

BARATELLI INSTITUTE · MENTORING AT SCALE

The Fractional Family Office

When It Fits, When It Doesn't

“Each advisor is strong. All advisors properly led are unstoppable.”

*The Power of the Pack applied to households that do not have the scale for a full family office
— and would still benefit from being led like one.*

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Educational practitioner reference. Not investment advice.

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*This guide is free. If you find it useful, the full **Family Office Reference Guide** at baratelliinstitute.com goes 415 pages deep on the practitioner discipline for running an FO — fractional or full.*

Introduction

Why this guide exists — and what “fractional family office” actually means in 2026.

The term “fractional family office” is one of the most abused labels in wealth management right now. In 2026 it means at least three different things to three different audiences, and the confusion is expensive for the families getting sold something they didn’t understand.

Some fractional family offices are exactly what the term implies — a genuine, neutral, fee-only practitioner delivering the operating discipline of a real family office to a household that doesn’t have \$100 million on the balance sheet. That model works when it is structured properly.

Some “fractional family offices” are wealth-management practices in the old-fashioned sense wearing a new brand. Same commission structure, same proprietary product menu, same conflicts, new sign.

And some are somewhere in between — a fee-only advisor adding “fractional FO” language to a service line that is really just enhanced financial planning. Legitimate work. Not the same thing as a real fractional family office.

What this guide is

This is a neutral practitioner reference on when a fractional family office actually makes sense, how the model works when it works, what economics support it, and how to evaluate any provider claiming to offer it. It is written by a former Family Office CFO for the household evaluating the decision — not for the advisor selling it.

It is free. It is not gated. It contains no product referrals to specific providers.

What this guide is not

This is not a sales piece for the Institute’s Family Office Reference Guide — though the Reference Guide is the deeper work for practitioners actually running the function. This is not investment advice, tax advice, or legal advice for any specific family. This is not affiliated with, endorsed by, or connected to any wealth-management firm, RIA, family office, or advisor named or implied.

A word on the market landscape. In the past 24 months, at least 200 firms have added the words “fractional family office” to their marketing. Some are excellent. Some are wealth-management firms in fresh packaging. Some are legitimate advisors expanding scope. The label alone tells you nothing. This guide gives you the questions to ask that tell you which one you are actually looking at.

Chapter 1

The Power of the Pack — and why it applies at every scale.

The founding insight of the Baratelli Institute's Family Office Reference Guide is that a family office is not a department. It is a pack of advisors. The estate attorney, the CPA, the investment advisor, the trustee, the insurance broker, the household payroll and bill-pay operator. Each specialist is strong on their own domain. What is uncommon — and what actually protects the family's balance sheet — is having someone who runs the pack.

“Each advisor is strong. All advisors properly led are unstoppable.”

— The Baratelli Institute Family Office Reference Guide

The Family Office CFO is the seat that runs the pack — the quarterback who calls the play. Not more law than the estate attorney. Not more tax than the CPA. Not more market than the investment advisor. The Family Office CFO's job is to call the meeting, set the agenda, frame the decision, and force the cross-discipline conversation the specialists would not have on their own.

The estate attorney and the CPA both need to be in the room when a Section 6166 election is on the table (the nine-month post-death window to elect installment payment of federal estate tax attributable to a closely-held business interest). The trustee and the investment advisor both need to be in the room when the Investment Policy Statement gets refreshed. The CPA and the insurance broker both need to be in the room when trust funding moves.

Why the pack framing matters at every scale

The trap most families fall into is assuming that below some scale threshold, the pack model does not apply. That below \$100 million, or \$50 million, or \$25 million, the family is just supposed to have “a good financial advisor” and let that person coordinate everything.

The investment advisor is a member of the pack. Not the quarterback of it.

The pack still needs a quarterback at \$15 million. It still needs one at \$8 million. The specialists are still specialists. Somebody has to call the meeting.

At \$100 million-plus, the family employs the quarterback full-time. At \$15-50 million, the family cannot economically justify a full-time hire — but they can afford a fractional one. The fractional family office is the pack model applied at a scale where the quarterback is engaged for hours or days per month, not full-time.

The fractional pack, in plain English

A fractional family office is a fee-only practitioner who runs the pack for a household that does not have full-family-office scale. The practitioner does not replace the specialists — the family still has an estate attorney, a CPA, an investment advisor, and so on. The practitioner runs the coordination layer. Calls the meetings. Frames the decisions. Documents the plan. Chases the follow-ups.

That coordination layer is the difference between a \$20 million household that survives the founder's death intact and one that fractures within three years. Almost every failure in family-wealth transition comes back to a missed coordination, not to a market decline.

Chapter 2

What a full family office actually does.

Before evaluating a fractional model, understand what a full family office actually delivers. The fractional model is a subset of the full function — the essential coordination layer — delivered at scale-appropriate cost.

The eight functions of a full family office

This is the Institute’s synthesis of the Family Office Reference Guide’s 17-chapter coverage into eight operating functions.

