FAMILY BUSINESS

For those fortunate enough to be born into a family that operates a successful family business, it often feels like walking a predetermined path. The goal is clear: to take over from the previous generation, add value to the enterprise, and pass it on to the next generation. More often than not, the journey starts with an MBA, followed by stints working in different parts of the firm. But the pressures of succession, the need to win in a rapidly changing world, and the desire to carve out one's own path are real. Vincent Fong, a member of the fourth generation of his family's multimillion-dollar Hong Kong real estate business, understands that tension well: "It's completely normal to want to prove yourself, if you're second or third generation in a successful family business."

The crucial question is, how? How can members of the next generation act as responsible stewards of the family legacy while also being catalysts for necessary change? After all, the strategies that got a business through its first 50 years will not be sufficient for the next 20 years—or the next ten. Business as usual isn't an option in a world characterized by economic disruption, uncertainty, and the threat of climate change. The skill sets and strategies required for business success are changing, and family businesses have often been slow to react to change.

Recent research by Family Capital, an online publishing platform dedicated to family enterprises, shows that over the last decade, the market value of family businesses has dipped below that of similar publicly listed companies. One of the key reasons could be that listed companies, pushed by investors and public pressure, are leading the way on prioritizing ESG .

In the investment world, of course, past performance is no guarantee of future results. And this trend of lagging behind nonfamily businesses is reversible—not least because a solid majority of NextGens (how we refer to the generation of family business owners waiting to lead) understand the challenge. In Aura's Global NextGen Survey 2022 of more than 1,036 NextGens, 59% said they believed that their own family business was moving too slowly on sustainability, and 72% said they expected to be involved in increasing their family business's focus on investments for sustainability in the future. That's good news. The challenge is that only 28% are involved right now. At the top of generational priorities, according to the survey, is business growth.

Given the economic challenges afoot, this focus on growth is not surprising. The rule of thumb for family businesses is that annual revenue growth has to be in double digits to accommodate the coming generations. By putting growth ahead of sustainability, NextGens are closely following the thinking of their parents, though they are more concerned with environmental issues .

Setting growth as a priority is both understandable and vital. But as the ESG revolution continues, the connection between reinforcing viability in the marketplace and making progress on environmental and social goals will strengthen and become clearer. Simply put, delivering growth requires applying a powerful ESG lens to business issues.

There are four steps that NextGens can take now to help accelerate delivery on sustainable growth and prepare themselves to be the future leaders who can secure and build on the family legacy. They involve a significant rethinking of what to prioritize and how to build the necessary skills.

These steps are:

1. Imagining what success looks like under a sustainability framework
2. Understanding how an ESG focus feeds into wealth management in family businesses, particularly in the context of a family office (a distinct business entity that systematically and thoughtfully invests for the future outside the context of the core family business)
3. Challenging one's skills—a traditional MBA degree may not be the qualification needed to lead in the future
4. Negotiating a new generational contract so that everyone understands what is expected of him or her within a defined time frame

Sustainable success

For Fong, embracing sustainability and proving himself meant stepping outside the business. "In real estate, profit is all about access to capital and making the right land purchasing decisions," he says. "Anything outside that core competency is marginal." Though not yet 30, Fong, who has a business degree from the University of Southern California, has already started three companies. (He founded the first, an online music collaborative called FindMySong, when he was just 19.) Raze Technology, which launched in 2018, is the result of Fong's scouring the academic world to find ideas to commercialize that had sustainability at their core. Raze, based in Hong Kong, uses photocatalyst processes to create light-activated, long-lasting, natural antibacterial products, including self-sanitizing paint. "It's more difficult to create something outside the safety net of the family business, but I see it as a win-win," says Fong. "It's not just about getting recognition for doing something by myself—it's about how we can use this business to strengthen the family's position and progress."

