FAMILY OFFICE MANAGEMENT

Why family offices are betting on retention over recruitment

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When a senior executive at a single family office handed in his notice to retire, the principal's reaction was stunned disbelief. "They were [surprised]" recalled Kathleen Grace, CEO and founder of Fiduciary Family Office in Boca Raton, who was called in to manage the transition. The family — highly educated, deeply affluent — had simply never thought about it. They had not defined a succession plan for their staff, said Grace.

That dynamic is becoming more common across family offices, and it is forcing a shift in how family offices think about hiring and retention. For years, the conversation centered on recruitment: how to lure specialized professionals away from institutional competitors, how to make a lean, family-led structure appealing to someone who could earn a Goldman Sachs paycheck instead. A less visible but more urgent priority has emerged: Keeping the people you already have.

Some 70% of family offices report difficulty recruiting, and 65% are worried about retaining key staff, according to a recent survey by AlTi Tiedemann Global. The two pressures are structurally linked, and retention is increasingly seen as the more manageable — and more consequential — of the two, according to family office professionals and recruiting specialists.

The irreplaceable employee

A central issue in retention is a structural reality: family offices rely heavily on tacit operational knowledge that is rarely documented and often concentrated in a small number of individuals. In practice, this creates single points of failure across tax, legal and investment operations.

"Family offices run on trust before they run on anything else," said Amanda Daering, a workforce strategist and labor market analyst who founded and sold Newance, a recruiting and workforce advisory firm. "Trust between principal and key staff is built across years of decisions, mistakes corrected, discretion kept and judgment calibrated. It does not transfer cleanly."

In many family offices, that trust determines how information flows, who can act on it and how decisions are executed across investments, reporting and administrative functions.neutralizes."

Jean-Baptiste Wautier, a financial and global economic policy leader at Wautier Family Office, puts it in even sharper terms. "You can replace a portfolio manager at a fund in six weeks," he said. "You cannot replace, in any reasonable timeframe, someone who knows the trust structures, the inter-generational dynamics, the off-balance-sheet commitments and the principal's actual risk appetite." In a world where senior staff may be privy to tax positions, succession arrangements, philanthropic intent — and sometimes marital and health matters — every departure, he noted, is "a confidentiality risk no NDA fully neutralizes."

Some roles are more difficult to replace than others, noted Grace, especially those that involve years of experience and relationships with clients. "From personal experience, the hardest roles are those which have institutional knowledge and are client-facing, whereby knowing legacy information on each particular scenario whether it's related to a specific client's financial summary & their historical entity and estate creation."

The operational stakes are equally clear to Elizabeth Hale, founder and CEO of Scottsdale-based eeCPA, who advises wealthy families and family offices on tax strategy, governance and succession planning. The 70% hiring difficulty and 65% retention concern figures are not two separate problems. "The underlying issue is that no comp package fixes a missing internal succession track," she said. "The offices keeping people are the ones who started that work in 2022. The ones losing people are still trying to recruit out of the problem in 2026."

Replacing employees can also be expensive and burdensome, notes Grace, who says that they have paid recruiters $30,000 to $40,000 on average. In addition, "the onboarding is a good 3-6 months depending upon the experience in the specific role that you are filling." She adds that "losing an employee directly impacts each employee, as we all have to share the departed employee's responsibilities on top of the regular day-to-day work — we all end up working longer hours.

Scale changes retention dynamics

Not all family offices face the retention challenge equally. The dynamic differs sharply across the asset spectrum. "If it's under a billion dollars, it's way more nimble and there's not as many layers of corporate structure inside the family office — so one person might be responsible for 10 different initiatives," said Hale, speaking about smaller offices. "So losing that talent, you lose a ton of momentum."

In smaller offices, one departure can remove both execution capacity and institutional memory at the same time. Larger offices typically separate those functions, building redundancy across teams and systems.

Scott Saslow, founder and CEO of ONE WORLD Investments family office in Palo Alto, framed it bluntly: for a small to mid-sized office with perhaps three to six total executives, losing one can be devastating. "A lot of institutional knowledge can walk out the door," he added. Larger offices have more cushion. They have institutionalized knowledge management. Losing one great person, while painful, is not existential. "Whereas in the bigger ones, if they've been doing their job … losing one great person is not as devastating. It's easier to replace."