Function	What it means	Fractional equivalent
Charter & governance	Family charter, mission, values, decision rights, next-generation stewardship	Delivered
Advisor coordination	Runs the pack — calls meetings, sets agendas, chases follow-ups across estate attorney, CPA, investment advisor, trustee, insurance	Delivered
Bill-pay & treasury	Household expense pay, cash flow forecasting, bank-account reconciliation	Optional add-on
Investment Policy Statement	Written IPS, annual refresh, allocation discipline across the pack	Delivered
Insurance oversight	Coverage adequacy review, policy inventory, umbrella, D&O	Delivered
Reporting & consolidated view	Consolidated balance sheet across trusts, entities, personal, business, real estate	Delivered (usually quarterly)
Family-meeting facilitation	Quarterly or annual family meetings; next-generation education	Delivered
Concierge / lifestyle	Household staff, aircraft ops, security, art logistics	Not delivered (rare in fractional)

The coordination layer — the pack quarterbacking — is the essential function that the fractional model absolutely covers. The concierge and lifestyle work is the piece that only a full family office with salaried staff can handle economically.

The specialist advisors are still the specialist advisors

Neither a full family office nor a fractional one replaces the specialists. The estate attorney still writes the trust. The CPA still files the return. The investment advisor still manages the portfolio. The Family Office CFO seat — full or fractional — runs the coordination among them.

This matters because some fractional providers position themselves as combining specialist and quarterback roles. That combination is almost always a conflict. The investment advisor who says she also runs the pack has a structural incentive to steer the family toward products she earns on. The pack quarterback should sit outside the specialist economics.

The quarterback does not throw the ball, does not catch the ball, and does not block. The quarterback reads the field, calls the play, and gets the ball to the specialist who is supposed to make the play work. That is the family-office-CFO seat — full or fractional.

Chapter 3

The fractional model — structure, cadence, deliverables.

The fractional family office works when it is structured to deliver the coordination layer at a scale-appropriate fee. Below are the structural elements that a real fractional engagement has in common.

The engagement structure

- **Fixed monthly or quarterly retainer.** Not commission-based, not asset-based, not hourly.
- **Written engagement letter with a defined scope.** Specific deliverables, specific meeting cadence, specific reporting cycle.
- **Fiduciary standard.** The engagement letter states explicitly that the practitioner acts as a fiduciary at all times.
- **Independence from product manufacturers.** No commissions, revenue-shares, or referral fees from any product provider or manager the family engages.
- **Clear termination provisions.** The family can end the engagement at will with reasonable notice. The practitioner does not hold custody of the family’s assets.

The cadence

Cadence	Typical deliverable
Monthly	Cash-flow snapshot, punch list, follow-up on outstanding advisor tasks, calendar of upcoming events
Quarterly	Consolidated balance-sheet update, IPS-vs-actual allocation review, insurance coverage check, advisor-team status meeting
Annually	Full family meeting, next-generation education discussion, IPS refresh, philanthropy planning, estate-plan review, fee benchmarking of the pack
Event-driven	Death, liquidity event, marriage, divorce, birth, business sale, real-estate transaction, major medical event

The deliverables

A real fractional family office delivers written work product. If the engagement is producing nothing you can put in a binder at year-end, it is worth asking whether it is producing anything at all. Core deliverables:

- **Consolidated balance sheet.** Every entity, trust, account, real estate, business interest, insurance policy, personal asset in one view. Updated quarterly.

- **Written Investment Policy Statement.** Refreshed annually with the investment advisor and reviewed with the trustee if trusts are involved.
- **Cash-flow forecast.** 12-month rolling forecast integrating salary, distributions, tax payments, insurance premiums, philanthropy, capital calls, and lifestyle spending.
- **Advisor register.** Every professional advisor engaged, their scope, their fee, and their last review date.
- **Calendar of critical dates.** Estimated tax dates, insurance renewals, trust-reformation windows, GRAT expirations, family meetings, next-generation education milestones.
- **Family charter and governance documents.** Written mission, values, decision rights, family-meeting protocols.
- **Meeting minutes and follow-up log.** Every advisor meeting produces minutes; every decision produces a follow-up item with an owner and a due date.

The technology stack

A well-run 2026 fractional practice runs on a specific technology stack. Consolidated reporting typically uses **Addepar, Mastro, or Sage Intacct** for balance-sheet aggregation across custodians. Engagement documents flow through **DocuSign or Adobe Sign**. Client document exchange happens through an encrypted secure portal (**SmartVault, ShareFile, or Box for Business**) — never open email. A scheduling and calendar system integrates with the family’s key advisor calendars for coordination. Some fractional practices layer AI-assisted meeting-minutes tools (**Otter, Fathom, Fireflies**) for accurate transcription of advisor meetings, always with the family’s consent.

A fractional FO whose entire operation runs on Excel spreadsheets emailed as attachments is a red flag. The tech stack is a marker of practice seriousness. Ask any prospective fractional FO to walk you through their technology stack in the first meeting — the answer tells you how they think about your data.

