

## FORWARD-THINKING FAMILY OFFICES, MARHABA! – THE EMIRATES FAMILY OFFICE ASSOCIATION IS READY FOR YOU!

March 13<sup>th</sup> saw the launch of the Emirates Family Office Association (“EFOA”) heralding an exciting and crucial advancement in the UAE’s family office and wealth management space. A new era for UAE family offices has dawned!

*The Gulf is on the cusp of an unprecedented intergenerational wealth transfer: USD 1 trillion over the next decade*

Family-owned businesses have long been the cornerstone of wealth generation across the region. They account for 90% of the total number of private companies in the UAE, employ 80% of the country’s workforce and contribute nearly 50% of UAE’s GDP.

Well aware of the private sector’s strategic importance to the UAE economy, the government is constantly improving the underlying framework to enable family-owned businesses to thrive.

One recent initiative is the UAE Family Business Law, which introduced a range of mechanisms to support family businesses manage their affairs, consolidate management of their business and aid their sustainability. [See [DIFC Publishes its New Family Arrangements Regulations](#)]

Another initiative is the DIFC Family Wealth Centre. Embedded in Dubai’s financial free zone, its aim is to provide one-stop access to a full range of support services for family-owned businesses and successful entrepreneurs looking to implement robust wealth management and succession planning tools.

There is a reason behind this momentum: the Gulf region is on the cusp of an unprecedented intergenerational transfer of wealth. USD 1 trillion is to go from one generation to the other

over the next decade. Globally, the total wealth of ultrahigh net worth (“UHNW”) individuals has grown by 27.5% during the pandemic; the UHNW individuals jumped up by a staggering 9% in 2021 alone.

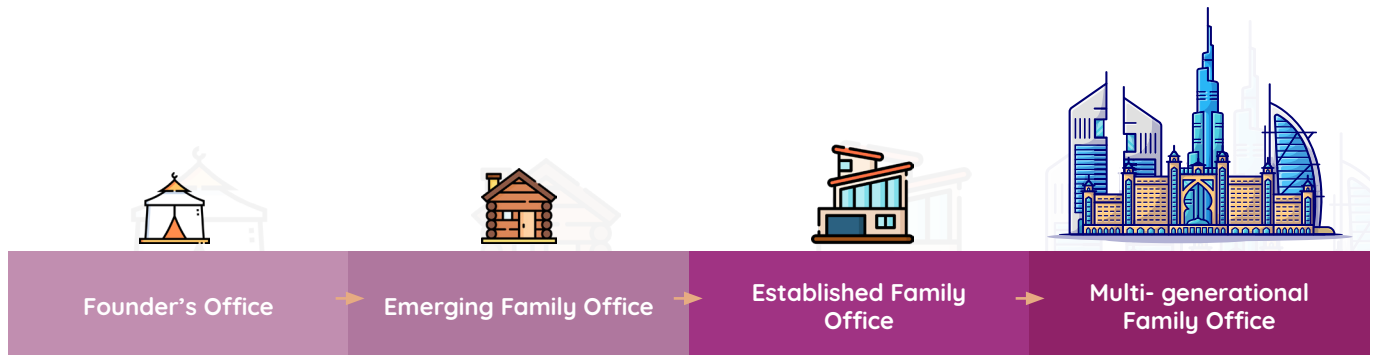
Single-Family Offices (“SFOs”) work at the nexus of these events, established by UHNW individuals to manage and safeguard their exponentially growing wealth for future generations, and sensibly pass it to their heirs.

*Increased reliance will be put on SFOs to perform and be the key drivers of the next growth phase for Gulf entrepreneurial families*

The Gulf market continues to open up and historical barriers to entry are being lifted. This means more competition for home-grown businesses and as a direct consequence, increased reliance put on SFOs to perform and be the key drivers of the next growth phase for Gulf entrepreneurial families.

SFOs often emerge out of successful, diversified, multigenerational, but still largely family-controlled businesses. They can adopt the successful attributes of these family businesses and need just the same focus and constant nurturing. Nevertheless, SFOs are not family businesses. They have different objectives, and benefit from a different approach.

10 years ago, there were literally no wealth structuring tools available locally outside of family holdings.



Today, following a dramatic revamp and expansion of its regulatory framework, the UAE offers arguably the most comprehensive and sophisticated tool chest of wealth structuring/business continuity solutions in the world. Families can choose from a range of domestically available tools and arrangements - family holdings, specific family arrangements, foundations (arguably the go-to legacy planning tool for Muslim families), trusts.

But tools alone do not guarantee a SFO's success. Irrespective of the stage in the wealth management journey, it is paramount for family members to acquire knowledge and secure access to the right tools to develop and expand the SFO to suit the family's investment strategy and needs.

***For families serious about their future, adoption rate of tools and best practices needs to be accelerated. Education is key.***

Most UAE SFOs are in nascent, reasonably early stage – more 'Founder's Office' or 'Emerging Family Office' than 'Established' or 'Multigenerational' Family Office.

Adoption rate of best practices needs to be accelerated. In this context, guidance and shared learning from peers is key to selecting and implementing a tool with confidence.

Enter the EFOA: an association formed by SFOs and for SFOs, to help find the right resources at each step of a family's wealth journey, and to enable SFOs to speak as one.

The EFOA is not simply another player on the field; it is a coach, a mentor, and a video assistant referee all rolled into one.

The UAE has all the fundamentals – security, political stability, high GDP, a responsive and progressive government focused on ensuring the continued success of family businesses and family offices, a fiscally advantageous climate and world class connectivity – to become the leading private wealth management hub for SFOs with global aspirations. The recent influx of UHNW individuals to UAE shores is a strong indicator of the country being on track to achieve its objective.

Families making up the UAE's rapidly-growing SFO ecosystem are hungry – for knowledge, opportunities, next generation empowerment and international recognition.

***For UAE families serious about their future, the time is now – to position themselves for a smooth transition ahead of the greatest intergenerational transfer of wealth in history. They will find a partner of choice in the Emirates Family Office Association – and M/HQ!***



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