Sustainable Family Wealth Strategies Series

Family Office Advisory: Do You Need One?

Confiance Family Office @ FEBRUARY 2025

Successful entrepreneurs often reach a stage where wealth management, succession planning, and legacy preservation become critical concerns. As financial portfolios expand and family dynamics evolve, structuring wealth efficiently ensures long-term stability and a seamless transition to the next generation.

This case explores the challenges faced by Mr. Wong, a self-made entrepreneur, and how a family office with a preservation vehicle structure can provide comprehensive solutions.

THE CASE OF MR. WONG

Mr. Wong, 67, is a highly accomplished businessman with an average annual business revenue of RM30 million. Over the years, he and his wife have built a substantial real estate portfolio, comprising:

- ◊ **Malaysia:** 5 apartments (rented out), 3 shop lots (rented out), 1 piece of vacant land (no plans for it yet), and 1 bungalow (personal use).
- ◊ **Australia:** 2 residential properties, one of which is occupied by his son and the other one rented out.

He has two children:

- ◊ **Son (35):** A lawyer, married with two sons, residing in Australia. His wife (33) is an Australian citizen.
- ◊ **Daughter (32):** Single and actively involved in the family business as CFO.

Beyond wealth accumulation, Mr. Wong has been donating RM500,000 annually to education and charities. However, with growing wealth and changing family dynamics, he wondered whether a family office with a preservation vehicle structure would be necessary to manage his assets and succession planning.

MR. WONG'S WORRIES & CHALLENGES

A. Wealth & Asset Management Worries

i. Managing multiple real estate holdings and business revenue across jurisdictions has become increasingly complex.
ii. Recognising that ensuring tax efficiency and long-term wealth preservation would required a structured approach.

B. Succession & Estate Planning Worries

i. His son was living abroad and is not involved in the family business, while his daughter is active in the business but remained single.
ii. Without a structured succession plan, future conflicts could arise on wealth distribution, creating disharmony in both business and family relationships.
iii. How can his wife be provided for to continue to live a life of financial freedom while pursuing her interests after he is gone.

C. Legal & Tax Considerations

i. With assets in Malaysia and Australia, careful navigation of cross-border tax implications and estate planning was required.
ii. Minimizing inheritance tax burdens and ensuring compliance with international tax laws was a priority.

D. Philanthropy & Legacy Planning Worries

i. Ensuring charitable donations continue in a structured manner even after his passing was an important consideration.

E. Privacy & Confidentiality Worries

i. As wealth grows, concerns about financial privacy and data security increased.

Mr. Wong was always asking himself these questions until he decided to talk to a family office advisor:

- ? What will happen to the business and assets if I (Mr. Wong) am no longer able to manage them
- ? How can wealth be distributed fairly while maintaining family unity
- ? Is wealth being managed in a way that ensures long-term growth and protection
- ? Are all tax obligations optimized to prevent unnecessary payments
- ? Is the legal framework in place to facilitate smooth estate transfers
- ? Is there a sustainable funding model to support charitable causes in the long-term
- ? Who has access to sensitive financial information
- ? Are security measures in place to protect my family assets

HOW A FAMILY OFFICE WITH A PRESERVATION VEHICLE CAN HELP

A family office with a preservation vehicle structure provides a comprehensive solution for individuals with complex financial portfolios. It offers:

✅ **Structured Wealth & Asset Management** – A family office can centralize wealth management with professional oversight, ensuring proper investment strategies and risk diversification.

✅ **Succession & Governance Planning** – A structured governance framework helps define clear guidelines for wealth and business transition, reducing potential family disputes.

✅ **Legal & Tax Optimization** – Expert advice ensures compliance with cross-border tax laws while minimizing estate and inheritance tax liabilities.

✅ **Philanthropy & Legacy Structuring** – A family office can help create a **private foundation or trust** to ensure sustainable and transparent business ownership and charitable contributions.

✅ **Confidential & Private Financial Oversight** – A dedicated team manages financial affairs with a high level of confidentiality, reducing reliance on multiple external advisors.

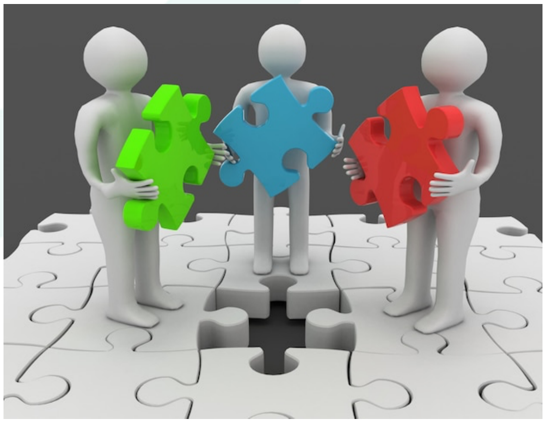
WHY SEEKING FAMILY OFFICE ADVISORY IS CRUCIAL

Many successful entrepreneurs assume wealth management can be handled independently. However, as assets grow and family structures evolve, professional advice becomes essential to avoid costly mistakes. A family office offers:

- √ **Expert Guidance:** A team of financial, legal, and tax professionals managing wealth efficiently.
- √ **Continuity & Stability:** Ensuring a structured approach to wealth preservation and succession.
- √ **Long-Term Vision:** Protecting the family's interests for future generations.

CONCLUSION : Should Mr. Wong Set Up a Family Office?

After evaluating the situation, it became clear that a family office with a preservation vehicle would be the best way to secure wealth and legacy. Three main options were considered:



1. **Single-Family Office (SFO)** – A dedicated private office tailored exclusively to the family's needs, offering full control but requiring higher costs.

2. **Multi-Family Office (MFO)** – A shared service model providing cost-effective access to expert wealth management while benefiting from collective investment opportunities.

3. **Hybrid Family Office (HFO)–** Mr. Wong and his wife would remain actively involved in managing their wealth, but with structured guidance and advice from a professional family office advisory firm. Over time, the family office could take on a larger role, ensuring continuity after Mr. Wong is no longer able or want to play an active role in its management.

For individuals in a similar position to Mr. Wong, seeking family office advice can provide the necessary assistance in ensuring wealth preservation, tax planning, and succession seamlessly.

Start your journey today! Connect with our advisors to craft a legacy that lasts.

Secure Your Family's Legacy – Confiance FO

At Confiance Family Office, we specialize in providing customized strategies and conduct comprehensive real estate portfolio analysis and wealth succession efforts. Our team of experts will guide you through property assessments, market evaluations, and succession planning to ensure long-term growth and protection of your assets. As part of the Confiance Group of Companies, we work closely with you to develop tailored solutions that support your family business operations and create an effective wealth succession plan. At Confiance Services, we focus on your priorities:

- ◊ Company Secretarial
- ◊ Accounting & Treasury
- ◊ Labuan Business Set-up
- ◊ Training & Development
- ◊ Tax Compliance & Advisory
- ◊ Payroll & HR Management
- ◊ Labuan Trust & Family Foundation
- ◊ Strategies & Advisory

For more information, visit www.myconfiancegroup.com.

We are confident of our service deliveries and strive to earn your trust in us – **CONFIANCE.**

Contact your Family Wealth Sustainability Advisor today to discover customized strategies to secure your family's legacy and successful wealth planning:

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