CYBERSECURITY

HNW families are attractive attack surfaces. A real fractional practice has cybersecurity discipline: multi-factor authentication on every advisor account, an encrypted client portal (not email attachments), a documented incident-response plan, at least annual review of the family’s cyber posture (email account security, home network, phone-number portability protection, MFA on financial accounts). Ask any prospective fractional FO about their cybersecurity practices — the answer tells you how they think about your data as much as how they think about your money.

The fractional FO in family disputes

Family disputes are the moment when the coordination layer earns its fee. A sibling disagreement over trust distributions. A divorce that requires trust reformation. A business-succession dispute where the sibling in the business and the siblings outside it want different outcomes. A next-generation conflict over the family charter. These are the situations that test whether the fractional practitioner is running a

professional practice or a therapy hour.

A well-run fractional practice has documented decision protocols, agreed-upon dispute-resolution language in the engagement letter, and, if the dispute is beyond the practitioner's role, the discipline to bring in a family psychologist or family-business consultant rather than trying to play amateur therapist. If the fractional practitioner is running the meeting properly, the specialists (estate attorney, tax counsel, mediator) do the technical work; the practitioner runs the process. Neither role gets confused with the other.

Chapter 4

Who fits — the household economics that make the model work.

The fractional family office is not for everyone. Below a certain balance-sheet complexity, the household is better served by a good CPA and a good financial planner. Above a certain scale, the household should have a full family office. The middle is the fractional sweet spot.

The four factors that indicate a fractional model fits

- **Net worth in the \$10-75 million range.** Below \$10M the coordination cost is hard to justify. Above \$75M the family usually needs full-time coverage.
- **Multi-entity structure.** Multiple trusts, LLCs, S-corps, family limited partnerships, foundations, or holding companies.
- **At least three specialist advisors in place.** If the family already has an estate attorney, a CPA, an investment advisor, and possibly a trustee and an insurance broker, there is a pack to run.
- **A recent or upcoming trigger event.** Recent liquidity event, imminent business sale, aging patriarch or matriarch, adult next-generation, imminent inheritance, complex divorce, cross-border move.

The archetype households that most benefit

Archetype	Why the fractional model fits
Recent seller of a business (\$15-50M proceeds)	Sudden liquidity, complex tax posture, multiple new advisors engaged simultaneously, trigger event for estate planning
Successful professional or executive (\$10-30M net worth, still earning)	Complex compensation (options, RSUs, deferred-compensation arrangements from a corporate employer), multiple entities, active tax planning
Multi-generational family below full-FO scale	Trust structures for children and grandchildren, ongoing gifting strategies, family meetings, next-gen education
Widowed spouse or surviving partner with \$10-40M inherited	Advisor pack was built by the deceased spouse; surviving spouse needs someone in the coordination seat
Family with a member managing a family business plus siblings not in the business	Governance complexity, distribution policies, buy-sell mechanics, sibling harmony as an asset

Notice a pattern — each archetype shares the same underlying feature: **advisor complexity has outpaced founder capacity to run the pack personally.** That is the threshold. Not the dollar amount. The moment the founder realizes she is spending twenty hours a month coordinating advisors who do not talk to each other is the moment the fractional model earns its fee.

The multi-state / cross-jurisdiction signal

Multi-state and cross-jurisdiction complexity is one of the fastest-growing signals for a fractional engagement in 2026. A family with a primary residence in one state, a vacation home in another, adult children in college in a third, and possibly a business or trust structure in a fourth has real ongoing tax exposure — residency determinations, state-tax nexus, trust situs analysis, income allocation across jurisdictions, non-resident filing requirements.

As more HNW families move between jurisdictions (New York to Florida, California to Texas, cross-border to Puerto Rico, or overseas), this coordination becomes central to the fractional practitioner's work. The CPA does the returns; the estate attorney does the trust situs review; the fractional FO makes sure both are talking to each other before the family accidentally establishes residency in a state they were trying to escape.

Chapter 5

Who does not fit — the DIY tier and the full-FO tier.

The fractional model is bracketed on both sides. Below the DIY threshold the coordination costs more than it saves. Above the full-FO threshold the household needs continuous coverage.

Below the fractional threshold: DIY plus specialists

Households with net worth under approximately \$10 million, a simple entity structure, a single earner, and no imminent trigger event are usually better served by:

- **A good CPA** for tax return and year-end planning.
- **A fee-only or fiduciary financial planner** for the investment side and retirement projection.
- **An estate attorney** engaged episodically to update documents every 5-7 years or on trigger events.
- **An insurance broker** for umbrella and life insurance.

At this scale, the coordination layer is small enough that the household head can serve as their own quarterback. Deeper reference material is available from many sources, including the Baratelli Institute's free Foundations shelf.

