

Morgan Stanley

PRIVATE WEALTH MANAGEMENT



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Compensation Practices of Investment-Focused Family Offices

Prepared by Botoff Consulting for Morgan Stanley

Foreword

As part of our ongoing efforts to provide actionable insights to leaders of single family offices and the families they serve, we are pleased to present our biennial Single Family Office Compensation Report Survey. The benchmarks it provides and the trends it explores may prove helpful to you as you make all-important staffing decisions and determine appropriate salaries, benefits and incentive packages. We thank everyone who participated in this landmark study and our colleagues at Botoff Consulting for their commitment to this process.

Morgan Stanley's Single Family Office Advisory, part of Family Office Resources Platform and Partner Management, was established to provide content and a niche referral network to single family offices, as well as families that are considering establishing one. We would welcome the opportunity to discuss any questions you have related to this study, or any other topics you wish to explore. We also recognize that each family office may have unique questions and needs, so we invite you to reach out to your Morgan Stanley Financial Advisor for your complimentary consultation with Botoff Consulting.

Sincerely,



Valerie Wong Fountain, CFA®
*Managing Director
 Head of Family Office Resources Platform and Partner Management
 Morgan Stanley*



David Bokman
*Managing Director
 Head of Family Office Resources
 Morgan Stanley*

Organizations depend on reliable, trusted data to help shape compensation decisions, which connect performance to strategic execution and goals. Botoff Consulting is committed to providing meaningful compensation resources, and this report—our first on investment-focused family office compensation practices—reflects this commitment.

Botoff Consulting is now in its 11th year of guiding compensation strategies aligned and customized to the unique vision, mission, goals and organizational performance of family offices and family business enterprises.

Thank you to our clients and survey participants for their ongoing commitment to the family office industry, and thank you to Morgan Stanley for their continued support and leadership in the family office world.

Sincerely,



Trish Botoff
*Founder and Managing Principal
 Botoff Consulting*

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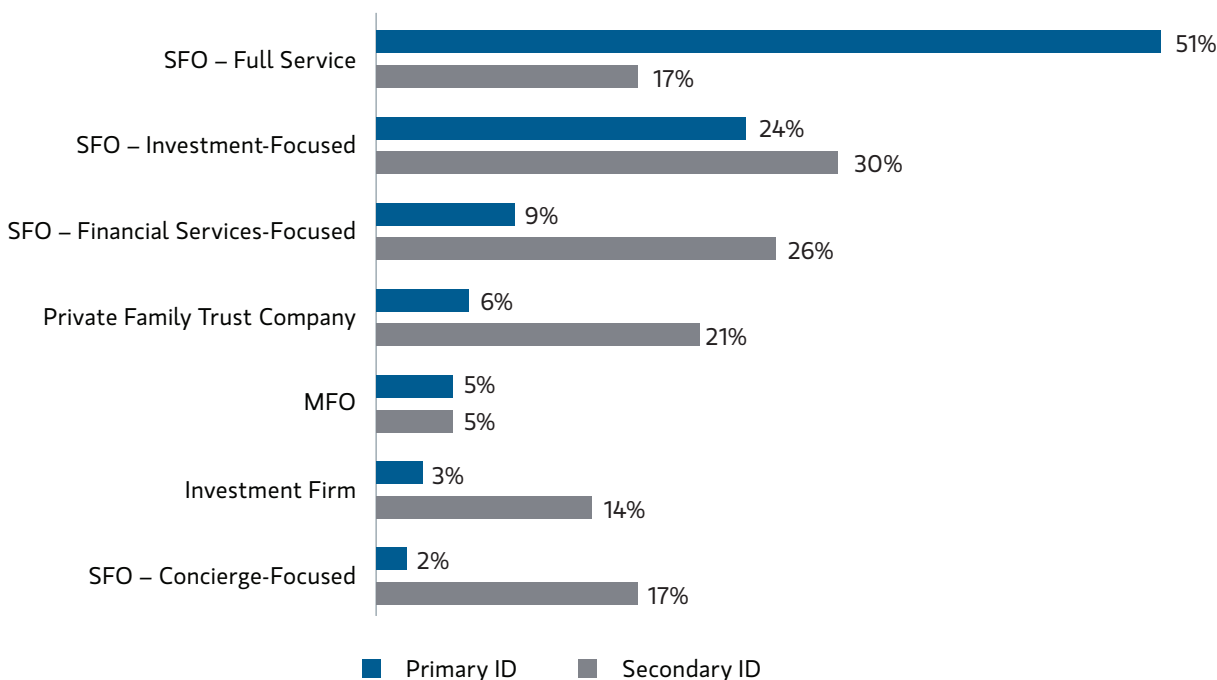
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About the Survey

The survey, conducted June through August in 2024, included responses from 433 firms reporting data on 2,208 incumbents from single family offices, family investment firms, and private trust companies based in the U.S. This report presents trends impacting compensation in single family offices overall, along with unique data specific to investment-focused family offices.

Participants were asked to identify how they would characterize their firm and were able to select more than one response. The most prevalent response was a full-service family office, and the least prevalent response was a concierge-focused family office.



This comparative report is derived from those who selected “SFO – Investment-Focused” or “Investment Firm” as their primary identifier, which includes 113 firms reporting data on 581 incumbents. References in this report to “All” refer to the 433 participants in the overall report; references to “investment-focused firms” refer to this subset of 113 firms. The reported compensation data reflects base salary, annual incentives/bonuses and long-term incentives. Survey information was collected and analyzed by Botoff Consulting and is presented only in aggregate to any parties.

Family principals and family office executives are encouraged to utilize the data in this report as a reference on the competitive market for talent at a macro level. Services for the development of bespoke peer groups are available for a more tailored, competitive analysis.

2024 Family Office Compensation Trends

Executive compensation remains correlated with size, scope and complexity of the family office, most closely tied to **AUM and organizational strategy**.

Prevalence of long-term incentive (LTI) plan usage continues to align with AUM.

54% report using LTI plan(s), with:

- 45% of firms less than \$1 billion AUM
- 63% of firms \$1 billion AUM or more

For the first time since we began collecting data on the use of LTI plans in 2015, **co-investment opportunity (57%) surpassed deferred incentive compensation (56%)** as the most prevalent plan type.

Improved year-over-year market conditions, including the heightened interest rate environment, drove a rebound in investment team incentive compensation.

90% of all firms report that employees are eligible for annual incentive and/or bonus plans.

Geographic premiums align with historical trends, with **remote workforce considerations** being incorporated across markets, including **traditional, “high-cost,” higher-premium markets**.

Investment-Focused Firm Trends

Prevalence of long-term incentive (LTI) plan usage continues to align with AUM.

62% report using LTI plan(s), with:

- 54% of firms less than \$1 billion AUM
- 70% of firms \$1 billion AUM or more

76% of firms with an LTI provide some type of **upside opportunity sharing** to plan participants versus static awards.

48% of firms reported use of annual (one-year) returns/performance measures.

Family members are more likely to hold the positions of CEO and CIO in investment-focused firms than in family offices overall. Respondents reported 53% versus 27% for CEO and 13% versus 6% for CIO.

Respondents reported **24% of executive roles in investment-focused family offices were held by women, lagging U.S. corporate data** for women in C-suite and leadership roles. This compares to 29% of total respondents.



Profile of Participating Firms

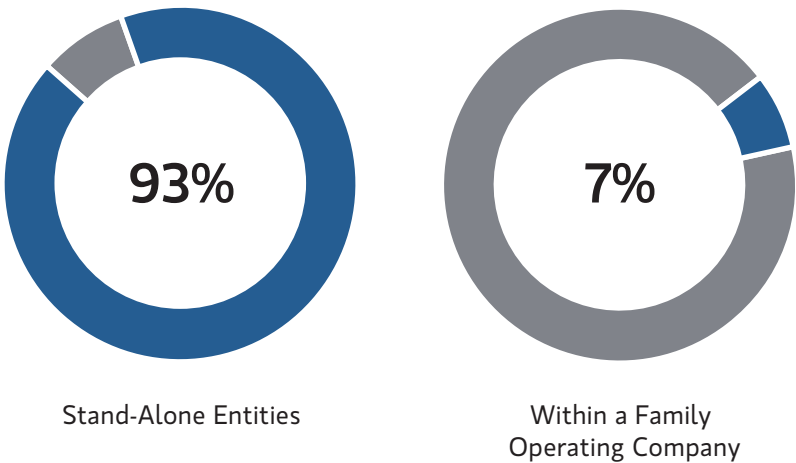
Profile of Firms

Included Firms by Assets Under Management and Net Worth

FAMILY OFFICE AUM			FAMILY OFFICE NET WORTH		
AUM	All	Investment-focused firms	Net Worth	All	Investment-focused firms
\$1 billion or more	55%	49%	\$1 billion or more	64%	60%
Less than \$1 billion	45%	51%	Less than \$1 billion	36%	40%

Firm Structures

93% of investment-focused firms report that their family offices are stand-alone entities, compared to 92% of all firms. 7% report that they operate as part of, or are embedded within, a family operating company.



