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# BRUCE MUNSTER, KELLY RANEY AND CHRISTIAN SCALI SHARE INSIGHTS ON THE STATE OF FAMILY OFFICES IN 2026

The **Family Office Trends** roundtable section produced by the LA Times Studios team in conjunction with Greenberg Glusker LLP; Scali Rasmussen PC; and Wells Fargo Advisors.



Wells Fargo Advisors



**F**amily offices are evolving rapidly in response to shifting market dynamics, generational transitions and increasing complexity in wealth management. In this expert roundtable, leading advisors and specialists who work closely with family office managers share timely insights into the trends shaping the space in 2026.

From sophisticated investment strategies and direct dealmaking

to governance structures, risk management and the integration of emerging technologies, the discussion highlights how top-performing family offices are adapting. The panel also explores best practices for balancing legacy preservation with innovation, as well as the growing emphasis on transparency, impact investing and operational efficiency. Together, these perspectives offer a practical roadmap for family offices aiming to remain resilient, strategic and forward-looking.

## Q: HOW ARE FAMILY OFFICES EVOLVING IN 2026 COMPARED TO FIVE OR TEN YEARS AGO?

### A: RANEY

The family office is materially different than it was five or ten years ago. Family offices used to be (and many still try) to run on trust, informality and longstanding personal relationships. There were not a lot of staff or executive turnover and no job descriptions, employment agreements or employee handbooks. HR infrastructure was non-existent or minimally run by someone tasked with it, but who had no experience (or, often, desire) to oversee it. That model has largely become legally untenable, particularly in California, where all facets of employment have become more complex and litigious. Today, sophisticated family offices have subsequent generational principals and C-suite caliber COOs, General Counsels and Chief Compliance Officers, who bring institutional expectations about employment practices. As a result, we see the formalization of the employer-employee dynamic, even if the setting remains intimate for many family offices.

### A: MUNSTER

Ten years ago, most family offices were primarily focused on growing significant wealth, often through concentrated allocations to private equity, real estate or venture capital. The emphasis was largely on asset growth and sourcing differentiated investment opportunities. In 2026, the model has evolved meaningfully. Families are increasingly seeking a deeper, more coordinated level of service that extends beyond investments. Today, wealth firms like Wells Fargo Advisors help provide holistic oversight – coordinating tax, legal, estate and philanthropic advisors while delivering consolidated reporting and clearer governance structures. Technology has made this approach more scalable, effectively democratizing family-office-style capabilities for a broader range of families. The result is a shift from purely return-driven strategies to comprehensive wealth stewardship focused on alignment, transparency and long-term sustainability across generations.

## Q: HOW ARE ADVISORS HELPING FAMILIES BALANCE OPERATIONAL EFFICIENCY WITH PRIVACY AND DISCRETION?

### A: SCALI

Advisors can provide the most value to family offices by advising them to engineer operational efficiency and privacy and discretion together, rather than treating them as competing priorities. The most effective family offices are redesigning governance and information flows so sensitive data moves through structured reporting channels rather than informal communication. That includes defined access permissions, centralized reporting systems and secure digital infrastructure that limits who can see information and when. Advisors are also helping families simplify entity structures and reporting lines so fewer people handle sensitive data. In today's

regulatory environment, privacy is not achieved by avoiding disclosure; it is achieved through disciplined governance, cybersecurity and carefully controlled information management.

## Q: WHAT MAJOR TAX DEVELOPMENTS ARE RESHAPING ESTATE AND WEALTH TRANSFER STRATEGIES RIGHT NOW?

### A: MUNSTER

Several tax developments are reshaping estate and wealth transfer strategies today. The pending sunset of the enhanced federal estate and gift tax exemption is driving families to act sooner with gifting and trust strategies. At the same time, income tax planning is receiving more weight, particularly around basis management

*When governance is well designed, disagreements become strategic discussions rather than personal disputes, allowing families to preserve unity while adapting leadership structures across generations.”*

– CHRISTIAN SCALI

and future capital gains. Bonus depreciation – especially for assets like business aircraft – continues to be part of advanced planning, though its phase-down has increased the importance of timing and structure. On the state level, proposals such as California's potential “billionaire” or wealth taxes, even if not enacted, are influencing residency, asset location and liquidity decisions. Together, these dynamics are pushing families toward more flexible, forward-looking plans that balance tax efficiency with long-term control and multigenerational goals.