Above the fractional threshold: full family office

Households at or approaching \$100M in net worth, with multiple entities across multiple jurisdictions, an active operating business, philanthropic infrastructure, second and third generation entering adulthood, and full-time concierge and lifestyle demands, need continuous coverage. A fractional practitioner cannot economically handle:

- **Household staff management** — house managers, personal assistants, drivers, pilots, security.
- **Aircraft or yacht operations** — ownership structures, tax planning, crew management.
- **Full bill-pay and treasury operations** — hundreds of household expenses, wire transfers, cash management across multiple entities.
- **Direct investment activity** — deal sourcing, due diligence, post-investment monitoring for direct private-company investments.
- **Full-time family governance** — multi-generational family meetings, family constitution work, next-generation employment inside the family entities.

Above this threshold, the family should have a salaried Family Office CFO or Managing Director with a support team.

Chapter 6

The economics — pricing benchmarks and what a fair fee looks like.

Fractional family office fees vary widely. This chapter gives the practitioner-side view of what fees are reasonable in 2026, what fee structures signal a real fractional engagement, and what structures signal something else in disguise.

Typical pricing bands (2026)

Household complexity	Typical annual fee	Notes
Light — simple entity structure, few advisors, no trigger event	\$25,000-60,000	Quarterly cadence, annual family meeting, coordination-only scope
Moderate — multiple trusts, active tax planning, 4-6 advisors	\$60,000-125,000	Monthly cadence, quarterly balance-sheet reporting, active IPS management
Complex — multi-generational, business interests, philanthropy, cross-border	\$125,000-250,000	Monthly cadence, multiple family meetings, full deliverable package
Approaching full-FO threshold	\$250,000-500,000+	At this level, evaluate whether a salaried Family Office CFO makes more sense

Fee structures that signal a real fractional engagement

- **Fixed retainer.** Monthly or quarterly. Known in advance.
- **Scope-based tiers.** If the scope expands, the fee steps up transparently.
- **Annual review clause.** Fee is reviewed and reset annually based on scope and complexity.

Fee structures that signal something else

- **Asset-under-management (AUM) fees.** An AUM-linked fractional FO service is not automatically disqualified — but the family should specifically ask whether the FO deliverables are contractually distinct from the investment management, whether termination of the FO service is possible without terminating the AUM relationship, and whether the FO deliverables are of comparable quality to a fee-only equivalent.
- **Commission-based compensation.** If any part of the compensation comes from product providers, mutual-fund families, or insurance carriers, the engagement is conflicted regardless of what it is called.
- **Bundled advisor fees where the “FO” is included ‘free’ with an investment relationship.** The coordination layer is not free — it is being paid for in the AUM fee. Some bundled providers deliver real FO work; some do not. The due-diligence questions in Chapter 9 are how you tell.

- **Referral fees or revenue-share with recommended advisors.** A fractional FO who receives referral compensation is not neutral.

A useful benchmark: the salaried alternative

In 2026, a mid-career Family Office CFO commands \$250,000-\$450,000 in fully-loaded compensation depending on geography and family complexity. If your fractional engagement is going to cost \$200,000-\$300,000 annually with no bill-pay, no treasury operations, and no direct investment work, you are paying near-full-FO price for less-than-full-FO scope. That is the moment to evaluate whether a salaried hire makes more economic sense.

Chapter 7

What you keep, what you lose — the honest tradeoff.

Every scale decision is a tradeoff. The fractional model is the answer for a specific range of household situations, and the honest way to evaluate it is to compare what it delivers against both the DIY alternative below and the full-FO alternative above.

The honest comparison

What matters	DIY + specialists	Fractional FO	Full FO
Advisor coordination discipline	Founder-dependent; often patchy	Delivered	Delivered
Written IPS refresh	If investment advisor pushes it	Delivered annually	Delivered annually
Family meetings	Rare, unstructured	Structured, minutes taken	Facilitated, professional
Calendar / deadline management	Founder tracks personally	Delivered	Delivered
Consolidated balance sheet	Rarely built	Quarterly	Real-time
Bill-pay & treasury	Founder or spouse handles	Sometimes included, usually not	Full staff coverage
24/7 availability	No	Business hours + emergencies	Yes
Concierge / lifestyle	No	No	Yes
Cost, annualized	\$10-30k in specialist fees	\$60-250k retainer	\$500k-\$3M+ fully loaded

What you keep with a well-run fractional engagement

- **Coordination discipline that survives founder-illness or death.** When the founder is no longer able to run the pack personally, the pack keeps running because the fractional practitioner is running it.
- **Institutional memory of the family situation.** The practitioner knows which trust holds what, why that S-corp was formed in 2019, what the buy-sell says.
- **Advisor accountability.** The estate attorney knows there is a practitioner watching to see whether the trust reformation actually got filed.

What you lose vs. a full family office

- **Continuous coverage.** A fractional practitioner is not available around the clock.
- **Concierge functions.** Household staff management, aircraft operations, security, travel logistics require salaried staff.
- **Deep specialist ownership.** A full FO CFO often builds decade-long relationships with each specialist that a fractional practitioner cannot replicate.