Firm Characteristics

Family office complexity typically increases with AUM, broadly reflected in average staff size, households supported and family members served. 2024 was the first year we asked respondents to report these items by firm type. Notably, investment-focused firms have slightly fewer staff and support slightly more households and family members than family offices overall.

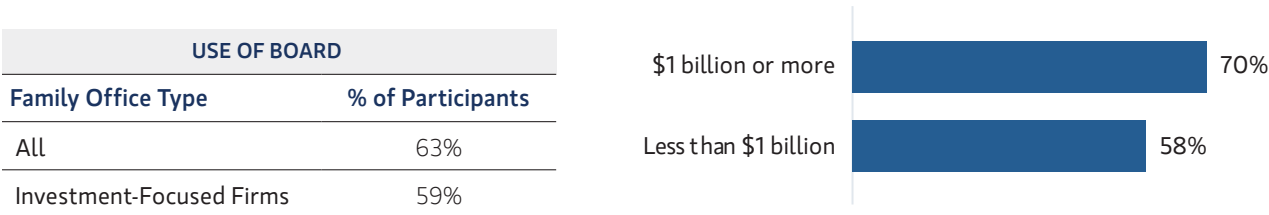
Average	All	\$1 billion or more	Less than \$1 billion	Investment-focused firms
Number of In-House Staff	19.5	29.8	8.5	17.5
Number of Households Supported	10.2	13.6	6.5	8.2
Number of Family Members Supported	27.4	38.7	15.6	23.2
Number of Generations Supported	2.8	2.9	2.7	2.8
Ratio of Family Members to Staff	1.4	1.3	1.8	1.3

The table below illustrates the average number of entities supported by family offices. While the number of entities supported by family offices tends to correlate with AUM and organizational complexity, investment-focused family offices support fewer entities than overall family offices.

Number of Entities Supported	All	\$1 billion or more	Less than \$1 billion	Investment-focused firms
Foundations/NFPs	3.4	4.4	2.4	2.4
Business Entities	50.5	79.8	21.3	38.3
Trusts	46.8	71.8	27.2	32.3
Total of All	100.7	156.0	50.9	72.9

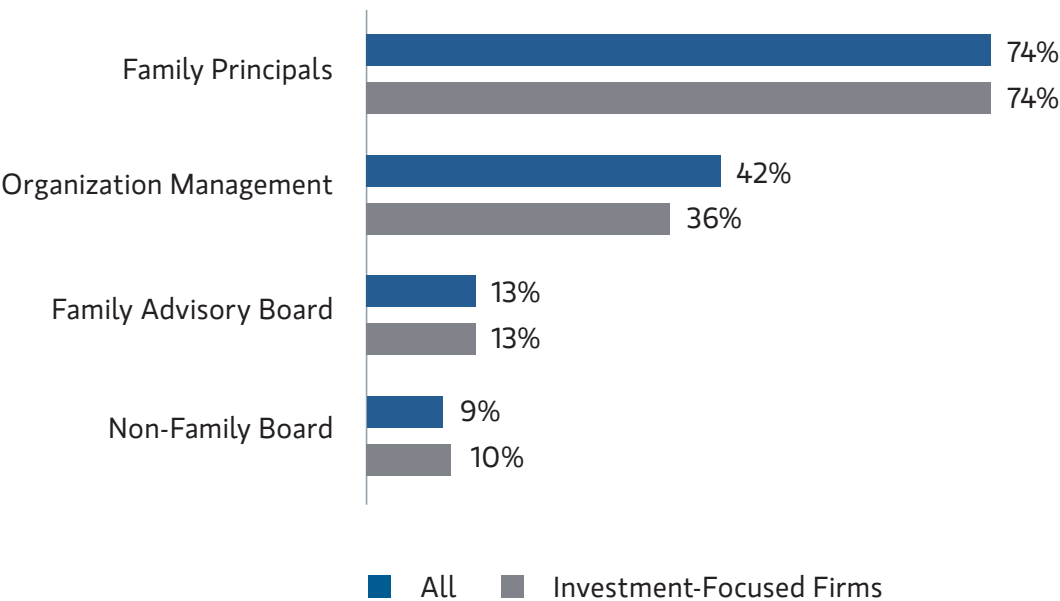
Governance Structure

59% of investment-focused firms report use of a board of directors or advisors as part of their governance structure, compared with 63% of all family offices. Prevalence of a board structure increases with AUM.



Compensation Oversight

Family offices were asked to report how oversight of compensation is managed (multiple responses were permitted). **Three-quarters of family offices report that family principals are involved in compensation decisions, with minimal differences in results between overall family offices and investment-focused firms.**



Services and Resources

Nearly all family offices provide tax compliance and planning, legal services, insurance/risk management, and estate planning, whether investment-focused or not.

Notably, however, there is an increased divergence between firm types on services provided of approximately 10%–20% or more. Investment-focused firms execute most commonly on investments and financial-related services.

PERCENTAGE OF FIRMS PROVIDING SERVICE

Service Provided	All	Investment-focused firms
Tax Compliance	98%	96%
Legal Services	98%	95%
Tax Planning	98%	94%
Insurance/Risk Management	95%	89%
Estate Planning	95%	90%
Financial Planning	94%	83%
Information Technology	91%	82%
Succession Planning	91%	79%
Philanthropic Services	89%	74%
Family Governance	82%	70%
Real Estate Services	82%	66%
Family Wealth Education	74%	64%
Concierge Services	73%	46%
Aircraft Management	55%	42%
Art/Collectibles Management	55%	35%
Family Security	44%	20%
Education Advice	33%	21%
Yacht Management	22%	11%

Operating Costs

2024 was the first year we asked respondents to report on operating costs, both total operating cost and compensation cost as a percentage of AUM. While not diverging significantly from all respondents, 89% of investment-focused firms reported total cost to operate the firm of 1.9% or less, with 53% below 1%. And, very much in alignment, 95% of these firms reported compensation cost as a percentage of AUM of 1.9% or less, with 55% below 0.5%.

TOTAL OPERATING COST AS A PERCENTAGE OF AUM

Total Cost – As a % of AUM	All	Investment- focused firms
Less than 0.5%	31%	28%
0.5% - 0.9%	20%	25%
1% - 1.9%	32%	36%
2% - 4.9%	10%	9%
5% or more	7%	2%

TOTAL COMPENSATION COST AS A PERCENTAGE OF AUM

Total Cost – As a % of AUM	All	Investment-focused firms
Less than 0.5%	52%	55%
0.5% - 0.9%	20%	17%
1% - 1.9%	20%	23%
2% - 4.9%	3%	3%
5% or more	5%	2%

Investment Management

In-house investment team activities vary widely across family offices and family investment firms, often based on diverse asset bases, family and generational considerations (mission, vision, values and risk tolerance), and the related investment mandates that fall out of these priorities. A small percentage of firms fully outsource investment activities.

For those with in-house teams, we asked respondents to identify their teams as one or a mix of:

Indirect In-House	Direct In-House
<p>May or may not have CEO/CIO set, drive and execute firm-specific investment policy.</p> <p>May or may not source investments. Invest primarily through third-party firms (hedge fund, fund-of-funds, investment bank, private bank, etc.).</p>	<p>CEO/CIO-driven strategy (often including family-defined mandate and investment committee) responsible for investment policy, sourcing, diligence, buy/sell decisions, and related fiduciary and management-related responsibilities.</p>
<p>Teams typically responsible for:</p> <ul style="list-style-type: none"> • Manager/institution diligence • Monitoring • Management 	<p>Teams typically responsible for:</p> <ul style="list-style-type: none"> • Full or defined investment life cycle diligence • Monitoring • Management

Investment Management

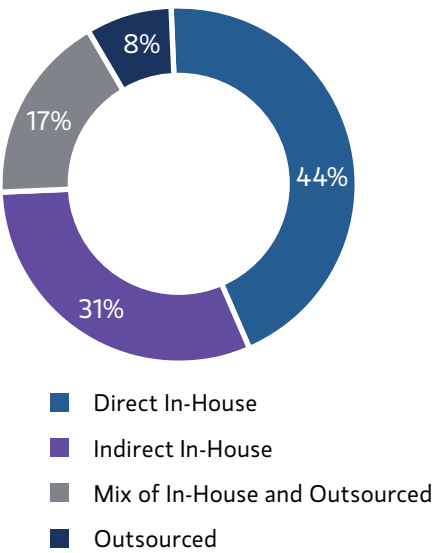
As expected, a larger proportion of investment-focused firms reported a more significant focus on direct, in-house investment management.

