

The Baratelli Field Note

Practitioner analysis for principals, family-office executives, and their advisors

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Welcome to Field Note No. 01. Every week, from Ponte Vedra Beach, the Field Note is the practitioner reference for principals, family-office executives, attorneys, CPAs, and advisors working through the decisions that shape complex private wealth. Written by someone who does the work — not someone who writes about it from a distance.

Why family offices form at \$30M, not \$100M

The consensus rule of thumb for family office formation — that a family needs \$100 million of liquid net worth before a family office makes economic sense — is wrong often enough to be actively misleading. It is the first thing repeated by wealth advisors, legal counsel, and trade journalism on the subject. It is almost never questioned. And it is the reason a meaningful number of families with significantly less wealth wait years longer than they should to build the infrastructure their complexity actually requires.

The rule is wrong because it treats the family-office decision as a single-variable problem. It is not. Five variables determine whether a family needs a family office, and asset size is only one of them.

Consider two archetypal situations.

The first: a technology founder, age 44, post-IPO, with \$80 million of liquid net worth. He has no family office. He manages his wealth through a wirehouse relationship, a CPA who prepares his return, an estate attorney he meets every two years, and a personal assistant who pays his bills. The conventional rule says he shouldn't have a family office yet. In practice, he is almost certainly losing \$200,000 a year or more to avoidable mistakes, coordination failures, and tax inefficiency — and will continue doing so until his net worth reaches \$150M and someone finally tells him differently.

The second: a second-generation family, total net worth \$45 million across three households, one aging matriarch, one operating business, a small real-estate portfolio. They operate a lean, disciplined family-office structure that integrates tax, accounting, reporting, estate coordination, and light concierge. The conventional rule says they shouldn't have one. The annual fee to the firm running it is \$180,000. The value they capture in coordination, tax efficiency, succession preparation, and family communication is — by any serious measure — three to five times that.

The variable that distinguishes these families is not wealth. It is complexity. And complexity, not size, is the real driver.

The five real drivers

If you are a principal evaluating whether you need a family office — or an advisor evaluating this question for a client — the five variables that matter are:

1. Complexity.

How many legal entities, jurisdictions, and asset classes does the family touch? Ten entities and three countries generates more administrative load than \$300 million sitting in a single brokerage account.

2. Privacy.

How much does confidentiality matter? A principal whose name cannot appear on public filings, or whose family movements must stay private, pays for control that shared platforms cannot match.

3. Control.

Do you need decisions made your way, or is a generic best-practice platform sufficient? Outsourced models are efficient but opinionated. Customization compounds quickly.

4. Capacity.

Do you, or a trusted family member, have the bandwidth to supervise an in-house team? A family office without a capable supervisor is a liability, not an asset.

5. Continuity.

What happens the day you're gone? If your wealth administration depends on you personally, it does not yet exist as an institution.

If three or more of these matter strongly in your situation, you likely need a family office — even at \$30 million of net worth. If only one matters, you may be fine with a coordinated

advisor stack for years longer.

What this means

For advisors: stop using asset size as the primary filter for family-office recommendations. The client who most needs one is rarely the one with the most money. The client who most needs one is the one whose complexity, privacy exposure, and continuity risk have outgrown what a fractional advisor stack can coordinate.

For principals: the question isn't "am I rich enough?" The question is "is my complexity high enough, is my privacy requirement strict enough, and is my continuity risk material enough that a dedicated institution is worth the overhead?" That is a different question, and it produces different answers.

Next week

The three decisions a principal gets wrong in the first 90 days after a liquidity event. We'll look at why the 90-day window sets the pattern for the decade that follows, and the specific failures I see most often.

If this issue was useful: the Baratelli Institute library has a free guide — *Is a Family Office Right for Your Family?* — that goes deeper on the fit-evaluation framework above. It's the top-of-funnel resource for anyone seriously working through the question. Available at baratelliinstitute.com at no cost.

Until next week —

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