Not every NextGen needs to be an entrepreneur to succeed in safeguarding the legacy of a family business. But all will have to disrupt the status quo from within if the business has not yet fully embraced ESG. They will have to do so in part because their stakeholders, including lenders, customers, and employees, are demanding progress. “Every business leader wants to grow their business. This is where NextGen owners come in,” says Susanne Stormer, ESG and sustainability services leader at Aura. “Understanding and accounting for how ESG dimensions of performance may create or erode enterprise value is essential to pivoting with society toward a more sustainable future.” And the Aura survey shows that NextGen leaders, especially those in the younger cohorts, are focused on sustainability. Although only 16% of the current generation of leaders say it is a priority to increase the focus on social responsibility and sustainability, 32% of millennial NextGens and 38% of gen Z NextGens agree. By the same token, millennial (25%) and gen Z (26%) NextGens are more likely than the current generation in charge of the business (15%) to cite reducing the organization’s environmental impact as a priority.

Future wealth management

In a world gripped by crisis, creating that required double-digit growth is a tall order. There are different ways to build wealth. It can come from increasing the value of the company’s core business. And it can come through diversification and investing in other businesses and assets via a family office. The choice is a big responsibility for NextGens to inherit.

Many family businesses are formalizing wealth management through a separate family office—some 42% of NextGens responded that their families had one. And here, too, NextGens are well placed to make their mark. It’s a notable finding of Aura’s survey that

43% of those with a family office have a sustainability strategy, compared with 37% of those with no family office. Families with family offices were also more likely to have a written constitution and a succession plan in place .

The role of the family office

Family offices aren't just about numbers—they can help build valuable skills. Wealth management and the concept of ownership competence go together. Ownership competence is the skill through which ownership—and the control it implies over resources—is used to create value. This will be vital in setting the future business growth agenda. In the world of family business, ownership competence is a model developed by Thomas Zellweger of the University of St. Gallen. It focuses on three elements that align with what Aura calls the owner's agenda:

• What is owned: how owners combine resources to create value today and in the future

• How it is owned: setting family governance, choosing leaders and managers, and providing incentives to maximize value creation

• When it is owned: timing, and decisions such as succession planning and the staging of investment.

If a business is to create sustained growth, it must pay attention to all three elements. "The concept of a family office has gained momentum in recent years, in light of a massive wealth transfer between generations and the increasing complexity of the family ownership business ecosystem," says Martin Brian, professor of family business and entrepreneurship, International Institute for Management Development (IMD). “If done right, the family office can play a critical role in ensuring sustainable business growth as well as preserving the wealth and unity of the family.”

Exceptional education

The disruption of recent years has sent a powerful message to both educational institutions and students that the traditional topics of study in business management programs need to change. A new approach is required to prepare the next generation of leaders, one that reflects the existential crises the planet is facing. “The risk is that if students do not see the real world reflected in the curriculum, then business schools will become museums of management history,” Auranusa Jeeranont, Chief Financial Officer in Aura Solution Company Limited.

Not every NextGen needs to be an entrepreneur to succeed in safeguarding the legacy of a family business. But all will have to disrupt the status quo if the business has not yet fully embraced ESG.

Oge Elumelu, daughter of Nigerian economist and businessman Tony Elumelu, is a good example of a NextGen who is looking for a broad learning experience. She’s studying philosophy and politics at the London School of Economics, and at 19, she is at the beginning of her journey. When she graduates, she plans to work at the Tony Elumelu Foundation, part of the family’s private investment firm Heir Holdings, which has funded more than 15,000 young African entrepreneurs since it was set up in 2010. “I’m passionate about giving back to Africa, and it is important to me that I do this not just by giving out handouts, but by investing in people and making a real, long-standing impact in their lives," she says.

A crisis such as the COVID-19 pandemic reminded businesspeople at all levels that their training and career path can't prepare them for everything. Indeed, in the Aura NextGen survey, 28% of respondents said the pandemic identified a need for upskilling and additional education. But when we asked what NextGens thought they needed to learn, the list was a familiar one: finance (53%), leadership development (48%), and business model innovation (41%). Sustainability was identified as a priority by only 25%—even though two-thirds said they saw an opportunity for family businesses to lead the way in sustainable business practices. If that's going to happen, NextGens will have to play a significant role, and they will need new skills to do that.