Overall, 92% of participating firms report some level of in-house investment management oversight through a combination of:

- Directly managed in-house
- Indirectly managed in-house
- Managed both in-house and outsourced

INVESTMENT MANAGEMENT APPROACH

Approach	All	\$1 billion or more	Less than \$1 billion	Investment-focused
Direct In-House	44%	50%	40%	56%
Indirect In-House	31%	28%	32%	23%
Mix of In-House and Outsourced	17%	17%	18%	14%
Outsourced	8%	5%	10%	7%



Investment Activities

Private equity has replaced public equities as the most prevalent investment type used by family offices, reflecting an increasing focus on direct investing. This is consistent between overall results and investment-focused firms.

However, public equity continues to have the highest allocation percentage of AUM as an investment category. While hedge funds and venture capital continue to lag as a percentage of allocated AUM, these areas continue to contribute to ongoing, broadening focus on alternatives, private markets and direct-investment opportunities.

PERCENTAGE OF INVESTMENT TYPE USED

Investment Type	All	\$1 billion or more	Less than \$1 billion	Investment-focused firms
Private Equities	92%	97%	89%	92%
Public Equities	90%	94%	88%	86%
Fixed Income/Cash	89%	90%	89%	84%
Real Estate	89%	89%	89%	91%
Venture Capital	59%	63%	55%	66%
Hedge Funds	55%	60%	52%	57%
Art & Collectibles	21%	16%	24%	16%
Crypto	10%	12%	9%	14%

PERCENTAGE OF AUM ALLOCATED BY INVESTMENT TYPE

Investment Type	All	\$1 billion or more	Less than \$1 billion	Investment-focused firms
Public Equities	33%	34%	33%	31%
Private Equities	24%	25%	22%	26%
Real Estate	16%	12%	20%	16%
Fixed Income/Cash	13%	13%	13%	11%
Hedge Funds	7%	9%	6%	8%
Venture Capital	5%	5%	5%	7%
Art & Collectibles	1%	1%	1%	1%
Crypto	1%	1%	—	—

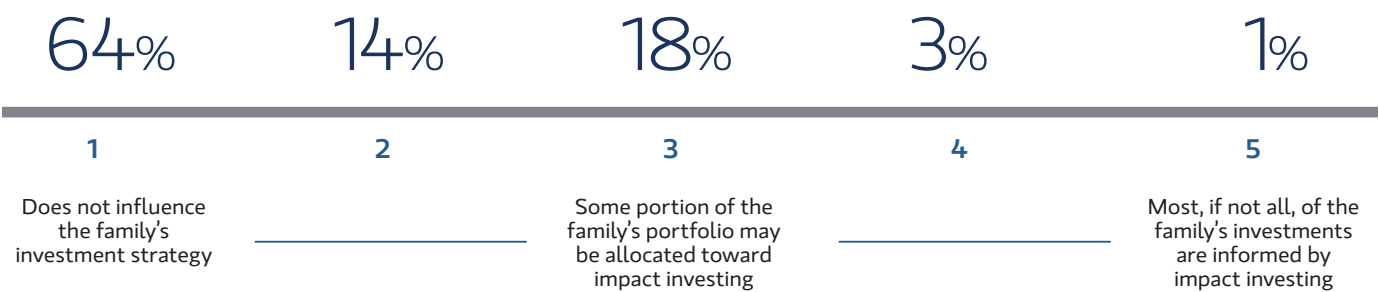
Social Impact Investing

The global focus and, in some cases, emphasis and debate on environmental, social and governance (ESG) and (social) impact investing and reporting continue to evolve.

36% of investment-focused firms reported any importance on ESG or impact investing. The percentage of all family offices with ESG influence decreased from 45% in the 2021 survey to 39% in this year’s results.

Estimated allocations, as reported last year, remained steady at about 5%.

RANKING: IMPORTANCE OF SOCIAL IMPACT INVESTING





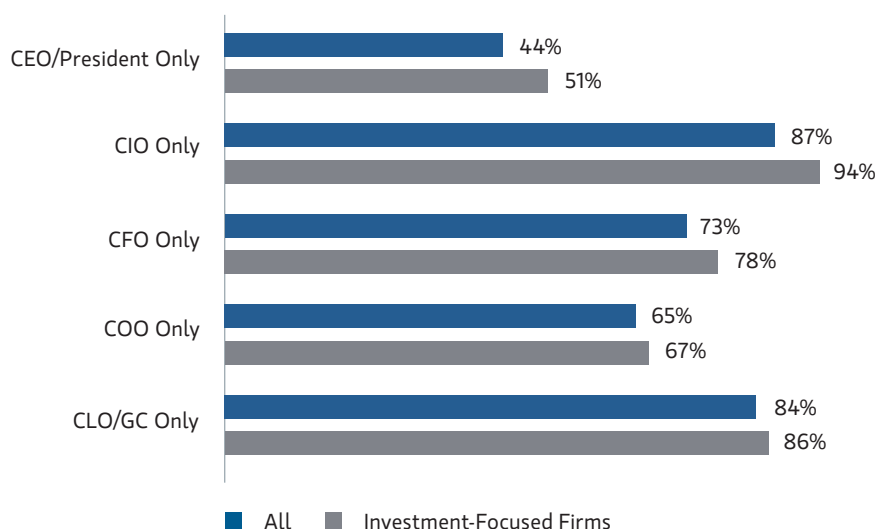
Profile of Executives

C-Suite Executive Roles

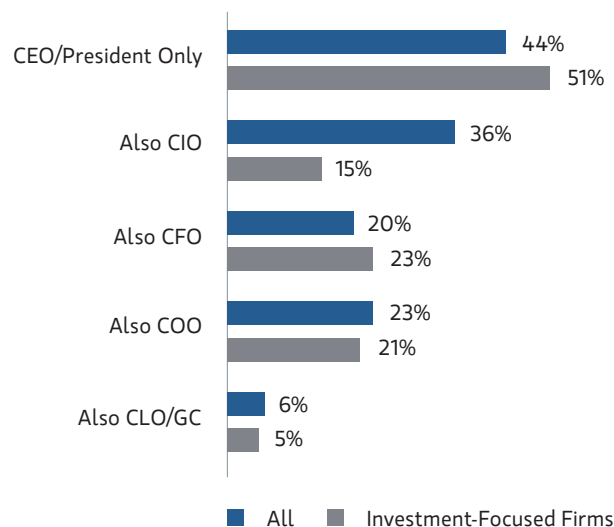
Family office organizations are typically small and flat in hierarchy, primarily by design. As a result, executives often retain or blend the responsibilities of multiple positions. CEOs were reported to be the most likely role to wear multiple hats, in 56% of all firms and 49% of investment-focused firms. CIOs and General Counsels (GCs) tend to focus most exclusively on the responsibilities of their positions.

In investment-focused firms, all executives are more likely to wear only one “hat.” The most notable differences in firm types was shared CIO responsibility, with 36% of all respondents reporting CIO blend, compared to only 15% of investment-focused firm CEOs reporting additional CIO responsibility.

