



June 2025

FAMILY OFFICE TRENDS

New Faces and Higher Expectations

Private Wealth Team



FAMILY OFFICE TRENDS

New Faces and Higher Expectations

Private Wealth Team

June 2025

HIGHLIGHTS

1. BORROWING IDEAS FROM INSTITUTIONAL INVESTORS

Expanded access to private markets is driving more sophisticated portfolio construction among family offices, prompting a shift toward institutional-style practices.

2. GREATER FOCUS ON PRIVATE MARKETS

Family offices are increasing allocations to private markets in pursuit of higher returns and diversification.

3. NEXT-GENERATION LEADERSHIP

Wealth transfer to a younger generation is transforming investment practices.

4. TECHNOLOGY ADOPTION

Family offices are investing heavily in technology to improve reporting, communication, and data security.

5. LOOKING FORWARD: THE WATCH LIST

We believe clients that adapt thoughtfully to today's changes will be better prepared to navigate an increasingly complex world tomorrow.

INTRODUCTION

NEPC's Private Wealth practice has been advising wealthy individuals and families for more than two decades, and over that time, we have developed relationships with many forward-thinking family office leaders. Each relationship is unique, but collectively, our family office partners provide us with a bird's eye view of the space and a keen awareness of the forces that are shaping it.

In today's environment, we see even more change than usual, including meaningful structural transformations. These include forces such as:

- A new generation of clients stepping into leadership roles, bringing new priorities to the forefront.
- Growing use of private markets allocations within wealth portfolios, as well as sophisticated institutional investment strategies.
- New technologies and expanding cybersecurity threats, which are triggering client concerns and regulatory scrutiny.

These demands are driving four critical trends in the way family offices function, which we will detail below. Family offices are coming to the conclusion that they must enhance operations with institution-

al-level governance, risk management, and outsourcing practices. NEPC is focused on these trends to ensure we can provide the tools and service enhancements needed to help family offices meet these heightened standards.

1. BORROWING IDEAS FROM INSTITUTIONAL INVESTORS

For many family offices, investment planning has been transformed by a recent expansion in access to private markets. New regulations and technology platforms are making it possible for family offices to build much more sophisticated portfolios, with the potential for greater returns, income, impact, or risk management than the public markets offer. But taking advantage of that opportunity demands more sophisticated planning.

Family office leaders are responding by borrowing ideas from the institutional investing space, such as formal governance models, better operational due diligence, and comprehensive risk management frameworks. Below is a case study detailing our efforts in helping to stand up a new family office, incorporating these tools.

CASE STUDY: ESTABLISHING A STATE-OF-THE-ART FAMILY OFFICE

The Client: The client had a family-owned, highly successful business generating significant free cash flow. They were committed to building a sizeable investment portfolio over the coming years and wanted to build a family office from the ground up using leading edge tools and strategies.

The Challenge: Establishing a new, best-in-class family office demanded a sophisticated, technology-enabled governance structure and an investment platform with access to a wide range of public and private investment options.

The Game Plan: In engaging with this client, NEPC brought in tools that are common in our relationships with institutional clients, such as:

- Investment policy statements
- Strategic and tactical asset allocation guidelines
- Rigorous portfolio construction analysis
- Manager sourcing, due diligence, and monitoring
- Cash flow analysis

We coordinated closely with the client's tax and legal advisors to ensure optimization of their investment program. Just as important, we educated family members and other key stakeholders about all facets of the wealth management process, to help secure effective long-term leadership for the program.

The Outcome: The client built their family office on a foundation that is expected to last for many generations. That foundation included a policy and governance structure to guide future decisions, while also establishing a top-tier investment program.

2. GREATER FOCUS ON PRIVATE MARKETS

We are seeing family offices pivoting more toward private equity, venture capital, private credit, and real assets. Private assets can offer greater potential returns, better income, and enhanced diversification. But they can also introduce significant risks, planning complications, and liquidity challenges. Liquidity is a particular concern, as the space is seeing a proliferation of investments – such as continuation vehicles – that can disrupt liquidity planning.

Virtually any family office can add private vehicles to their portfolio, but doing so typically means reconsidering the investment plan as a whole and building up new expertise. Here's one case of how NEPC's Private Wealth Team helped a client expand into private assets.