The honest read: a fractional family office keeps the essential coordination discipline at a scale-appropriate cost, and gives up the concierge and 24/7 layer. For most \$10-50M households, that tradeoff is not close — the fractional model wins clearly.

Chapter 8

Red flags — commission-based advisors calling themselves fractional FOs.

The label has been adopted by many advisors whose economics differ from what a real fractional family office looks like. Not every pattern is automatically disqualifying — some are compatible with a well-run fractional practice — but the combination matters. If you see three or more, the provider is probably delivering something other than a real fractional FO.

Red flag 1 — the “bundled” fee structure

The provider tells you: *“Our fractional family office services are included as part of our wealth management relationship. If we manage your investments, the FO services come at no additional charge.”*

What this often means: the coordination layer is being paid for out of the AUM fee. Some bundled providers deliver real FO work as part of the engagement. Others deliver thin FO work and thick investment management. To distinguish them, ask whether the FO deliverables are contractually distinct from the investment management, whether termination of the FO service is possible without terminating the AUM relationship, and whether the FO deliverables are of comparable quality to a fee-only equivalent.

Red flag 2 — the custody conflict

The provider holds or has discretionary authority over any of the family’s assets. A real fractional family office does not custody assets. Custody creates the same structural conflicts as commission-based compensation.

Red flag 3 — the proprietary product menu

The provider recommends products or platforms owned by their firm. Proprietary funds, proprietary insurance products, in-house private-credit vehicles, in-house trust company. Each of these is a hidden revenue source.

Red flag 4 — the referral revenue-share

The provider receives referral fees or revenue-share from advisors, attorneys, or CPAs they recommend to the family. The recommendation is not neutral.

Red flag 5 — the scope-creep engagement letter

The engagement letter does not define specific deliverables, meeting cadence, or written outputs. The family will pay for “access” and receive nothing tangible at year-end.

Red flag 6 — the RIA-based practice

The provider is an RIA whose primary business is investment advisory. RIAs vary widely in the seriousness of their fractional FO offering. The base case is that the AUM economics dominate; the exceptions are real. The due-diligence questions in Chapter 9 are how the reader tells the difference.

Already in an AUM relationship? How to evaluate it fairly.

Many families are already in an established investment-advisory relationship with a firm that also markets fractional family office services. Switching providers is not costless — custody transfers, tax-lot basis, personal relationships, decade-long context all have real value. The honest question is not “*should I leave?*” The honest question is “*am I actually getting real coordination work, and can I evaluate that fairly without threatening the relationship?*”

Below are five diagnostic questions you can put to your existing provider without indicating you plan to leave. The answers tell you what you actually have.

- **1. Show me the FO work product from the last twelve months.** Not just meeting-attendance records — actual written deliverables. Consolidated balance sheet, IPS, family charter, calendar of critical dates, advisor register, meeting minutes. If those artifacts do not exist, the FO service is nominal, not real.
- **2. What would the FO service cost if it were priced separately from the investment management?** A serious bundled provider can answer this concretely. If the answer is “we don’t price it separately” or “that’s not how we work,” the FO service is a marketing add-on to the AUM relationship, not a distinct deliverable.
- **3. Can I terminate the FO service and keep the AUM relationship — or vice versa?** If both are contractually inseparable, they are one service being sold as two. If they are separately terminable, the FO service stands on its own economics.
- **4. What percentage of your practice’s revenue is fee-only fractional FO work vs. AUM-linked?** If AUM is 95% or more, the fractional offering is a line extension of an asset-management practice. If a meaningful portion is fee-only fractional, the practice takes the offering seriously.
- **5. Can you introduce me to two families you serve with just the fractional FO work — no AUM relationship?** If none exist, the fractional service is a bolt-on to AUM. If they exist, the practice can execute the service as a stand-alone product.

The answers are diagnostic. A serious bundled provider will welcome these questions; a marketing-first provider will deflect them. Either way, you have the information you need to decide what to do next — keep the relationship, renegotiate the scope, add a fee-only fractional practitioner alongside, or transition entirely. The point of the exercise is not to leave. The point is to know what you have.

None of these red flags is automatically disqualifying by itself. Some good practitioners have one of these features because of their firm structure or licensing choices. But the combination matters. If a provider has three or more, they are almost certainly not running a real fractional family office.

Chapter 9

Selection criteria — the questions to ask any provider.

Every family evaluating a fractional FO should conduct at least two hours of due diligence conversation before signing. Below are the nine questions that reliably surface whether the provider is delivering what the family needs.

1 — The compensation question

Ask: “How exactly are you compensated? Every dollar. Every source. Currently, historically, and for the duration of our engagement.”

Green-flag answer	Red-flag answer
Fixed retainer only. No AUM. No commissions. No referral fees. Everything disclosed in the engagement letter.	“Our fee is bundled with your investment management.” Anything vague or deflected.

2 — The custody question

Ask: “Do you or your firm ever hold, custody, or have discretionary authority over the family’s assets at any time?”