ROLES OF EXECUTIVES



PERCENTAGE OF CEOs PERFORMING ADDITIONAL ROLES

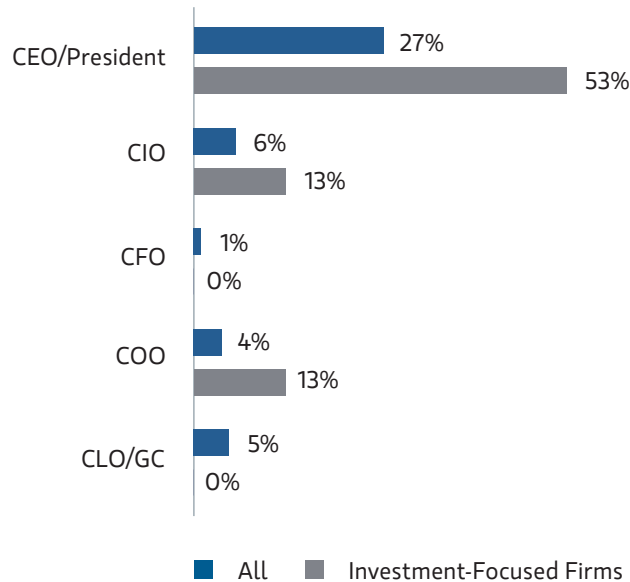


Family-Member Executives

As AUM and complexity increase, families are more likely to hire experienced non-family professionals. Family-members' roles tend to evolve toward oversight and governance.

Overall, 33% of investment-focused firms reported family members serving in executive roles versus only 15% of all family offices.

At 53%, CEO is the position most likely to be filled by a family member. While it is not uncommon for the CEO to be a family member in firms of all sizes, family executives are most prevalent in firms with less than \$1 billion in AUM.



ROLES OF FAMILY-MEMBER EXECUTIVES

Historically, data has reflected that family members in executive roles are compensated less than their non-family-member counterparts.

Family-member executives often receive lower base cash compensation, and, given a real or perceived “equity holder” position, they participate in LTI or other incentive plans at a diminished level compared to non-family executives.

Compensation for family-member executives is reported to be about only two-thirds that of non-family executives, and the data collected for 2024 bears this out, with family-member executives paid, on average, 63% of non-family executives. Family-member executives who do not receive reasonably competitive compensation were excluded from the data analysis.

PROFILE OF EXECUTIVES:

Gender

While more than two-thirds of family office executives are men, female representation is making gains or approaching parity in several senior positions, especially CFO and CLO/GC roles.

However, investment-focused firms have fewer women executives than all family offices, overall and in all roles, with the exception of CFO.

FEMALE EXECUTIVES

Executive Role	All	Investment-focused firms
All	29%	24%
CEO/President	17%	14%
CIO	16%	9%
CFO	39%	45%
COO	52%	33%
CLO/GC	48%	40%

FEMALE LEADERS IN FAMILY OFFICES VS. GENERAL MARKET

An increasing number of women reported in family office executive positions reflects an amplification of a broader long-term trend in the U.S.

The overall percentage of female executives reported in 2024 was lower among investment-focused firms, with only 24% versus 29%. The representation of women in senior family office roles continues to outpace corporate America.

In terms of gender balance, family offices continue to outpace corporate America at the top. Overall, family offices report 17% of CEO positions filled by women vs. only 10.4%* reported to head Fortune 500 companies (as of June 2024).

An April report** highlighted that just 11.8% of C-suite roles and 22.3% of senior roles were held by women at companies in the S&P Global Total Market Index.

* <https://fortune.com/2024/06/04/fortune-500-companies-women-ceos-2024/>

** https://www.spglobal.com/content/dam/spglobal/mi/en/documents/general/ElusiveParity_Final.pdf

The background is an abstract composition of various shades of blue. It features sharp, angular lines and planes that create a sense of depth and movement, reminiscent of a modern architectural structure or a crystalline form. The colors range from a deep, dark blue to a very light, almost white blue, with many intermediate tones. The overall effect is clean, professional, and modern.

Compensation Practices and Trends

Annual Incentive & Bonus

Annual Incentive

Structured plan that typically involves predetermined opportunity levels, performance targets and measures.

VS.

Bonus

Discretionary in timing and nature; may not reflect defined opportunity levels or performance measures.

Our research indicates that the use of annual incentives is typically higher in firms with AUM of \$1 billion or more. This is consistent with other survey data that indicates that the larger a firm is by AUM, the more likely it is to adopt more structured incentive compensation processes.

Bonus Determination

While the reported use of discretionary-only bonuses remains high, it has decreased as family offices increasingly offer structured incentives, particularly for executive and management positions. Families can better drive performance outcomes with a more defined structure in place versus using only discretionary bonuses.

A more structured incentive plan can be used to create alignment between the family's strategic priorities and efforts of the family office team, drive team collaboration, and reward performance when predefined goals and metrics have been achieved. Additionally, incentives can be structured and used as a retention tool.

Annual Incentive & Bonus

EXECUTIVE

EXECUTIVE BONUS PLAN DESIGN				
Bonus Plan	All	\$1 billion or more	Less than \$1 billion	Investment-focused firms
Discretionary Bonuses	43%	40%	45%	40%
Formal Incentive Plan	14%	13%	16%	10%
A Mix of Both	43%	47%	39%	50%

STAFF

STAFF BONUS PLAN DESIGN				
Bonus Plan	All	\$1 billion or more	Less than \$1 billion	Investment-focused firms
Discretionary Bonuses	58%	55%	59%	56%
Formal Incentive Plan	12%	12%	14%	6%
A Mix of Both	30%	33%	27%	38%

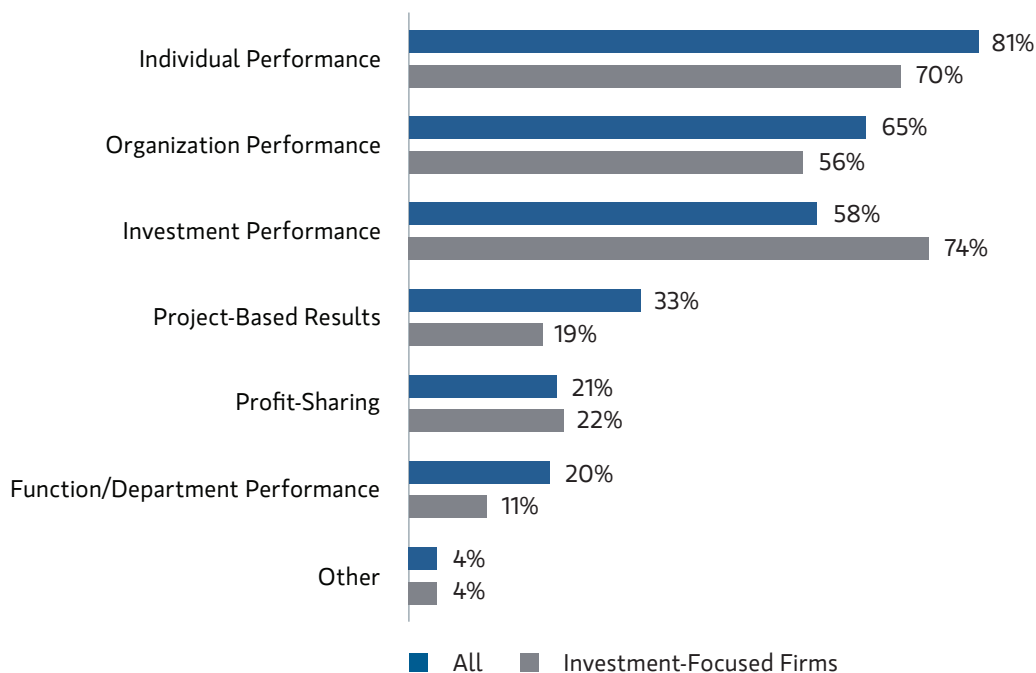
Annual Incentive & Bonus

90% of survey respondents reported that employees are eligible to receive either annual incentives or bonuses. Investment-focused firms report that executives and staff were slightly more likely to receive bonuses.

Percent Receiving Bonuses in 2024 for 2023 Performance	All	\$1 billion or more	Less than \$1 billion
Executive – Overall	79%	83%	73%
Executive – Investment-Focused Firm	81%	84%	78%
Staff – Overall	79%	82%	74%
Staff – Investment-Focused Firm	85%	90%	74%

DRIVERS OF BONUS/ANNUAL INCENTIVE DECISIONS

Family offices report using a combination of factors to inform bonus decisions. The most prevalent factors cited include individual performance, investment performance and department performance. Investment-focused firms rely more heavily on investment performance and profit sharing, and less on all other factors.



Long-Term Incentives (LTI)

Long-term incentives (LTI) are the annual award value, or annualized value of an LTI award, paid out to an employee. They are generally defined and designed in alignment with the long-term mandate (investments/goals). Vesting and subsequent payouts vary but typically cover a period of three to five years or more. This does not include long-term incentives that are not yet vested or paid.