## Q: WHAT GOVERNANCE STRUCTURES ARE PROVING MOST EFFECTIVE IN PREVENTING INTERGENERATIONAL CONFLICT?

### A: SCALI

In our experience, intergenerational conflict stems from unclear authority and expectations or a family history of conflict among some individuals. Taking the personal conflict issues out of it by focusing on clear expectations and rules and guidelines is key to preventing intergenerational conflict. We often advise our clients to do this by separating family governance, investment oversight and operating decisions into distinct forums with defined responsibilities. Written governance frameworks – family constitutions, committee charters and

formal reporting protocols – provide clarity about decision rights and accountability. Many families also benefit from independent advisory boards that bring objectivity to major decisions. When governance is well designed, disagreements become strategic discussions rather than personal disputes, allowing families to preserve unity while adapting leadership structures across generations.

## Q: WHAT COMPLIANCE RISKS ARE FAMILY OFFICES UNDERESTIMATING?

### A: RANEY

In my experience representing several family offices across California, there is a consistent and potentially costly gap between how these organizations perceive their compliance posture and their actual exposure. I regularly encounter liability related to the misclassification of employees (at both the entity level and the household level) and inadequate protective documentation (such as insufficient or noncompliant NDAs and arbitration agreements). Employees must be properly classified, including at the tax treatment level of W2 versus 1099 contractor, and then within the W2 level of exempt/salaried versus non-exempt/hourly. One misclassified worker/employee managed through a family office can easily generate a six-figure liability, even before trial. Having employment documents that are drafted by sophisticated legal counsel and regularly updated can help to limit some of the potential liability.

### A: SCALI

We find that our family office clients often underestimate how quickly regulatory exposure grows as structures become more sophisticated. What begins as a private investment platform can evolve into a multi-entity organization with cross-border activity, employees and diverse asset classes – each carrying distinct regulatory obligations. Compliance risk often comes at the intersection of securities regulation, tax reporting, employment law, sanctions rules and data security. Because family offices operate outside many institutional compliance frameworks, they must build their own internal systems. We advise our clients to treat compliance as an element of enterprise risk management rather than an administrative task. Having an advisor who is managing compliance across different jurisdictions is key to creating an internal system that covers each jurisdiction.

## Q: HOW ARE FAMILY OFFICES APPROACHING PRIVATE EQUITY, VENTURE CAPITAL AND DIRECT INVESTING TODAY?

### A: MUNSTER

Family offices are approaching private equity, venture capital and direct investing with greater selectivity and discipline. Many are prioritizing quality over volume, favoring fewer, high-conviction managers and opportunities aligned with their long-term objectives. There is a clear emphasis on transparency, alignment of interests

and deeper due diligence, particularly in a more constrained capital environment. Direct investing continues to grow, especially where families have operating expertise or a strategic connection to the business. At the same time, portfolios are being constructed with a longer time horizon and greater focus on cash-flow durability, manager access and risk mitigation, rather than relying solely on return maximization.

### **Q: HOW ARE CROSS-BORDER FAMILIES NAVIGATING INCREASINGLY COMPLEX GLOBAL REPORTING REQUIREMENTS?**

#### **A: SCALI**

Cross-border families are operating in a financial system where transparency has become the global norm. The most successful families address this complexity by centralizing oversight of their global structures and coordinating reporting across jurisdictions. Advisors typically begin by mapping every entity, trust and ownership interest throughout the family's structure and aligning documentation across legal, tax and fiduciary advisors. Treating global reporting as a coordinated governance function – rather than a series of isolated filings – helps families meet regulatory obligations while preserving flexibility in investment strategy and long-term planning. The most successful families have a main advisor who coordinates advisors across jurisdictions and who is tasked with coordinating the team's efforts to be sure they are all aligned under one common goal.