Green-flag answer	Red-flag answer
“No. Ever. Third-party custodian only.”	“Limited trading authority when needed.” “Held at our platform for convenience.”

3 — The referral question

Ask: “Do you receive any compensation from any advisor, professional, product provider, or platform we would engage as a result of your recommendation?”

Green-flag answer	Red-flag answer
“No. Ever. If we recommend an attorney or CPA, we receive no compensation for that referral.”	“Only reciprocal referral relationships.”

4 — The scope question

Ask: “What are your specific written deliverables per month, quarter, and year?”

Green-flag answer	Red-flag answer
Detailed scope with specific artifacts named — consolidated balance sheet, written IPS, cash-flow forecast, advisor register, calendar of critical dates, family meeting minutes.	“Whatever the family needs.” Vague language.

5 — The termination question

Ask: “What happens if we end this engagement in 30 days?”

Green-flag answer	Red-flag answer
“30-day notice. All files returned to family. No transition penalty.”	“Multi-year commitments.” Retention of family data.

6 — The team question

Ask: “Who does the work? Show me who I’m actually going to be talking to.”

Green-flag answer	Red-flag answer
Named individual is the accountable practitioner, with named support if any.	“Team-based approach.” Sales lead disappears after signing.

7 — The reference question

Ask: “Give me three current families I can call.”

Green-flag answer	Red-flag answer
Provides references. Calls happen.	“Confidentiality prevents references.”

8 — The self-awareness question

Ask: “What kind of household are you NOT the right fit for?”

Green-flag answer	Red-flag answer
Specific, honest answer.	“We can serve any family.”

9 — The continuity question

Ask: “What is your continuity plan if you die, retire, or become incapacitated?”

Green-flag answer	Red-flag answer
Written continuity plan. Designated successor. Files preserved and transferable.	No written plan. Hasn't thought about it.

Chapter 10

When to graduate to a full family office.

A well-run fractional engagement can serve a family for years — sometimes decades. But there are specific signals that indicate the family has outgrown the fractional model.

The five signals that graduation is worth considering

- **Balance sheet crossed \$75-100M and continues growing.**
- **Household staff has grown to 4+ full-time employees.**
- **Second and third generation are entering adulthood and financial complexity.**
- **Direct private investment activity has begun on the family balance sheet.**
- **Concierge and lifestyle needs have expanded beyond calendar events.**

The alternative between fractional and full: multi-family office

Not every family that outgrows fractional needs to build a single-family office (SFO). The multi-family office (MFO) is a middle option — a shared FO structure serving several families at once. Serious MFOs typically require \$25M+ minimums and deliver a defined-scope engagement. Weaker MFOs are asset-gathering firms that layered “MFO” language onto a wealth-management practice.

The MFO decision often comes down to three factors: whether the family values direct control and privacy (SFO favored), whether the family wants to share investment infrastructure with peers (MFO favored), and whether the family wants the flexibility of a fractional practitioner (fractional favored).

The transition itself

If the family decides to graduate from fractional to full FO, the fractional practitioner should be the one who helps run the transition. The written work product built during the fractional engagement is the operating documentation the new full FO CFO inherits on day one.

Staying fractional longer than most people think

Most families who could stay fractional actually should. The full family office is a significant operating obligation. A well-run fractional engagement with a strong practitioner can serve a \$50-80M household indefinitely at a fraction of the full-FO cost, without the operational headache.

Appendix A

Sample engagement structures and fee models.

Three illustrative engagement structures, practitioner-typical.

Model 1 — Light coordination

Target household: \$10-25M net worth, moderate entity complexity, 3-4 specialist advisors.

- **Cadence:** Quarterly meetings with the family + one annual joint meeting with the specialist pack.
- **Deliverables:** Consolidated balance sheet (quarterly), IPS refresh (annual), advisor register, calendar of critical dates, meeting minutes.
- **Fee:** \$35,000-60,000 per year, quarterly retainer.

Model 2 — Standard fractional

Target household: \$25-50M net worth, multi-trust structure, 5-7 specialist advisors.

- **Cadence:** Monthly touchpoint with the family, quarterly balance-sheet reporting, quarterly joint meeting with the specialist pack, annual family meeting.
- **Deliverables:** All of Model 1, plus family charter, written family meeting minutes, next-generation education program, philanthropy-planning documentation.
- **Fee:** \$75,000-125,000 per year, monthly retainer.

Model 3 — Full-service fractional

Target household: \$50-75M net worth, multi-generational family, business interests, philanthropy, cross-border complexity.

- **Cadence:** Monthly touchpoint, quarterly balance-sheet reporting, monthly advisor-team calls, quarterly family meetings, annual family retreat.
- **Deliverables:** All of Model 2, plus bill-pay administration, treasury cash-flow forecasting, advisor scorecard, integrated tax-and-estate planning calendar.
- **Fee:** \$150,000-250,000 per year, monthly retainer.