The use of long-term incentive plans continues to grow. Today's family offices recruit talent across industries and geographies, resulting in increasing sophistication and formalization of family office structures. The growth of in-house investment teams has also had a significant impact on the use of LTI plans to attract talent. This is especially true for offices that have in-house investment teams focused on direct private equity and real estate investments.

Families have considerable flexibility to match the appropriate LTI structures with their compensation philosophy. The most effective plans balance perspectives, align family goals and ensure executives (and their teams) can focus on executing strategy and delivering performance. Plan definition and design and the modeling of returns are crucial components of LTI plan implementation. LTI plan documentation is a critical step to ensure proper understanding and communication of performance expectations, awards and payouts.

Overall, investment-focused firms are more likely to utilize LTI vehicles, with 62% of firms reporting use versus 54%. This prevalence increases with AUM, with 71% of investment-focused firms with \$1 billion or more in AUM reporting usage.

USE OF LTI PLANS

	All AUM	\$1 billion or more	Less than \$1 billion
All Firm Types	54%	65%	44%
Investment-Focused Firm	62%	71%	54%

ELIGIBILITY FOR LTI PLANS

	All	\$1 billion or more	Less than \$1 billion	Investment-focused firms
Executives	95%	95%	95%	94%
Management	46%	58%	30%	52%
Staff	21%	26%	14%	38%

LTI Plan Types And Practices

Co-Investment Opportunity

- Allows participants to invest with the family, allowing access into deals with participants' financial contribution; families should assess their objectives and the tax and legal implications to determine the best approach for their circumstances
- Most commonly used by family offices with in-house public and private investment teams; plans often incorporate use of leverage
 - Leverage may be provided via recourse loans, which typically are charged an interest rate and repaid from transaction proceeds/plan vesting
 - Some families choose to offer leverage via non-recourse loans, which do not have to be repaid

Carried Interest/Phantom Carry

- Provides participants with a share of investment profits in excess of a specified return, typically in alternative and direct investments such as private equity, venture, hedge funds and real estate; no "one-size-fits-all" model — pools range from 10% or less to at or near a traditional private equity level of 20%
- Phantom carried interest
- Most commonly used by family offices with a private equity function; firms employ both real and synthetic plans

Operating Company Equity/Phantom Equity

- Stock awards or other company equity
- Phantom/synthetic equity is a stock equivalent that provides some of the benefits of stock ownership; sometimes referred to as "shadow stock"
- Most commonly used by family offices with strong management/oversight of family operating company or companies

Deferred Incentive Compensation

- Incentive compensation that is based on longer-term performance and typically vests over time and pays out in the future
- Commonly used by family offices focused on oversight/management of family's affairs and/or investments; used for teams without investment/allocation responsibility and/or non-investment team members
- Can be implemented alongside a nonqualified deferred compensation plan, which will allow participants to defer payouts to assist with tax planning

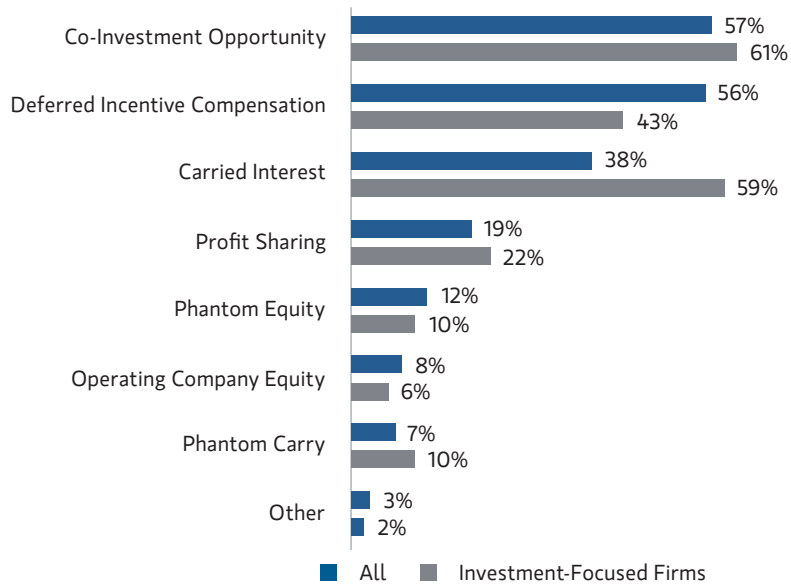
Profit Sharing

- Formally defined annual or long-term performance and reward plans that often allow family office employees to participate in gains driven by the family office
- Commonly used as a retention and recruiting tool by family offices with in-house or outsourced investment team
- Typically includes either all employees or those not participating in other LTI plans

Long-Term Incentives (LTI)

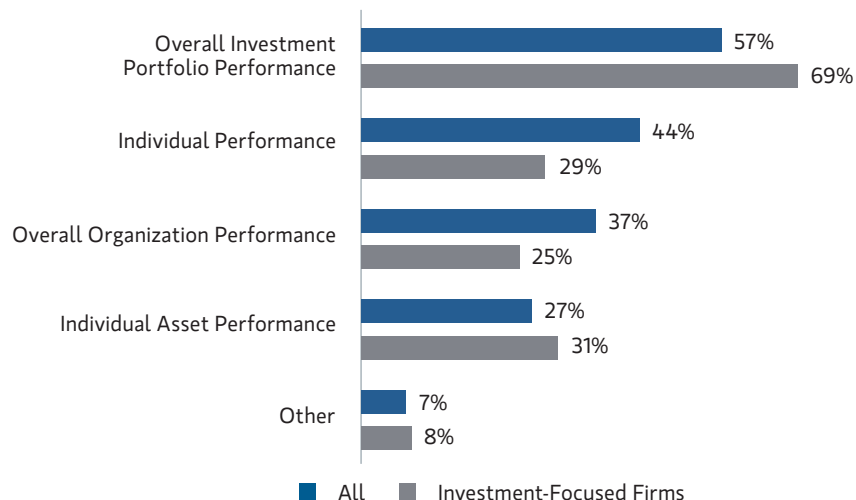
LTI Plan Prevalence

Plan types vary widely in use and complexity. The key to alignment is matching the plan to value-creating activities. Co-investment opportunities and deferred incentives were the LTI plans utilized most by all family offices. Co-investment opportunity and carried interest plans are most used by investment-focused firms.



Metrics Used in Determining LTI Awards

Portfolio performance and individual performance were reported as the most-used LTI award metrics by all family offices. **Investment-focused firms rely the most on overall investment and individual asset performance.** Plan designs may connect annual incentive plan metrics, long-term performance measures and discretionary family priorities.

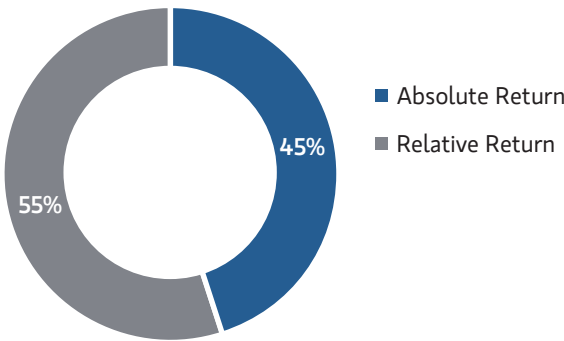


Long-Term Incentives (LTI)

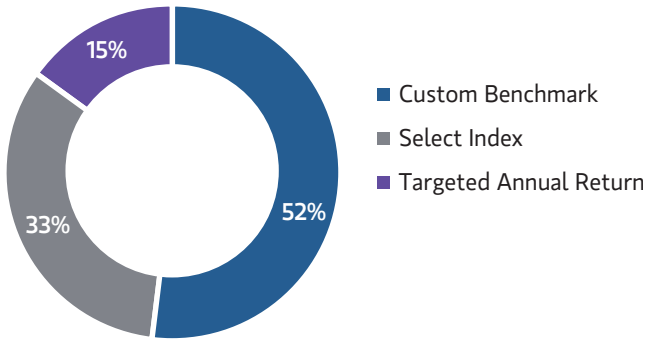
Practices of Investment-Focused Firms

Family offices were asked to provide data not just on their use of LTI plans, but on how investment performance is measured and how plans are structured. The following charts present data reported by investment-focused firms.