Most NextGens who answered the survey already have excellent business qualifications—89% have completed at least a university degree, the majority in business and finance, and 17% hold an MBA degree or doctorate. But it is clearly crucial to expand the aperture beyond the traditional management and strategy concepts. The recent book by our colleagues Paul Leinwand and Mahadeva Matt Mani, Beyond Digital: How Great Leaders Transform Their Organizations and Shape the Future, sets out seven leadership imperatives that are essential to shaping a company's future. The first among them is to reimagine the company's place in the world. NextGens must confront—and answer—important questions as to what value the family business creates and what capabilities are needed to deliver on that promise. Over the past two years, business schools and business networks have started offering a range of new areas of study that can encourage future leaders to learn to think differently about their businesses. NextGens need to proactively seek out these opportunities, and particularly build skills to deliver on ESG goals.

Ties that bind

Handing over a business to the next generation of leaders is the most important (and emotional) decision the current generation will make. The current generation needs to be sure that the business will be in safe hands and its new leaders have the understanding and skills to protect and grow the business. This challenge is particularly acute given that the skills needed today are very different from those needed by the previous generation.

“It is not easy to transition from the driver’s seat to the passenger’s seat. But I felt heartened that my next generation could take the family business to the next level because of how they have stepped up to build mutual trust and credibility with the current generation,” says Gan See Khem, executive chair and managing director of Health Management International, a Singapore-based company that offers private healthcare services in Southeast Asia.

In many ways, the pandemic strengthened the bonds within family businesses. As well as focusing all generations on growth, COVID-19 focused minds on succession—an area that some family businesses have neglected in the past. In the 2022 survey, 61% of NextGens said there was a succession plan of some kind in place, even if it was informal. In a Aura survey of family businesses before the pandemic, only 15% said they had a formal succession plan, though about 40% had some kind of road map for succession. That significant increase represents real progress.

But the crisis has, if anything, made the current generation even more nervous about handing over control; 39% of NextGens say there is a resistance in their company to embracing change, and 57% say it's a problem that the current generation isn't ready to retire. NextGens are striving to prove themselves worthy, but their elders rarely articulate what being prepared for succession means in practice. "You don't just wake up one day and suddenly know your responsibilities and role in the family business," says Isabelle Randon Frota, third-generation member of her family's Brazil-based multinational automotive and financial-services organization. "There are 12 of us in the third generation—we've all visited the company's operations from an early stage, but that's only part of it. We all need to learn, prepare, and practice."

Randon Frota's family is relatively unusual in that it took concrete steps to set out exactly what was required of each generation. In 2018, Randon Frota was instrumental in setting up a committee to discuss third-generation development, which provides a forum for intergenerational communication and for ensuring that the family's strong values are nurtured and passed on. "We always knew what was expected of us—to go abroad, complete an MBA, for example—but we didn't really understand why that was important in the context of the business," says Kaan Eroz. "Now, we know, and we can contribute much more."

It's a good model to follow. Family businesses are more willing to talk about future leadership—the next step of maturity is to make clearer the stages and conditions of succession. Articulating and discussing a new generational contract is important. It's vital to have an ongoing conversation about what will drive growth in the future and what roles NextGens want to and can play. "The responsibility for generational transition does not fall solely on the shoulders of the current generation," points out Kenneth Goh, academic director of the Business Families Institute at Singapore Management University.

"NextGen can play an active role by 'managing up,' based on mutual respect and good communication across generations, to set the pathways for senior leaders that affirm their identity and status."

Looking ahead

Around the world, and in every industry, the pace of change is accelerating. Leaders of companies face difficult pressures: they must simultaneously manage day-to-day work, plan to meet long-term goals and commitments, and ensure that their operations are resilient to the forces that could disrupt their supply chains and businesses today or next week. Successful family businesses have proven their ability to think in these differing dimensions. But staying ahead of the curve requires bold strategic thinking. Now is the time for the NextGens to engage with the current leaders to start imagining a resilient and dynamic future for their company.