### **Q: HOW DO YOU GUIDE FAMILIES THROUGH LIQUIDITY EVENTS WHILE PRESERVING LONG-TERM WEALTH?**

#### **A: MUNSTER**

Guiding families through liquidity events starts with clarity around what life looks like *after* the sale. We focus first on defining their personal, family and legacy goals, not just the transaction itself. Every business is unique, so understanding how wealth was created – its risks, culture and

*Family offices regularly have broad provisions on confidentiality/non-disclosure, non-competition and non-solicitation – often copied from outdated documents or out-of-state entities.”*

– KELLY RANEY

emotional significance – is critical to structuring what comes next. From there, we work closely with clients' tax attorneys and accountants to integrate proactive planning well before the event, aligning investment strategy, estate planning strategies and cash-flow needs. Thoughtful coordination helps minimize tax costs, manage concentrated risk and create a durable portfolio that supports long-term objectives while preserving flexibility as family priorities evolve.

#### **A: SCALI**

Liquidity events are pivotal moments that can redefine a family's financial future. Preserving wealth requires planning long before a transaction occurs. Advisors work with families to align ownership structures, tax planning and governance frameworks so the transition from operating wealth to financial wealth is intentional. Equally important is preparing the family itself – ensuring future decision-makers understand the responsibilities that accompany significant liquidity. When a family approaches a liquidity event strategically, it can convert a single transaction into a durable platform for investment, philanthropy and multigenerational wealth stewardship.

### **Q: WHAT KINDS OF PROTECTIONS CAN FAMILY OFFICES HAVE AND ENFORCE FOR THEIR EMPLOYEES WITH RESPECT TO CONFIDENTIALITY, COMPETITION AND SOLICITATION?**

#### **A: RANEY**

This is one of the most misunderstood areas of employment law (particularly California law). Family offices regularly have broad provisions on confidentiality/non-disclosure, non-competition and non-solicitation – often copied from outdated documents or out-of-state entities. Such restrictions must be drafted by

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sophisticated legal counsel to ensure the most protection possible in a legally enforceable way. In general, post-employment non-competition restrictions are not enforceable in California due to California Business & Professions Code section 16600. Because of the language in that statute (and related case law), non-solicitation and even non-disclosure restrictions may also not be enforceable if they are not well drafted.

### **Q: WHAT BEST PRACTICES HELP PREPARE THE NEXT GENERATION FOR WEALTH STEWARDSHIP?**

#### **A: SCALI**

Effective preparation of the next generation requires participation, not just education. Successful families increasingly involve younger members in governance and philanthropic initiatives long before they assume formal leadership roles. This may include observation roles on investment committees, participation in family councils or responsibility for philanthropic programs. Structured engagement helps younger family members develop judgment, accountability and an understanding of the values that guide the family enterprise. When rising generations gain experience gradually, they are far better prepared to steward wealth responsibly and sustain it across generations.

#### **A: MUNSTER**

Preparing the next generation for wealth stewardship starts with meaningful engagement, not passive observation. Beyond participating in account reviews or family meetings, we encourage G2 and G3 members (i.e., second and third generation) to take real responsibility. One effective approach is allocating a defined pool of assets for them to manage within agreed-upon risk parameters. This creates accountability, decision-making experience and a safe environment for learning from outcomes. Senior family members can reinforce engagement by designing incentives – such as allowing gains to be distributed subject to a high-water mark or tying results to longer-term objectives rather than short-term performance. Combined with education and mentorship, this hands-on approach helps instill discipline, confidence and a genuine sense of ownership over the family's wealth and legacy.

