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In his role at The Summa Group, Robert Dalie oversees wealth-planning capabilities, one of the core pillars the group is founded on. Dalie's specific expertise and experience lend themselves to entrepreneurs, senior executives, fiduciaries, and founders who have recently experienced or are about to experience a life-changing financial event. This proficiency has allowed him to play an integral role within the core advisory teams that deal with pre- and post-liquidity events. He has developed a reputation for specialized work with sudden wealth from inheritance, divorce, stock sales, estate planning, and closely held business sales. To effectively offer this depth of service and experience, his practice is limited to a select group of individuals and families for maximum impact. Forbes, Barron's, and Research Magazine have recognized The Summa Group in their annual advisor rankings as a top wealth management team. Dalie has been a central part of The Summa Group since its founding in 2003.

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MODERN FAMILY OFFICE

Innovative technology promotes the integration of outside financial advisers, improves communication, and heightens cybersecurity for family offices

Early in the history of family offices, there was a misconception that the purpose of the investment-focused family office was to exclude outside wealth managers. However, most family offices embrace a collaborative approach to serving their families' investments, using a combination of in-house wealth management and outside wealth managers, with the ultimate goal of ensuring that the family is getting the best and most tailored investment advice for their circumstances, regardless of where that manager may be. The Summa Group of Oppenheimer & Co., Inc. is pleased to work as an outside wealth manager to many family office clients. The key for us in achieving collaborative service with a family office client has been the adoption of high-end information-sharing technology.

"One frustration that pushed my family office clients away from outside wealth managers was inefficient access to information," says Elizabeth Glasgow, a private-client attorney for ultra-high-net-worth families in Los Angeles and New York. "Clients with substantial wealth and relationships with more than one financial adviser would receive different account statements, product analyses, or spreadsheets from each adviser, but

with no mechanism to assess the performance of their investments holistically, making it difficult to determine if there were inappropriate risks when considering the investments across the different managers."

The Summa Group and other leading wealth management teams that work with family office clients have created innovative information-sharing platforms to remove barriers to information between outside wealth managers and the family office. Such technology consolidates and provides immediate access not just to the investments we manage, but for all of the outside wealth managers' investments and the family office's direct investments. While family offices at any stage benefit from this broad information-sharing approach, it has been particularly well received by family offices in the early stages that do not yet have their own platforms.

"When a family office is just starting, they are delighted to find an outside wealth manager partner that is able to offer access to technology, which may not have been one of the initial areas of commitment in the establishment of the new family office," Glasgow says.

QUOTE:**THE KEY FOR US IN ACHIEVING COLLABORATIVE SERVICE WITH A FAMILY OFFICE CLIENT HAS BEEN THE ADOPTION OF HIGH-END INFORMATION-SHARING TECHNOLOGY.**

Our technology is also nimble, and for those family offices that have created their own data platforms, our information is easily transferable and allows us to pursue to same result of integrated reporting that promotes investment assessment and risk analysis. Our technology also goes beyond investment figures and performance to include information and reports on research and coordinated strategies addressed with family office employees, as well as reporting on investment advisory fees.

The maintenance and ability to access and retrieve this information has been important to family office clients looking to take advantage of the tax deductibility of investment advisory fees and other family office expenses. Under the Tax Cuts and Jobs Act of 2017, only a family office entity that is operating as an active “trade or business” is eligible to deduct operating expenses (including investment advisory fees) under Section 162 of the Internal Revenue Code. If the family office falls short of being a trade or business, and is instead determined to be providing mere administrative services, investment oversight, and/or record keeping, then the expenses, under the new tax law, are no longer deductible. With family office clients potentially having investment advisory fees and other expenses in the millions or tens of millions of dollars, the issues of deductibility is critical.

It is also a fact-specific determination, as illustrated in the recent case, *Lender Management v. Commissioner of the Internal Revenue Service*. While many factors must be met to qualify a family office’s operating expenses as tax deductible, going through the analysis as to whether the qualification is possible is top of mind for family office clients. Glasgow agrees. “Structuring a family office to qualify [for tax-deductible operating expenses] is the most frequent conversation that I am having with ultra-high-net-worth clients at this time,” she says. An outside wealth manager who contributes to providing and properly classifying information in support of that determination is key. Of course, the benefits of technology to share information and improve a family’s wealth management does come with a downside: creation of a target point for cybercriminals. No sooner had we started providing our information-sharing technology to family office clients than we were looking for way to exceed the cybersecurity protections already in place. Cybersecurity covering all functions of a family office—from protection of financial and identity information to protection of family travel plans to thwart physical security threats—is

among the most important considerations that a family office can address.

The endgame for all outside wealth managers is a high-quality client service experience for both family office employees and family members themselves. While technology increases the opportunities for outside wealth managers to be seamlessly integrated into the family office’s platform, we still believe that the value to our family office clients is the human connection to our team.

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