Wautier agrees that the flat hierarchy — often lamented as a structural weakness — is actually a deliberate design. "Families don't want a bureaucracy managing their own capital," he said. "But it leaves nowhere to be promoted to, so you compete on something other than title." That competition increasingly plays out in the realm of compensation, co-investment and, above all, alignment.

The cost of retention

Compensation has become the primary retention tool, but increasingly it is being redesigned as a long-term alignment mechanism rather than annual pay adjustment. The data points in one direction: family offices pay more, and raise salaries more aggressively, than operating companies — and the gap has been persistent. According to Trish Botoff, founder of Botoff Consulting, a compensation consultancy focused on family offices, the sector has consistently outpaced national benchmarks for operating businesses tracked by WorldatWork, a global nonprofit for human resources professionals. "Family offices in general provide much higher salary increases on an annual basis than what operating companies do," she added, citing data from her firm's annual planning survey. "In part because family offices are smaller — they're not as focused on having to meet an operating budget."

Botoff's firm found salary increases spiked sharply during the pandemic and have since moderated, with the market tilting back from candidate-friendly to employer-friendly. But the structural premium remains. One key driver: family offices are increasingly requiring candidates to already have family office experience, shrinking an already tight talent pool and intensifying competition for the people already inside the sector.

When it comes to attracting talent and keeping it, smaller and larger family offices take distinct approaches, according to the Heidrick and Struggles 2025 Family Office Compensation Survey. Larger offices have established long-term incentives and co-investment opportunities, while smaller offices tend to adjust compensation more aggressively.

What both sizes of office share, Botoff noted, is the recognition that retention is not an HR cost to be minimized but a competitive necessity.

One emerging tool on the compensation front: dedicated investment bonuses that give junior staff exposure to co-investment opportunities without the legal and structural messiness of loans. "So it might be that your bonus is $100,000 and half is going to be in cash and half is being set aside … for you to then invest alongside the family's investments," Botoff explained. "So it's cleaner. It's not a loan."

In 2025, family offices surveyed by Botoff offered performance-based bonuses to 75% of their executives and 72% of their staff members. As for long-term incentives, 51% of family offices used deferred incentive compensation, 33% offered carried interest, 26% offered co-investment without leverage and 17% offered co-investment with leverage, according to the Botoff Consulting Compensation Report in 2025.

Some family offices offer unique perks to their staffers in order to retain them, noted Hale. "Being able to use the family's private jet or being able to stay in one of the multiple homes that they have for a vacation with their family — things like that that you can't get in a typical job and those are unique lifetime experiences."

Non-financial drivers of retention

Beyond the financial incentives, some family offices offer potential hires the appeal of being a big fish in a small pond, such as sitting on investment committees that decide how to allocate tens of millions of dollars at a time, said Saslow. Working inside a family office, he added, offers breadth of exposure, proximity to decision-makers and a degree of agency that institutional life rarely affords. "You're actually able to make a big difference," he said. "You look back at your career and say — when I was at that office, I actually started that whole program." The trick is finding people who want that. Trying to sell the family office proposition to someone wired for institutional hierarchy is, he warned, a losing strategy: "Don't put a square peg in a round [hole]."

Gus Morison, founder and CEO of AYU, a global private members' club for family offices and alternative fund professionals, said he sees the human dimension as equally decisive. "The increasing priority on retention, as the family office world continues to both grow and mature, is a heartening sign that family offices are understanding what employees want," he said. "If they can offer the fast-paced excitement of the private market world combined with a little more professional management and structuring, they could become real leaders in attracting and retaining top talent."

Boards and principals who treat retention as cost control are mispricing the risk, said Wautier. "The real cost of turnover isn't the recruitment fee — it's the operational fragility and reputational exposure when someone who knows the family's affairs walks out the door." The consequences can be devastating, from a missed reporting cycle or delayed capital call execution to a stalled investment decision that could have been worth many millions.

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