

Case Study: Private Trust Company as Virtual Family Office

This case study examines wealth inheritors who are active contributors in their private trust company (PTC) and use their PTC as a virtual family office (VFO). Willow Street established the PTC as a foundation for the VFO and provides administration, governance, distribution, and investment oversight as VFO Manager.

FAMILY BACKGROUND

The client inherited wealth from the previous generation, entrepreneurs who formed a successful manufacturing corporation that grew to become one of the largest of its type in the world.

The family came to Willow Street from an institutional trustee and desired a more active role in their wealth structure with a collaborative fiduciary. With a passion for real estate and philanthropy, they sought a proactive partner with which to collaborate around these areas. They also desired more active involvement in setting their investment strategy and making investment decisions. The family strives to be good stewards of its inherited wealth, wishing to protect and grow its legacy for future generations.

WILLOW STREET CONTRIBUTION

This engagement began with the formation of a Wyoming PTC, which advances the client's strategic and financial goals in an efficient, flexible, and cost-effective manner. The PTC structure appealed to the family as an unbundled, bespoke solution that would provide the services they required, while allowing them to retain trusted advisors already in the client's ecosystem. Our team plays a significant role in the governance of the PTC, serving as two Directors and on the Investment and Distribution Committees.

As the client has a meaningful portion of wealth held in trusts, the PTC was an excellent foundation for the VFO; this hybrid structure provides integrated, holistic oversight of fiduciary, investment, tax, philanthropic, governance, and other activity. Willow Street manages this custom VFO for the client, which includes investment performance management; collaboration with investment, legal, banking, and other advisors; management of special projects; and thought leadership on subjects including fiduciary matters, next generation education, land use, construction projects, and philanthropic planning.

As requested by the family, Willow Street provides a VFO Manager, who collaborates with a group of top-level advisors in each advisory function that the client requires; together we guide the client to help reach their goals. The VFO Manager provides a high level of project management and coordination. For example, we have helped the client with a significant home remodel by vetting vendors, dissecting invoices, communicating with the general contractor and other vendors about timelines and workflow, coordinating debt financing for the project, and negotiating a refinance.

A VFO enables the client to avoid the administrative and cost burdens of infrastructure and employees that accompany a more traditional family office structure. The family also leverages the internal cybersecurity, controls, and other security measures provided by Willow Street and these selected advisors.

OUTCOMES

Our team built a relationship based on trust through responsiveness, thoughtfulness, education, understanding, and empowerment. The client approached the relationship tentatively, but now considers their Willow Street team to be a true trusted advisor. Through education and open communication, they have transitioned from passive contributor to a leader in their wealth planning structure. With our help, the client is educating the rising generation on the responsibilities and possibilities that accompany their wealth so that they may continue the family's legacy.



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