CASE STUDY: ADDING PRIVATE MARKETS TO THE INVESTMENT PLAN

The Client: The client was a third generation family with a cash-generative operative business. They had a growing portfolio and a strong interest in learning about opportunities in the private sphere.

The Challenge: The family's existing portfolio was invested entirely in traditional public investments. Neither the family, nor their prior advisor, had expertise in assessing private options or the best approach to including them.

The Game Plan: We took a three-pronged approach to this challenge.

1. We took considerable time up front to build a strong understanding of private markets with the family, and the family office.
2. We revisited the asset allocation plan, with a particular emphasis on analyzing and documenting liquidity needs. That allowed us to assess various scenarios and demonstrate how they might impact family liquidity needs.
3. Finally we sourced private markets managers, using similar due diligence and monitoring approaches we use for institutional clients.

The Outcome: NEPC delivered a strategic plan that outlined what types of private strategies to invest in, how much, and how often. The plan recommended top-tier managers and evaluated what cash flow the family could expect. In addition, NEPC held meetings with the family and the family office to ensure a broad and shared understanding of private market usage. The plan allowed the family to deploy substantial assets into private markets, in line with the plan, and with confidence.

3. NEXT-GENERATION LEADERSHIP

Succession planning is moving to the forefront, as Gen X, Millennial, and Gen Z family members are becoming increasingly involved in leadership decisions. These rising leaders often have different priorities than prior generations and, for many heirs, wealth is not solely measured by financial performance. They tend to see wealth as multi-dimensional — encompassing social impact, family legacy, sustainability,

personal well-being, and even reputation management.

Younger family members are also digital natives. They expect real-time access to information, seamless collaboration tools, and easy-to-use dashboards for portfolio management and reporting. They desire a shift away from quarterly paper reports to dynamic digital reporting platforms that include ways to benchmark their investments against customized goals. They also prefer modern communication styles, such as using digital collaboration tools rather than email.

Next-gen leaders tend to be more comfortable with newer or more complex asset classes, such as venture capital, early-stage investing and digital assets. They often see these asset types not just as investments, but as transformative forces they want to engage with strategically.

Finally, next-gen leaders are pushing for more transparency and education across the family unit. They want all family members to be engaged early, using financial literacy programs, governance workshops, and leadership development initiatives — often delivered digitally.

Education and family engagement are common features of NEPC's family office services. But sometimes, as in the case study below, clients need an intensive approach.

CASE STUDY: PLANNING FOR A MAJOR WEALTH TRANSFER

The Client: Our client was a family office that was serving multiple generations, each of which had different priorities. The family office needed a succession plan to ensure continuity.

The Challenge: The key challenge for this client was that their investment program had become complex, with multiple portfolios meeting the goals of different generations in the family. They needed a comprehensive generational wealth transfer analysis. They also needed a way to compare the options favored by different generations in the family, so that they could build a consensus.

The Game Plan: In this case, NEPC focused heavily on hypothetical modeling that incorporated a range of planning variables, including:

- Succession timeframe
- Asset values and discounts
- Spending levels and liquidity needs
- Portfolio allocations

NEPC took care to incorporate the varying priorities of each generation, showing how individual goals could be accomplished within the broader framework of the plan. We also involved the family's tax and legal advisors to ensure there was a shared understanding of both the goals and the consequences of the final plan.

The Outcome: NEPC's partnership with this family office resulted in a single succession roadmap that was supported across all three family generations. Family members were relieved to know that multiple objectives could be met through careful and proactive planning. Meanwhile, staff and advisors were confident that the plan was sound and could be successfully executed.

4. TECHNOLOGY ADOPTION

Family offices are investing heavily in technology to improve reporting, communication, and data security. This is increasingly important as the next generation takes leadership roles in the family office. Indeed, some of our clients have retained outside consultants to assist with enhancing their in-house technology infrastructure.

Investment management tools are at the core of our operations as an investment consultant, but client needs require us to stay out front of new technologies. For example, data-management tools from Backstop help us find and evaluate research data faster and communicate updates to clients. We have also developed ClientHub, a secure portal where clients can find information and documents related to their accounts. Below is a case study discussing how NEPC helped a client use technology to improve operational efficiency.