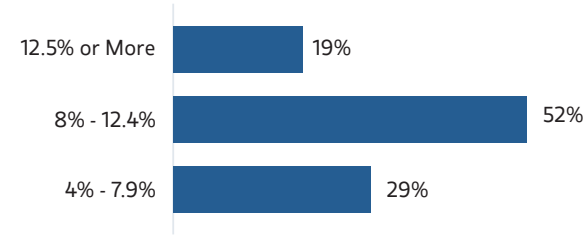
HOW ARE INVESTMENTS MEASURED?



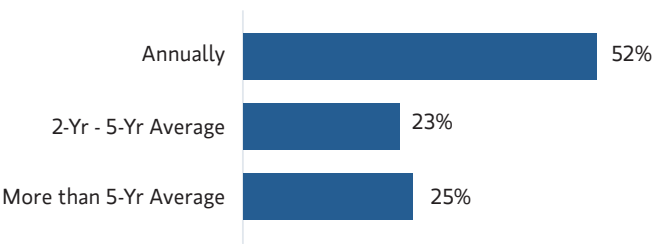
IF A RELATIVE RETURN, HOW IS IT DETERMINED?



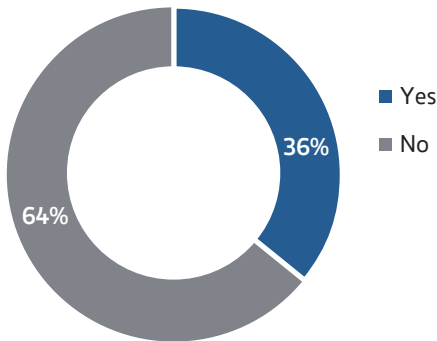
WHAT IS THE TARGETED PORTFOLIO RETURN?



HOW MANY YEARS ARE INVESTMENT RETURNS MEASURED OVER?



IF RETURNS ARE NEGATIVE, BUT HIGHER THAN BENCHMARK, ARE AWARDS PAID?

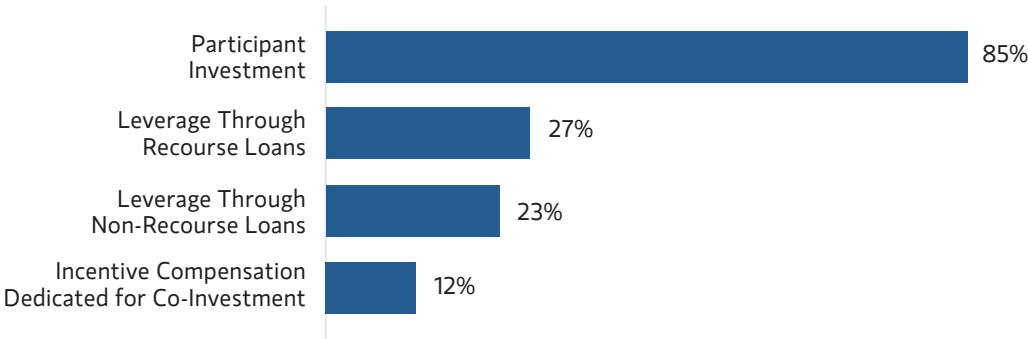


Long-Term Incentives (LTI)

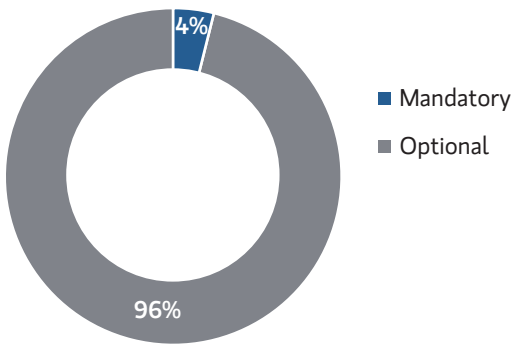
Co-Investment Practices of Investment-Focused Firms

Firms were asked to provide information related to how co-investment plans are structured.

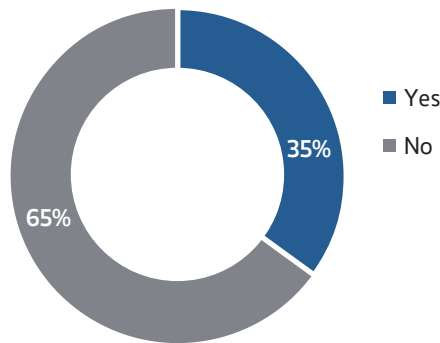
CO-INVESTMENT PARTICIPATION



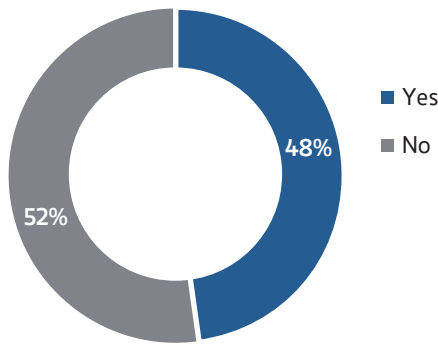
IS CO-INVESTMENT MANDATORY?



IS THERE A CO-INVESTMENT DOLLAR LIMIT?



USE OF SPECIAL PURPOSE VEHICLES (SPVs)/SIDE CARS





Understanding Compensation Market Data

COMPENSATION:

Understanding Market Data

Market data should be viewed as guidelines and used in conjunction with other drivers to determine appropriate compensation levels. It should also be noted that benchmarking incorporates degrees of “art and science.”

- Quite often the data available does not allow for precise matching for every individual’s exact circumstances, such as education, years of experience, etc.
- Whether or not to apply a discount or a premium to market data for any individual role vs. the benchmark data requires organizational knowledge and understanding of the role.

There are a number of circumstances that can impact how much an incumbent is paid in relation to the market data.

- An employee is newly promoted into a position; therefore, below-median compensation may be appropriate given their limited experience performing at the new level.
- A candidate has specialized skills, knowledge and experience that make them uniquely qualified for a position; therefore, above-market compensation may be warranted, and necessary, to attract and retain the candidate.

If an individual’s compensation is above or below the market median or the family’s compensation philosophy/targeted market position, it should not be assumed that the incumbent is overpaid or underpaid.

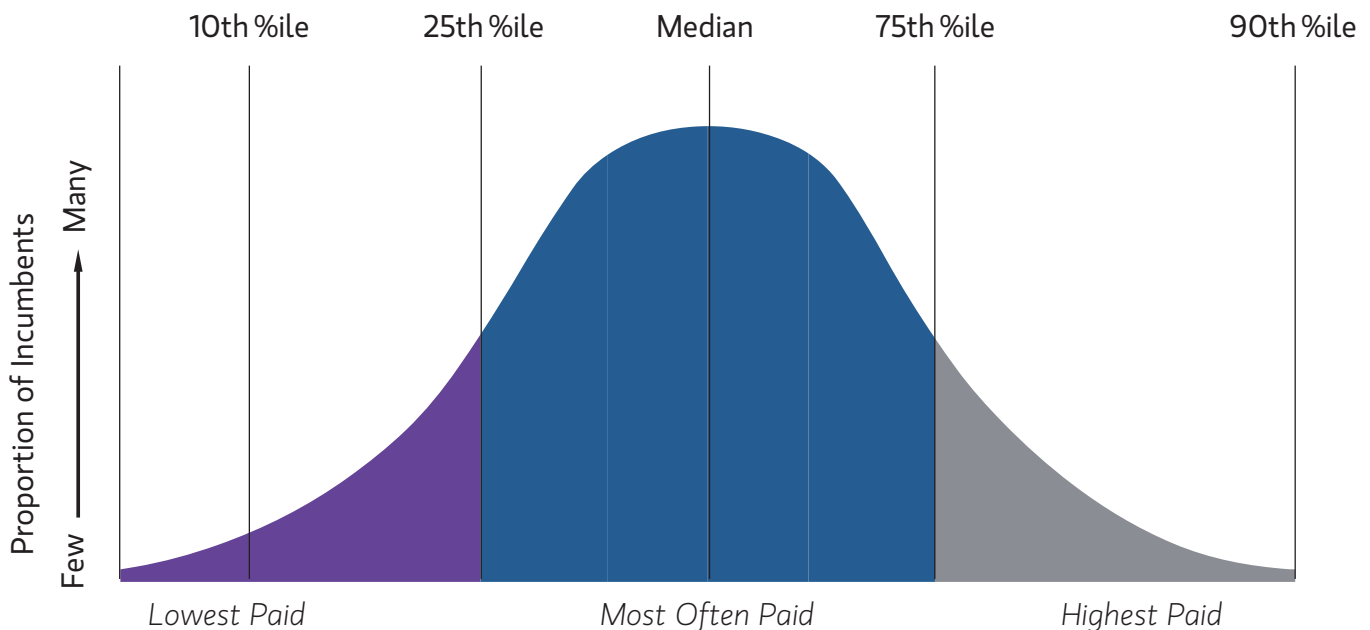
COMPENSATION:**Methodology****Data Considerations and Presentation**

A range of market data is presented from the 10th to the 90th percentiles for the following compensation components for each role:

- Base salary
- Total cash compensation (base + bonus/annual incentive)
- Total direct compensation (base + bonus/annual incentive + LTI)

When viewing market data percentiles, consider the following:

- The range around market median represents where most are paid
- There are fewer instances as you move to the lower or upper quartiles of the market

MARKET PERCENTILES

Generally, a range of +/- 20% above or below market median is considered competitive. This concept can also be applied to the family office compensation strategy or targeted market position.