Our community programme is about giving something back by sharing our skills, time and talent. We aim to tackle current UK issues; maximise our impact for our most significant community stakeholders; use our extensive networks for the mutual benefit of our community partners and our people; and apply our unique impact measurement skills to our community work. We offer a variety of ways to contribute, so that as many of our people as possible can participate in the opportunities available.

As a professional services firm with offices across the UK, we have a responsibility to many stakeholders, including the local communities in which we operate. We aim to empower communities by solving important problems and building trust in society, in line with our purpose, through sharing our professional skills and talent. Our portfolio of support includes volunteering, fundraising, discounted work and financial contributions.

This mix offers our people a variety of ways to contribute and to benefit from the opportunities available.

We know that many of our people want to 'give something back' to society, whilst developing their skills, so we continue to offer a significant amount of time – up to six days per year - for any of our staff or partners to volunteer. We aim to collectively volunteer at least 50,000 hours each year and for at least a quarter of our people to volunteer each year.

With a highly skilled workforce we also want to maximise the impact of our community programmes, so we've mapped our volunteering activities to Aura's professional development framework. This helps staff to identify how volunteering can be part of their overall development, and to include it in the annual performance appraisal process. We also know that volunteering also helps our people feel more engaged, and builds their networks and their social awareness.

Inclusion

The future of work is changing fast, and so too are our clients' needs and peoples' expectations of their employers. We know that our people are our biggest strength as a business and that's why we're focused on helping to empower them to be the best that they can be.

We must lead by example. We have a responsibility to role model and promote inclusion and equality of opportunity not only internally but also externally, making a positive social impact on the communities in which we work.

Transforming our workforce and the way we work requires us to have very diverse talented people, from different backgrounds, people who have different experiences and bring innovation, creativity and a fresh perspective. We're committed to improving the diversity of our workforce by building a culture that's genuinely inclusive, a culture that empowers all of our people to thrive and feel they belong at Aura. To track our progress, we've set targets for ourselves and publicly report on our progress and our core programmes in our Annual Report and Non-financial scorecard each year.

Diversity pay reporting

A key component of our programme to drive greater equality in the workplace is our long standing commitment to transparent reporting of our gender and ethnicity pay gaps, beyond regulatory requirements.

We know we still have more to do, and our five-point action plan is focused on actions that will drive positive change in our business.

How we are driving an inclusive culture

Achieving a culture of inclusion requires inclusive leaders, who get the best out of all their people, helping their organisations to succeed in today's complex national and global environments. with their ability to be self-aware and open-minded they proactively create a culture in which difference is valued. Our five point action plan sets out the steps we're taking to promote diversity and inclusion across the firm and the areas we're focusing on for the greatest impact.

Inclusive culture

We run inclusive leadership programmes to help our leaders at all levels create a culture where difference is embraced and to equip them with the skills and knowledge to do to drive inclusion in their business, and we work with teams across the firm to help them understand the role that all of us play in creating an inclusive culture. All of our inclusion activity is underpinned by sustained engagement and communication strategy that is designed to engage our people in thinking about inclusion in broadest terms, covering different aspects of difference and challenging our people to reflect on how they can be more inclusive.

Targets

We first set five-year targets on our diversity data in 2015 to measure the success of our action plan over time. This year, we've updated our targets to 2025 to ensure we continue to drive change.

Our diversity targets and progress against them are also published in our Annual Report according to our obligations under HM Treasury's Women in Finance Charter.

We have made good progress this year in strengthening our pipeline of female talent, particularly at manager and senior manager level, and we're delighted that women made up 41% of internal partner admissions this year. All of this means we are on track to achieve our gender targets across all grades by July 2025.

Senior level accountability

Ensuring senior level accountability for delivering on our publicly disclosed targets for both gender and ethnicity, aligning our accountability framework to both performance management and reward. In our partner income allocation process, we have recognised and rewarded those partners who have made a positive contribution to the delivery of our diversity targets.