CASE STUDY: USING TECHNOLOGY TO IMPROVE OPERATIONS

The Client: The client was a family office serving a large number of households. While the total wealth was significant, the office juggled numerous smaller accounts.

The Challenge: The family office had many individual relationships to manage, with numerous portfolios. Common aspects of family office responsibilities, such as liquidity management and reporting, became time consuming and unwieldy. What they wanted was a single series of model portfolios and family partnerships that could be deployed across all family accounts.

The Game Plan: For NEPC, creating a range of model portfolios is relatively straightforward – if you have the right inputs and a proper understanding of each family member’s needs. But we also knew we would have to work with the family office to create a handful of communication tools and templates to get the right input from family members in different situations. These tools included:

- Risk tolerance questionnaires
- An Investment Policy Statement template
- Tools to identify special situations, such as intergenerational gifts/transfers or tax loss carry forwards

The Outcome: NEPC created a package of tools and technologies that modernized the family office’s approach, delivering:

- A series of asset allocation model portfolios that could be customized to meet the needs of all family members
- Family partnerships to ensure all family members had access to diversified portfolios of top-tier managers at negotiated pricing
- Communication tools and supportive technologies designed to streamline back-office operations
- A happier family office that was better positioned to meet family needs.

5. LOOKING FORWARD: THE WATCH LIST

In addition to monitoring today's trends, NEPC also keeps an eye on the long-term, talking with clients about shifts that are likely to have a future impact. In today's climate, two underlying trends stand out.

GLOBALIZATION AND PREPAREDNESS FOR GEOPOLITICAL AND ECONOMIC SHIFTS

While still often U.S.-centric, many family offices are increasing allocations to Asia, Latin America, and other emerging markets. Some are even setting up satellite offices abroad to manage these investments more closely.

In addition, there is a heightened focus on building resilience against global shocks—such as political instability, inflation, currency risks, or pandemics. These pressures are making strategic asset planning more complex, often demanding scenario analysis, real asset strategies, and diversification across currencies and jurisdictions. NEPC Private Wealth has seen an increase in clients seeking this kind of support and is moving to make our capabilities in this area more available to family office clients.

TALENT WARS AND OUTSOURCING

Competition for skilled investment, operations, and legal talent is becoming fierce. Smaller and mid-sized family offices are increasingly outsourcing specialized functions, including investment management, tax structuring, or philanthropy strategy to multi-family offices and external advisors. Identifying the right domains to outsource and building relationships with the right partners are becoming operational requirements.

NEPC clients are increasingly targeting outsourced chief investment officer (OCIO) services as having an attractive return on investment. OCIO programs are especially useful to family offices because a quality investment advisory partner can use established goals, values, and governance structures to systematize an investment solution and manage it day-to-day. We are anticipating greater demand for our OCIO capabilities going forward as families seek to focus on broader priorities.

CONCLUSION

For family offices, the ability to adapt thoughtfully to change is essential. Families that invest intentionally in strengthening governance, embracing technology, and fostering engagement across generations today will be better prepared to navigate an increasingly complex world tomorrow.

NEPC will continue to listen to our family office partners and use their insights to create the tools and the customized strategies needed to meet the road ahead. We will also continue to share what we learn, to help raise the bar across the family office landscape. In our view, the offices that balance innovation with the enduring values of legacy, stewardship, and multigenerational continuity will be best positioned to thrive in this new era.

ADDITIONAL RESOURCES:

To learn more about NEPC's capabilities, visit NEPC's website, including our [Private Wealth](#) and [OCIO offerings](#). We also invite you to review our recent [educational webinar](#) addressing key considerations for families navigating next generation wealth. For further perspective, read NEPC's [paper](#) on continuation vehicles and evolving liquidity solutions in private markets.

IMPORTANT DISCLOSURES

Past performance is no guarantee of future results.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

This memo should not be considered customized investment advice. Please contact NEPC for advice specific to your investment program.

The information in this report has been obtained from sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

These materials were prepared by NEPC, LLC, an affiliate of Hightower Advisors, LLC. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