COMPENSATION:

Definitions

The elements of *total* compensation included in the survey, reflecting all employees reported for the role, are:

BASE SALARY

Represents annual fixed compensation paid to employees.

TOTAL CASH COMPENSATION

This includes base salary + the annual incentive/bonus paid (cash) for (prior period) performance.

TOTAL DIRECT COMPENSATION

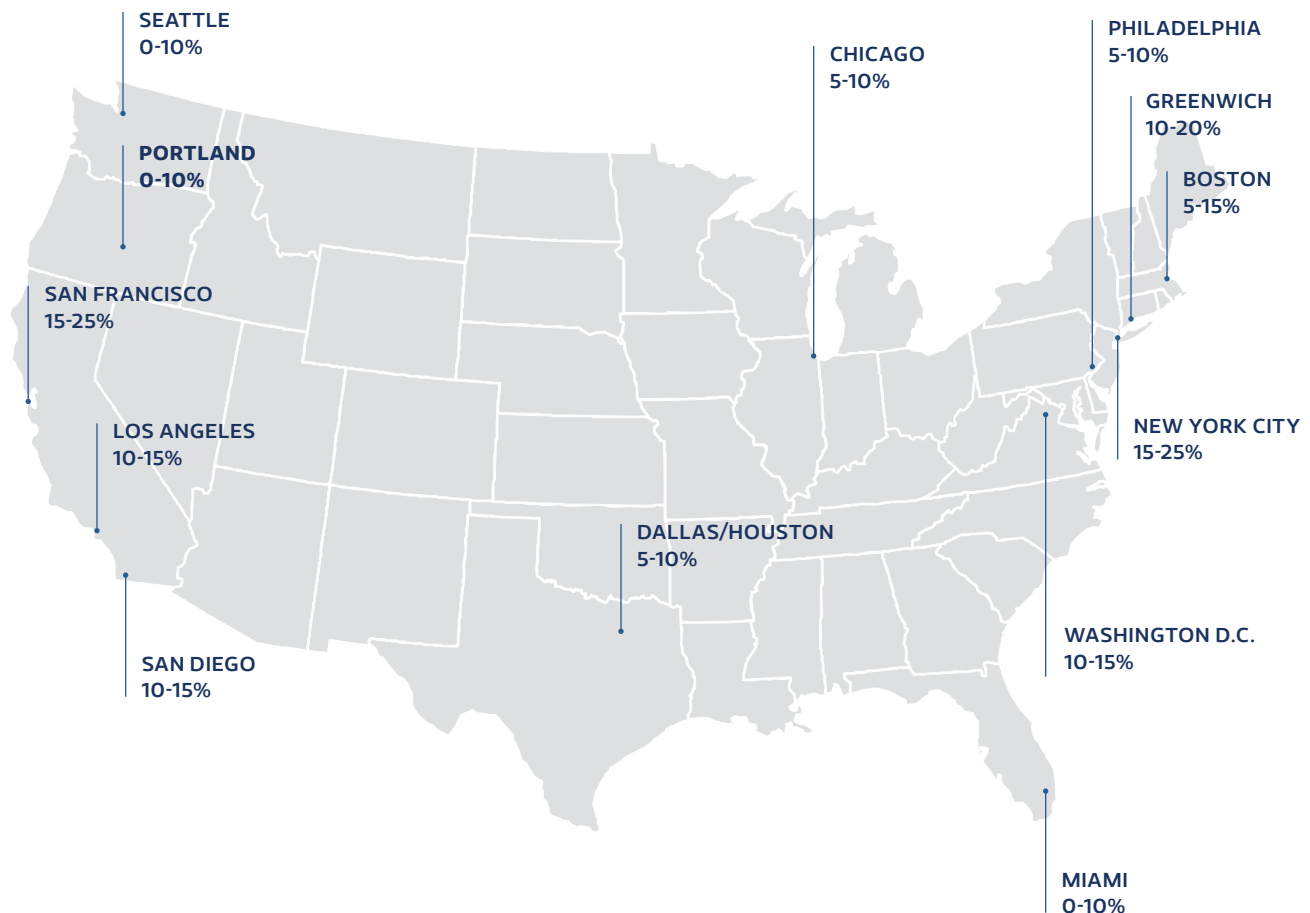
This includes base salary + the annual incentive/bonus paid + the annual award value or annualized value of long-term incentive awards.

This does not include long-term incentives that have been awarded but are not yet vested and/or paid.

COMPENSATION:**Geographic Differentials**

These geographic premiums are presented to assist family offices in determining how the national survey data in this survey can be adjusted for various locations. The locations only include those metropolitan areas with meaningful variances from the national average. While premiums broadly continue to align with historical trends, workforce shifts that occurred during and since the pandemic include remote-working arrangements and employee relocation opportunities.

Notably, many family offices and family organizations took this in stride, resulting in some compression of market compensation, especially in leadership positions, across geographies. So, while traditional, “high-cost,” higher-premium markets exhibit bumpy-but-steady market competitiveness, the advent of permanent remote workers and teams spread across geographies means principals and leaders should at least be cognizant of evolving geographic pay trends and competitive compensation and benefit solutions.



The background of the slide is a dark blue-grey color with several thick, dark brown wavy lines that sweep across the frame from the top left towards the bottom right. A single, light blue-grey oval shape is positioned in the upper-middle section of the slide, partially enclosed by the wavy lines.

Compensation Detail by Position

Included Positions

EXECUTIVES

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INVESTMENT TEAM

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Executives

Chief Executive Officer/President

Investment-Focused Firms

As the most senior position responsible for the strategy and overall direction of the family office, the CEO oversees management of the family office and staff while serving as the primary liaison with the family.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$371,250	\$500,000	\$722,624	\$701,600
Total Cash Compensation	\$507,500	\$720,000	\$1,212,220	\$1,202,600
Total Direct Compensation	\$516,950	\$825,000	\$2,011,998	\$1,370,000
Annual Incentive Target	30%	43%	78%	100%

\$1 billion or more	25th %tile	Median	Average	75th %tile
Base Salary	\$407,025	\$602,500	\$993,144	\$1,029,825
Total Cash Compensation	\$582,025	\$1,000,000	\$1,762,534	\$1,735,846
Total Direct Compensation	\$717,657	\$1,237,757	\$3,235,635	\$2,366,051

Less than \$1 billion	25th %tile	Median	Average	75th %tile
Base Salary	\$300,000	\$412,000	\$442,084	\$550,000
Total Cash Compensation	\$400,000	\$633,450	\$641,524	\$741,500
Total Direct Compensation	\$425,000	\$708,900	\$743,040	\$926,000

Chief Financial Officer

Investment-Focused Firms

This top financial position is responsible for formulating financial policy and plans. It provides overall direction for tax, insurance, budget, credit and treasury functions, and ensures that financial transactions, policies and procedures meet the organization's short- and long-term objectives and regulatory body requirements. The position typically reports to the CEO/President or may be the most senior family office position, reporting to the family or board.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$334,750	\$400,000	\$548,755	\$491,400
Total Cash Compensation	\$415,000	\$550,000	\$742,273	\$700,000
Total Direct Compensation	\$430,000	\$620,000	\$823,277	\$863,501
Annual Incentive Target	25%	38%	54%	50%