### **Q: HOW ARE ADVISORS FACILITATING CONVERSATIONS AROUND SUCCESSION PLANNING AND LEADERSHIP TRANSITIONS?**

#### **A: SCALI**

In part because some cultures are not comfortable speaking about death and succession and because succession is really about governance and process, these conversations are best couched in terms of a governance process rather than a single transition event. In discussing the issue in this way, advisors can help families define leadership roles, identify the capabilities required for those roles and establish clear pathways for emerging leaders to assume responsibility and avoid conflict. Advisors can facilitate developing structured timelines, mentorship arrangements, and interim leadership plans can prevent uncertainty during transitions. By addressing succession early and transparently, the advisor can help families preserve institutional knowledge while allowing the next generation to introduce new perspectives and leadership approaches. In this way, advisors can help strengthen both family cohesion and the long-term resilience of the family enterprise.

### **Q: WHAT ROLE DOES PHILANTHROPY PLAY IN STRENGTHENING FAMILY COHESION?**

#### **A: MUNSTER**

Philanthropy can be a powerful anchor for family cohesion when it is values-driven and inclusive. It creates a shared mission that goes beyond financial returns and gives multiple generations a constructive way to work together. Involving family members in selecting causes, setting impact goals and evaluating outcomes encourages thoughtful dialogue and shared decision-making. For the next generation, philanthropy often serves as an accessible entry point into stewardship, helping them understand responsibility, governance, and long-term thinking. When approached intentionally, charitable efforts reinforce family values, provide a forum for collaboration across generations and strengthen alignment around purpose – often deepening relationships while preserving legacy alongside capital.

### **Q: WHAT ARE THE BOUNDARIES ON MONITORING AND**

### **SURVEILLANCE OF EMPLOYEES IN CALIFORNIA (BOTH FAMILY OFFICE STAFF AND HOUSEHOLD STAFF)?**

#### **A: RANEY**

Family offices have a uniquely compelling interest in monitoring their employees. These organizations hold some of the most sensitive financial, personal and strategic information in existence, and the potential damage from insider leaks, data theft or breach of confidentiality is severe. At the same time, California has some of the strongest employee privacy protections. Unlike federal law, California's right to privacy is enshrined in the California Constitution. This right is taken seriously, including within the employment context. While monitoring of employer-owned devices, email systems and networks is legally permissible, there must be clear advance notice to employees. With respect to audio recording, California is a two-party consent state, meaning the consent of one person choosing to record is not sufficient. So, make sure to provide notice of recording to employees when using security cameras, particularly if they record audio!

### **Q: WHAT CYBERSECURITY CONSIDERATIONS SHOULD EVERY FAMILY OFFICE PRIORITIZE?**

#### **A: MUNSTER**

Cybersecurity is a foundational priority for every family office given the concentration of wealth, sensitive data and complex digital access points. Best practices start with strong governance – clear controls around access, segregation of duties and regular monitoring. Ongoing education is critical, as phishing and social-engineering attacks remain the primary entry point for breaches. Partnering with a large, well-resourced institution can be a meaningful advantage. Firms like Wells Fargo Advisors play a leading role in safeguarding client assets and information through enterprise-level security, continuous system testing and dedicated fraud detection and response teams. By combining disciplined internal practices with the robust infrastructure of a trusted financial professional, families can better protect both their capital and their privacy in an increasingly complex threat environment.

### **Q: WHAT DISTINGUISHES THE MOST SUCCESSFUL LONG-TERM ADVISOR-FAMILY RELATIONSHIPS FROM THE REST?**

#### **A: RANEY**

I have had the opportunity to observe these relationships from a privileged vantage point, as a lawyer who is called when things go wrong (and thankfully also when they go right). The difference between an advisor relationship that

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– BRUCE MUNSTER

lasts decades and one that ends quickly or badly comes down to role adaptation across generations, respect for and understanding of the family's priorities, candor over comfort, boundaries around personal entanglement and clear documentation providing written clarity of role and expectations. For internal advisors, from an employment counsel standpoint, the relationships that endure are the ones with strong legal infrastructure that includes a well-drafted employment agreement, a clear compensation plan that is updated as circumstances change, a mutual understanding of role scope and expectations, and anticipatory provisions and appropriate plans for when the relationship ends.