Sample engagement letter clauses

- **Fiduciary standard:** “Practitioner shall act as a fiduciary at all times in all matters within the scope of this engagement, without limitation to investment advice.”
- **Compensation attestation:** “Practitioner attests that all compensation received in connection with this engagement flows solely from the Family. Practitioner receives no commissions, revenue-share, referral fees, or other compensation from any product provider, platform, advisor, or professional recommended to or engaged by the Family.”

- **Custody disclaimer:** “Practitioner does not hold, custody, or have discretionary authority over any of the Family’s assets at any time.”
- **Termination:** “Either party may terminate this engagement with 30 days written notice. Upon termination, all files, deliverables, and family data are returned to the Family without penalty or fee.”
- **Continuity plan:** “Practitioner shall maintain a written continuity plan naming a designated successor.”

Appendix B

How this guide relates to the Family Office Reference Guide.

*The Institute publishes two complementary references on the family-office function. This guide is one of them. The **Family Office Reference Guide** is the other. They are written for different readers and cover different depths of the same underlying discipline.*

This guide is for the family evaluating the decision

— whether to engage a fractional family office at all, and how to evaluate any provider claiming to offer one. Approximately 25 pages. Free. No signup.

The Family Office Reference Guide is for the practitioner running the function

— whether that practitioner is a salaried Family Office CFO at a large single-family office, a fractional practitioner serving multiple families, an emerging FO director building the operation from the ground up, or an advisor within the pack (attorney, CPA, investment advisor, trustee, insurance broker) who wants to understand the coordination seat that pulls the pack together.

The Family Office Reference Guide covers 17 chapters across the eight FO functions synthesized in this free guide, in operational depth: governance and family charter, building the team, the outsourced FO model, the investment function (including IPS), accounting and reporting, estate planning, tax coordination, risk management and insurance, CTA/BOI compliance, household staff, financial education for the next generation, art and collectibles, real estate, philanthropic and foundation work, technology and cybersecurity, AI integration, and the death-of-a-senior-family-member chapter. 415 pages, with matter-workflow playbook coverage, an Excel workbook of scorecards and templates.

Which one you should read

If you are a family considering a fractional engagement: this guide.

If you are a practitioner running or building a fractional family office practice, or already sitting in the Family Office CFO seat: the **Family Office Reference Guide**.

Cross-references

Topic in this guide	Corresponding depth in the FO Reference Guide
The Power of the Pack (Ch 1)	Chapter 1 (Governance & Family Charter), Chapter 2 (Building the Team & Compensation), and Chapter 3 (The Outsourced Family Office Model) develop the pack framing across the front of the Reference Guide.

Topic in this guide	Corresponding depth in the FO Reference Guide
IPS discipline (Ch 3)	Chapter 4 (The Investment Function) walks the practitioner IPS process with templates, benchmark selection, and review cadence.
Family-meeting facilitation (Ch 3)	Chapter 1 (Governance & Family Charter) covers family meetings, agendas, and family-charter development.
Technology stack & cybersecurity (Ch 3)	Chapter 15 (Technology & Cybersecurity) covers the practitioner technology stack, MFA, incident response, and data protection.
Multi-state tax coordination (Ch 4)	Chapter 7 (Tax Coordination) covers multi-state residency, income allocation, and cross-jurisdiction issues.
Death of the founder (implied throughout)	Chapter 17 (When a Senior Family Member Dies) is the death chapter.
Fractional selection criteria (Ch 9)	The Reference Guide walks the same due-diligence discipline from the practitioner-side view.

Available at baratelliinstitute.com.

Appendix C

Worked example — the Sullivan household, first twelve months.

The Sullivan example is illustrative. Names, facts, and dates are fictional. The engagement structure, deliverables, and cadence are practitioner-typical for a household of this size and complexity. Read this as an operational walk-through of what a Standard Fractional Model 2 engagement (from Appendix A) actually delivers in year one.

The family at engagement

Family	Facts
Founders	Michael Sullivan (62) and Kathleen Sullivan (60)
Trigger event	Sold a specialty industrial-supply business in Q2 2025 for \$32M gross, \$28M net after transaction costs and taxes
Net worth	\$28M liquid, \$6M real estate (primary residence + vacation home), \$2M retirement accounts — \$36M total
Family	Three adult children (33, 30, 27); two grandchildren; three of the children in the sale proceeds via estate plan
Existing pack	Long-standing estate attorney (from wills 15 years ago), new investment advisor (engaged post-sale), CPA (from the business, retained personally). No coordination layer.
Their concern	“We have three advisors, none of them talk to each other, and none of them are watching our whole picture. We do not know what we do not know.”

Engagement structure

- **Model:** Standard Fractional (Model 2 from Appendix A).
- **Fee:** \$95,000 annual retainer, paid monthly.
- **Cadence:** Monthly touchpoint call with Michael and Kathleen; quarterly joint meeting with the specialist pack; annual family meeting including adult children.
- **Excluded:** Bill-pay, treasury operations, concierge, direct investment.

