrimoine), the non-profit LAFO intends to place particular emphasis on the prerequisite of independence and neutrality of everyone involved in Family Office activities, whoever they may be, in order to guarantee the protection and preservation of family wealth.

"Family Office": a sometimes over-used label

The term "Family Office" is unfortunately used today to describe both the activity of professionals dedicated to protecting, growing and preserving a client's wealth and running the day-to-day family affairs, and entities that market products labelled "Family Office" which sometimes amount to no more than simple life-insurance policies or portfolio management.

"The Family Office must in no way be confused with advertising or marketing: it is a profession in its own right, requiring independence and transparency. The Family Officer (as the central coordinator, for the family, of a series of services delivered by multidisciplinary specialists) is always independent and objective, whatever the circumstances or the subject of his services," insists Diana Kneip-Diels, founding member and secretary-general of the LAFO. These services range from tax advice to fiduciary functions and succession planning, by way of political and family governance, the organisation of the life of the generations, real-estate and art advice, risk management, philanthropy and wealth advice.

These conditions of independence, transparency and neutrality are required whether the Family Officer works within a single family office (a private office dedicated to one particular family), a multi family office (an independent firm of multidisciplinary professionals working full-time for several families), or among the service providers for these single or multi family offices (for example, offices offering consolidation services, fiduciaries, lawyers, and so on).

Five objectives

In its statutes, the LAFO recalls that the Family Office is "an organisation of people at the service of one or several families or, more generally, of private economic entities. It offers advice and support exclusively in the service of their wealth interests, through a set of competencies organised in-house or outsourced. The role of the adviser as coordinator is central and presupposes independence and transparency. It is set within a long-term vision."

The LAFO has defined five objectives. First, it intends to contribute to the development and promotion of Family Office activities, in Luxembourg and beyond; to facilitate and organise relations among the professionals concerned; and to organise and conduct relations with connected or neighbouring professions (the Association Française du Family Office, the Family Office Association, the Association Monégasque du Family Office, and others). The LAFO also wishes to maintain a professional relationship of trust with the various supervisory authorities: the Institute of Company Auditors (IRE), the Commission de Surveillance du Secteur Financier (CSSF), the Insurance Commission (Commissariat aux Assurances), the Order of Chartered Accountants and the Bar. Finally, it delivers a high-level recognition of expertise and an assurance of independence, proper to all advice, to the professionals of the Family Office profession, so as to structure the profession around a "best practices" standard.

Towards a code of conduct and a charter for members

A code of conduct and a charter will be established by the LAFO to frame the Family Officer profession. "We do not rule out admitting a bank among our members, provided that it has set up not a Family Office 'department' but a separate, dedicated entity, and, of course, that this entity works in complete independence and neutrality," adds Diana Kneip-Diels.

Banks are increasingly becoming suppliers of financial products, while advisory professions, more personalised, will fall increasingly to Family Officers, among others, with an important difference in terms of independence and neutrality: "Whereas a private banker acts above all as a wealth manager essentially oriented towards financial investments, the Family Officer is remunerated exclusively by the families he serves, without receiving any commission from the designers of investment products or the other suppliers of goods and services that he presents to his clients."

About the LAFO

The Luxembourg Association for Family Office was constituted on 17 June 2010 by the members of a working group of the Association Luxembourgeoise des Professionnels du Patrimoine (ALPP). Its founding members are Diana Kneip-Diels (Fuchs & Associés Finance), Serge Krancenblum (S.G.G.), Jean Fuchs (Fuchs & Associés Finance), Bertrand Michaud (IC-FO International Corporate & Family Office), Dilip Van Waetermeulen (Arboretum), Marc Glesener (A.L.P.P.) and Bernard de Merode (TNN Trust & Management). The association, founded on the wealth-management profession, may admit both legal and natural persons as full, partner or honorary members.

> *The Family Office must never be confused with marketing: it is a profession in its own right, requiring independence and transparency.*