

What Is a Family Office?

What a family office is, how it works, and why it sits at the centre of private-capital allocation.

That definition is simple.

The vehicle, explained

A family office is a private organisation that manages the investments, wealth and affairs of a single ultra-high-net-worth family, or a small group of families. It exists to run one family's capital with the discipline of an institution and the undivided attention of a private staff.

That definition is simple. What sits underneath it is not. This guide explains what a family office actually does, the four models you will encounter (single-family, multi-family, virtual and embedded), who the structure is for, what it costs, and where it falls short. The lens is deliberately international rather than US-only, and it pays particular attention to one role the concept's older definitions tend to underweight: the family office as a serious allocator of private capital. That is the vantage point of IMS Group, a technology-forward private markets investment group and partnership of family offices, and it shapes how this page reads the question.

What Is a Family Office? (The Definition, Expanded)

A family office is the dedicated structure a wealthy family builds to consolidate the management of its money and its non-financial affairs under one roof. In its purest form it serves exactly one family. The remit is broad by design: investment management, tax and estate planning, succession and governance, philanthropy, and the day-to-day administration of a complex private life.

The phrase carries a useful distinction. A wealth management firm sells a service to many clients; a family office is the client's own organisation, staffed and governed in the family's interest alone. That difference, ownership and alignment rather than a vendor relationship, is what people mean when they say a family office is "more than wealth management." The family office answers to the family and to no competing book of business.

In finance specifically, the term describes where private capital is increasingly pooled, governed and deployed. A family office in finance is not only a steward of existing wealth; it is an investor with its own mandate, its own risk appetite, and growing in-house capability to underwrite deals directly rather than buy packaged products. That investing role is the part of the definition that has changed most this past decade, and it is the part this guide returns to.

The modern usage dates to the nineteenth-century industrial fortunes, when families such as the Rockefellers built private staffs to manage holdings that had outgrown any single bank. The structure spread unevenly. North America still hosts the largest concentration, but the model is now firmly global: established in the UK and across Europe, and expanding quickly through Singapore and the Gulf as new wealth and supportive regimes draw families in. Reading the family office only through a US private-bank lens, as most popular explainers do, misses how international the picture has become.

What Does a Family Office Do?

A family office does whatever a complex fortune requires, coordinated centrally so that decisions in one area account for their effect on the others. Most offices cluster their work into five areas.

Investment management and private-markets allocation. This is the core. The office sets the family's investment policy, builds the portfolio across public and private markets, and increasingly makes direct and co-investments into companies, property and funds rather than relying solely on external managers. For many families this has become the office's defining activity.

Estate, tax and succession planning. Structuring the wealth so it transfers efficiently and intact across generations, coordinating trusts, holding companies and cross-border tax exposure. Sound tax planning and succession planning are recurring reasons families build an office in the first place.

Family governance and next-generation education. Setting the constitution, the decision rights and the family council that keep a multi-generational family aligned, and preparing heirs to inherit responsibly rather than merely to inherit.

Concierge, lifestyle and administration. The unglamorous machinery: bill payment, property and aircraft management, security, travel, household staff and record-keeping. It is administrative, and for the principals it is the difference between oversight and overwhelm.

Philanthropy. Running the family's charitable foundations and giving strategy with the same rigour applied to the investment portfolio.

The balance between these shifts with the family. A newly liquid founder may lean on investment and tax structuring; a fourth-generation family may weight governance and philanthropy more heavily. What stays constant is the consolidation: one organisation seeing the whole picture.

Types of Family Office

Not every family office looks the same. Four models dominate, separated chiefly by how many families they serve and how much is run in-house versus outsourced. The right one depends on net worth, complexity and how much control the family wants to retain.

Single-Family Office (SFO)

A single-family office serves one family exclusively. Control, privacy and customisation are at their highest here, and so is the cost: the family bears the entire bill for staff, premises and systems alone. The threshold for justifying a standalone SFO is high, and the count of these offices, together with why their numbers are climbing, is its own substantial topic. For the full treatment of how [the buy-side is multiplying](#), and what is driving the growth in single-family offices worldwide, see the dedicated analysis. Here it is enough to say the SFO is the purest and most resource-intensive expression of the model.