Month 1 — Discovery and pack mapping

Practitioner interviews each existing advisor separately (attorney, CPA, investment advisor). Confirms each advisor’s scope, fee, and last review date. Requests copies of the estate plan documents, business-sale escrow language, most recent tax returns, and IPS if one exists (none did).

Practitioner builds the first consolidated balance sheet from scratch, aggregating custodian accounts, real estate, retirement accounts, and remaining escrow. First advisor register drafted. Initial calendar of upcoming events built — noting Q3 estimated tax deadline in three weeks and the umbrella insurance renewal in five months.

Months 2-3 — IPS drafting and estate plan alignment

Practitioner facilitates IPS drafting with the investment advisor as the technical author. Written IPS approved at end of Month 3. Estate plan mapped against Sullivan's actual asset holdings; practitioner discovered that the business-sale escrow language creates a \$453 installment-sale opportunity the CPA had not flagged in the sale process. Practitioner convenes CPA and estate attorney together for the first time to walk implications.

Deliverable produced: written IPS. **Value moment:** the \$453 finding — the coordination layer earned two years of retainer in one meeting.

Month 4 — First family meeting and charter drafting

Adult children (33, 30, 27) attend. Practitioner facilitates values discussion. Family charter drafted (mission, values, decision-rights, next-generation stewardship principles). Next-generation education program initiated — each child agrees to complete an annual financial-literacy conversation with the practitioner.

Months 5-6 — Tax planning cycle

Q3 estimated tax payments coordinated with CPA. Charitable timing decisions for the family donor-advised fund reviewed. 529 funding initiated for the two grandchildren. Practitioner runs the calendar so nothing slips.

Months 7-9 — Insurance review, trust funding, mid-year review

Umbrella and life insurance audited with the insurance broker. ILIT (irrevocable life insurance trust) established in the estate plan restructure; premium payment strategy set. Dynasty trust for the grandchildren funded to \$12M using remaining lifetime gift exemption. Mid-year family financial review held with Michael and Kathleen.

Months 10-12 — Annual review, philanthropy roadmap, year 2 setup

Family charter revised after adult-children feedback. Philanthropy roadmap drafted with Michael and Kathleen's stated interests. Annual advisor scorecard produced — each advisor rated on responsiveness, quality of work, coordination behavior, and fee competitiveness. Year 2 fee agreement signed at the same \$95,000 rate.

Year 1 deliverables summary

Deliverable	Frequency
Consolidated balance sheet	Quarterly (4 produced)
Written Investment Policy Statement	Annual (1 produced)
Cash-flow forecast	Quarterly refresh (4 produced)
Family charter	One (drafted Month 4, revised Month 11)
Advisor register + scorecard	Annual (1 produced)
Calendar of critical dates	Continuous (updated monthly)
Advisor meeting minutes	Every meeting (16 produced)
Family meeting minutes	Two produced (Month 4 + Month 12)

What the Sullivans got for \$95,000

- **A pack that functions without either founder needing to run it.** Michael and Kathleen went from twenty hours a month coordinating advisors to two hours a month with the practitioner.
- **An estate plan fully aligned with their actual asset holdings.** The pre-engagement mismatches were caught in Months 2-3.
- **A \$2.3M tax-optimization outcome** from the \$453 installment-sale coordination the practitioner identified — a value moment that alone was 24x the year-one fee.
- **A family charter** that gives the adult children clarity on family values, decision-rights, and next-generation stewardship.
- **Institutional memory** of every advisor conversation, every decision, every follow-up — captured in written minutes that survive any single person’s memory.
- **A year-2 engagement** that will be less discovery, more optimization — the compound value of a coordination discipline that stays in place.

The Sullivan example is not a promise of results. Every family situation is different. Not every fractional engagement will produce a \$2.3M tax finding in year one, or a smooth family charter, or a clean IPS. What every well-run fractional engagement will produce is coordination discipline, written work product, advisor accountability, and institutional memory — the four things a family below full-FO scale otherwise cannot buy at any price.

Closing

The fractional family office is a real, valuable, structurally-honest engagement when it is run properly. The label is being abused in 2026 by providers whose economics do not fit the model. The tools in this guide — the pack framing, the honest comparison, the red flags, the nine-question due-diligence protocol, and the Sullivan walk-through — are the tools to tell the two apart.

The Institute publishes free educational references for exactly this reason. A family evaluating a fractional engagement without a checklist is at the mercy of the sales process. A family with a checklist is a peer to the practitioner across the table. That is the relationship the family-office discipline requires and the Institute exists to support.

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Disclaimer. This guide is educational practitioner analysis. It is not investment advice, tax advice, or legal advice for any specific family or household. Every family situation involves facts and circumstances that require professional advisor engagement. The Sullivan example is illustrative; names, facts, and dates are fictional. The Baratelli Institute is not affiliated with, endorsed by, or connected to any wealth-management firm, RIA, family office, or advisor named or implied. All trademarks are the property of their respective owners.