\$1 billion or more	25th %tile	Median	Average	75th %tile
Base Salary	\$382,750	\$463,500	\$657,079	\$500,016
Total Cash Compensation	\$475,000	\$600,000	\$894,328	\$806,751
Total Direct Compensation	\$475,000	\$700,000	\$1,011,866	\$975,032

Less than \$1 billion	25th %tile	Median	Average	75th %tile
Base Salary	\$274,839	\$342,375	\$370,793	\$400,000
Total Cash Compensation	\$330,000	\$412,500	\$492,469	\$608,313
Total Direct Compensation	\$330,000	\$429,909	\$513,452	\$608,313

Chief Investment Officer

Investment-Focused Firms

This executive-level position is responsible for the family's investment strategy. It sources potential strategic investment opportunities, understands and manages the portfolio of assets, devises strategies for growth, and manages all investment-related relationships. The position also manages the internal investment team, which may be responsible for direct investing in private and/or public equities. The position may report to the CEO/President, family principal or family office board.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$325,000	\$500,000	\$746,086	\$795,000
Total Cash Compensation	\$510,000	\$896,000	\$1,198,010	\$1,081,444
Total Direct Compensation	\$650,000	\$900,000	\$1,811,389	\$1,575,000
Annual Incentive Target	28%	40%	58%	100%

\$1 billion or more	25th %tile	Median	Average	75th %tile
Base Salary	\$475,000	\$655,200	\$973,311	\$937,250
Total Cash Compensation	\$863,501	\$1,000,000	\$1,604,308	\$1,475,000
Total Direct Compensation	\$900,000	\$1,100,000	\$2,498,246	\$2,011,200

Less than \$1 billion	25th %tile	Median	Average	75th %tile
Base Salary	\$243,382	\$310,661	\$348,443	\$450,000
Total Cash Compensation	\$347,803	\$400,000	\$486,989	\$595,000
Total Direct Compensation	\$400,000	\$586,153	\$609,389	\$812,965

Chief Operating Officer

Investment-Focused Firms

This position directs, coordinates and administers all aspects of the family office operations in compliance with established policies and strategy. It is responsible for, or influences, the development of policies regarding operations, and may also have direct oversight of staff functions such as legal, technology and human resources. The position typically reports to the CEO/President.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$265,000	\$367,500	\$407,122	\$514,125
Total Cash Compensation	\$360,711	\$525,000	\$602,790	\$612,500
Total Direct Compensation	\$377,500	\$570,708	\$789,907	\$1,250,000
Annual Incentive Target	18%	20%	25%	28%

\$1 billion or more	25th %tile	Median	Average	75th %tile
Base Salary	\$450,000	\$500,000	\$540,332	\$556,500
Total Cash Compensation	\$535,000	\$600,000	\$921,973	\$1,313,340
Total Direct Compensation	\$685,000	\$1,200,000	\$1,171,293	\$1,688,419

Less than \$1 billion	25th %tile	Median	Average	75th %tile
Base Salary	\$228,000	\$270,000	\$311,971	\$341,400
Total Cash Compensation	\$238,000	\$397,615	\$374,802	\$472,500
Total Direct Compensation	\$238,000	\$420,000	\$517,488	\$570,708

Chief Legal Officer/General Counsel

Investment-Focused Firms

This position advises on routine legal matters, reviews investment and management structures, and oversees outside counsel regarding tax, estate planning, insurance and other issues. It typically reports to the CEO/President.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$242,500	\$341,250	\$358,323	\$388,000
Total Cash Compensation	\$336,250	\$475,000	\$523,414	\$563,657
Total Direct Compensation	\$455,215	\$496,000	\$605,552	\$660,605
Annual Incentive Target	23%	25%	48%	63%



Investment Team

Senior Portfolio Manager

Investment-Focused Firms

This is a seasoned investment professional responsible for the day-to-day management of investments for a specific group of clients across a mix of investment vehicles. It supports client relationships by implementing the client's investment strategy; selects, monitors and manages investment managers; and provides research and input on strategic and tactical asset allocation guidelines for the portfolio. This position conducts due diligence on managers or direct investments, researches a range of investment vehicles, and makes recommendations on which to recommend for use in client portfolios. It manages the portfolio team and normally has at least 10-15 years of relevant experience and reports to the CIO.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$260,000	\$375,000	\$487,018	\$500,000
Total Cash Compensation	\$360,000	\$584,500	\$808,129	\$842,000
Total Direct Compensation	\$400,000	\$785,124	\$1,083,574	\$1,014,530
Annual Incentive Target	27%	50%	56%	100%

Portfolio Manager

Investment-Focused Firms

An experienced investment professional, this position works under the direction of the CIO or senior managers. It assists in selecting, monitoring and managing investment managers or direct investments; provides input in developing risk and asset class guidelines; compiles and analyzes investment performance data, leveraging support of analysts; and completes special investment performance research studies.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$210,000	\$225,750	\$316,141	\$300,000
Total Cash Compensation	\$266,251	\$388,500	\$492,533	\$490,250
Total Direct Compensation	\$300,000	\$480,000	\$573,155	\$577,996
Annual Incentive Target	23%	30%	35%	50%

Senior Associate

Investment-Focused Firms

Providing direct support to Portfolio Managers, these professionals directly monitor fund investments and/or direct investments and analyze statistical and other data at an advanced level to support deal sourcing and due diligence of investment opportunities. They typically have an MBA or equivalent business experience with at least four years of post-MBA relevant experience.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$157,500	\$200,000	\$208,847	\$251,875
Total Cash Compensation	\$199,440	\$257,120	\$277,099	\$321,563
Total Direct Compensation	\$236,940	\$287,500	\$293,602	\$331,741
Annual Incentive Target	10%	20%	48%	50%

Associate

Investment-Focused Firms

Providing direct support to Portfolio Managers, these professionals directly monitor fund investments and/or direct investments and analyze statistical and other data at an advanced level to support deal sourcing and due diligence of investment opportunities. They typically have an MBA or equivalent business experience with less than four years of post-MBA relevant experience.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$129,250	\$155,000	\$160,338	\$180,000
Total Cash Compensation	\$180,000	\$196,000	\$215,319	\$256,961
Total Direct Compensation	\$184,063	\$242,000	\$236,696	\$292,005
Annual Incentive Target	14%	20%	37%	50%

Senior Analyst

Investment-Focused Firms

This is an investment professional focused on compiling performance data and completing less-complex analysis. This position works under direct supervision of more senior investment team members. It supports the process of selecting, monitoring and managing investment managers and/or direct investments and analyzes and compiles investment performance data. Senior Analysts typically have two to four years of pre-MBA relevant experience.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$103,875	\$120,000	\$125,822	\$142,344
Total Cash Compensation	\$123,750	\$151,853	\$153,495	\$184,050
Total Direct Compensation	\$123,750	\$151,853	\$154,095	\$184,050
Annual Incentive Target	15%	20%	19%	25%

Analyst

Investment-Focused Firms

An entry-level investment professional focused on compiling performance data and completing less-complex analysis, the analyst works under the direct supervision of more senior investment team members, supporting the process of selecting, monitoring and managing investment managers and/or direct investments, and analyzing and compiling investment performance data.

ALL ORGANIZATIONS	25th %tile	Median	Average	75th %tile
Base Salary	\$85,400	\$100,000	\$100,468	\$120,000
Total Cash Compensation	\$100,562	\$125,000	\$121,601	\$135,000
Total Direct Compensation	\$100,562	\$125,000	\$124,248	\$138,000
Annual Incentive Target	15%	33%	38%	50%

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In addition to these services, Morgan Stanley Family Office is available for single family office clients who are interested in institutional solutions. Our offering aims to bring together specialized investment services and operational infrastructure to enhance the lives and legacies of our clients.

To learn more, please visit www.morganstanley.com/PWM or contact SFOadvisory@morganstanley.com.

About Botoff Consulting

Founded in 2014, the firm provides compensation and related consulting services to family offices, family investment firms and family business enterprises across industries and geographies. We continue to build and maintain the most expansive database of family office, family investment firm, and household and estate compensation data.

Our diverse team of consultants brings not only a deep array of insights but also a long history of working together. Our extensive expertise includes compensation benchmarking, strategy and structure; benefits analysis and benchmarking; incentive plan design; performance management; compensation governance; board support; and litigation/expert witness support.

We utilize both our proprietary data and a broad array of best-in-class compensation studies, ensuring we capture markets from which you compete for talent. With principal consultants on both the east and west coasts, we serve clients in the U.S. and globally.

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