Multi-Family Office (MFO)

A multi-family office serves several unrelated families, sharing the cost of investment, tax and administrative infrastructure across them. The trade-off is direct: a family gives up some exclusivity and bespoke control in exchange for materially lower cost and immediate access to an established team. MFOs suit families whose wealth is substantial but who cannot, or would rather not, fund a full standalone office. They are the most common route into the family-office model.

Virtual Family Office (VFO)

A virtual family office keeps the function but not the fixed infrastructure. Instead of a permanent in-house staff, the family appoints a small core, often a single trusted principal or a lightweight team, who coordinate a network of external specialists: investment advisers, lawyers, accountants and administrators engaged as needed. Technology does much of the integrating work. The VFO has become viable precisely because software now stitches together services that once required people in a room, and it offers a lower-cost, more flexible entry point for families not yet at SFO scale.

Embedded Family Office (EFO)

How a Family Office Works — and Who It's For

A family office works by concentrating capability that would otherwise be scattered across banks, advisers and lawyers into a single accountable organisation. The practical questions families ask first are how much wealth justifies it and what it costs to run.

Net-worth thresholds. There is no statutory minimum, and the answer depends on the model and the jurisdiction. A widely cited rule of thumb is that a dedicated single-family office begins to make economic sense at roughly US\$100 million or more in investable assets, with some advisers placing the practical floor higher still (Campden Wealth / industry guidance, 2024). Multi-family offices serve families well below that level, often from the low tens of millions, by spreading the cost. These are indicative ranges, not hard lines, and the figure that matters is whether the cost of running the office is justified by the complexity it manages.

Indicative running costs. Operating a standalone SFO is a significant ongoing commitment. Annual running costs are frequently cited in the range of around 1% of assets under management, and in absolute terms commonly fall between roughly US\$1 million and US\$10 million a year for a full in-house office, depending on staffing, scope and location (industry estimates, 2024; treat as indicative ranges). A multi-family or virtual structure can deliver much of the same function at a fraction of that cost, which is the central reason those models exist.

Structure and staffing, briefly. At a high level a family office is led by a chief executive or chief investment officer, supported by investment, tax, legal and administrative staff, with much of the specialist work outsourced even in larger offices. Designing and standing up that structure is a substantial project in its own right and a different question from what a family office is; this guide deliberately stops at the overview rather than becoming a setup manual.

An international view. Jurisdiction shapes all of the above. In the UK, family offices operate within the FCA's regulatory perimeter where they carry out regulated activities, and London remains a primary European hub. Across Asia and the Gulf, governments have actively courted family offices: Singapore through tax-incentivised fund structures, and the UAE through dedicated family-office frameworks in its financial centres. The

Advantages and Disadvantages of a Family Office

A family office is a powerful structure, but it is not the right answer for every wealthy family. A balanced view matters.

The advantages start with alignment, and control and privacy follow from it. The family sets its own investment policy and is not steered toward a provider's products. Affairs are managed discreetly, in one place, by people who answer only to the family. The office can pursue private-markets allocation that an off-the-shelf mandate would not allow, and it provides governance continuity, an institutional memory that holds a family together across generations and transitions.

The disadvantages are real and frequently understated by the firms that market the model. Cost is the first: a full single-family office is expensive to build and to run, and below a certain level of wealth that cost simply is not justified. Complexity is the second; the family takes on the burden of operating what is, in effect, a small financial institution, with the hiring, oversight and regulatory responsibility that implies. Attracting and retaining genuinely capable investment and operating talent is hard, and a small office can struggle to compete with larger institutions for it. And governance itself becomes a job: family dynamics, succession friction and the risk of the office serving its staff rather than its principals are persistent challenges. For many families a multi-family or virtual model captures most of the benefit while avoiding the heaviest of these costs.

The Bigger Picture

A family office, in the end, is a private organisation purpose-built so that an ultra-high-net-worth family can run its capital and its wider affairs with institutional discipline and undivided alignment. Which of the four models fits, whether single, multi, virtual or embedded, comes down to net worth, the complexity being managed, and how much control the family wants to keep.

The reason the concept is drawing fresh attention is the wider shift behind it. One of the largest intergenerational capital handovers on record is now under way, with widely cited US estimates putting the sum in motion at roughly US\$84 trillion to US\$124 trillion over the coming decades (Cerulli Associates, 2024, US figures; projections, and the range is wide). As that capital moves, [the great wealth transfer](#) is multiplying the number of family offices and, at the same time, [re-weighting how they allocate toward alternatives](#). The buy-side of private capital is getting larger, younger and more demanding at once.

For families building or reshaping an office around that reality, the access question matters most. To understand how a partnership of family offices generates proprietary dealflow, explore [the IMS Group network](#); to speak with the people behind it, see [the IMS Group team](#).

This article is for general information only and does not constitute investment, tax or legal advice. Family office structures and net-worth thresholds vary by jurisdiction; figures cited are indicative ranges as at 2026 and should be verified with a qualified adviser.

Frequently asked questions

How much money do you need to have a family office?

There is no fixed minimum, but a dedicated single-family office is generally considered viable from around US\$100 million or more in investable assets (Campden Wealth / industry guidance, 2024). Families with less, often from the low tens of millions, typically use a multi-family or virtual office instead, sharing infrastructure to make the economics work. The threshold depends on the model and the jurisdiction.

What is the purpose of a family office?

The purpose of a family office is to manage an ultra-high-net-worth family's wealth, investments and affairs through a single, dedicated organisation that answers to the family alone. It exists to preserve and grow capital across generations, coordinate tax and succession, govern the family's decisions, and increasingly to invest directly in private markets, all with an alignment that an external provider cannot match.

What are the disadvantages of a family office?

The main disadvantages are cost, complexity, talent and governance burden. A standalone single-family office is expensive to run and only justified above a high level of wealth; it requires the family to operate what amounts to a small financial institution; capable investment talent is hard to attract; and the office itself must be governed to keep it aligned with the family's interests. Many families choose a multi-family or virtual model to avoid the heaviest of these costs.

What is the richest family office in the world?

There is no single, settled answer, because most family offices are private and do not disclose their assets. Some of the largest US single-family offices are associated with prominent retail, consumer-goods and technology fortunes, and are routinely cited among the biggest pools of private capital, but published rankings are estimates rather than verified figures. The honest position is that the true scale of the largest offices is not publicly confirmed.

Where do millionaires keep their money if banks only insure \$250k?

Wealthy families rarely hold large balances in ordinary insured deposit accounts. Through a family office, capital is spread across investment portfolios, public and private markets, real estate, custodial arrangements and trust structures, where deposit insurance limits such as the US\$250,000 FDIC threshold are largely beside the point. The objective is a diversified, professionally governed allocation rather than cash sitting in a single bank.

Do high-profile entrepreneurs use family offices?

Many founders and entrepreneurs manage their personal wealth through a single-family office once their assets reach sufficient scale, particularly after a major company sale or liquidity event. As with most such structures, the operations and holdings of these offices are rarely disclosed publicly, so any detail beyond their reported existence should be treated with caution. Private control and limited

Sources & important information

1. Deloitte Private (2024). The Family Office Insights Series — Global Edition: Defining the Family Office Landscape. Deloitte Global
2. Cerulli Associates (2024). U.S. High-Net-Worth and Ultra-High-Net-Worth Markets — wealth transfer projections (~US\$84T–\$124T). Cerulli Associates
3. Campden Wealth / RBC (2024). The North America Family Office Report — single-family-office thresholds and operating costs (indicative ranges). Campden Wealth

Point-in-time figures are volatile and should be re-verified on the date of publication.

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