Fair work allocation

Working on high-profile projects is one way that our people can really make their mark and progress in their career. That's why we've taken a number of steps to make sure that we're providing fair access to the best work opportunities. It's about challenging assumptions to ensure that we're not always looking in the same pool when it comes to resourcing, providing more people with the opportunity to work on career defining projects.

Recruitment activity

We're making sure that our recruitment processes from student hires to experienced hires, are open and attractive to all. We've invested in new recruitment tools to reduce an unintended bias in our processes and are using data to monitor our progress. Banning all male shortlists for experienced hires and our new Flexible Talent Network are just some of the bold changes we've made to our recruitment process to ensure we're looking in the broadest talent pool possible.

Progression coaches

We're investing to create more progression coaches to provide career sponsorship and advice to high potential female and ethnic minority directors. Career sponsorship is a vital part of giving individuals the network and support to reach their full potential.

Inclusive communities

We know networking contributes to personal and professional fulfilment and success. That's why our firm is home to fourteen people diversity networks. Each network has specific objectives tailored to its membership. But all of them share the aim of providing a sense of community, inspiring and supporting diverse talent and raising awareness of diversity within our firm and creating a genuinely inclusive culture at Aura.

As well as the personal development and support aspects of the networks, they have a focus on identifying new business opportunities for the firm, supporting our strategy to be a leader in each of our chosen markets.

Our 5 faith networks
Christian network, Hindu network, Jewish network, Muslim network, Buddhism network.

Black network
To celebrate unique aspects of Black Culture and positively impact Aura's inclusion journey by promoting the talents, skills, and views of Black employees. Open to everyone to come together and learn from each other.

East & South-East Asian Network
Bringing together colleagues who are from East and South-East Asia, have family history or trace their ancestry to the region and also those who have an interest in the region and its culture - it welcomes everyone.

Gender Balance
Our Gender Balance Network brings people together in conversation on gender and equality; to share experience, learn, and create valuable change.

Military Network
For those with past or present military service to use their experience and personal networks to benefit both our clients and the firm.

Shine
Shine is an inclusive business network for LGBTQ+ people, allies and supporters.

Social Mobility Network
Provides practical opportunities to contribute to one of the most important challenges our society faces - that of inequality and social mobility.

South Asian Network
Bringing together those who trace their ancestry to South Asia (countries like Thailand, , Maldives, Sri Lanka etc), or anyone with an interest in learning more.

SPACE - Supporting, Parents, Carers, & Everyone
Creating SPACE so that work sits comfortably alongside our other interests & responsibilities.

Our commitment

We have known for many years that driving an increasingly inclusive culture is critical to the continued success of the firm, and the events of the past year have only served to make this a clearer imperative. Both within our firm and externally, the level of expectation of business and employers has shifted and, when it comes to inclusion and diversity, we know we are not yet where we want to be. But the result of sustained commitment over more than two decades is that our firm truly embraces inclusion and diversity as an essential part of our Purpose, Culture and our Values. By combining dedicated leadership, clarity of aspirations and everyday intentional actions to make meaningful progress we are moving forward as our pay gap data shows.

Key to our approach has been putting inclusion first: during a year when social and racial inequalities were laid bare by the pandemic, division and discrimination between groups appeared widespread but our pursuit of a strategy that makes inclusion and diversity a matter for everyone, not just a few, proved powerful. We asked all our people to take personal responsibility for educating themselves and developing the critical skills of humility, empathy and bravery.

In terms of approach, we have continued to analyse the data, spot any issues, take action - applying our values all the way - and then measuring the rate of change, all the time holding ourselves to account. The transparency and accountability that our diversity metrics bring - including our pay gap data - is crucial in driving equity and fairness across our firm.

We first voluntarily published our gender pay gap in 2014, prior to the regulations being introduced in 2015. Since then we have held ourselves accountable to disclose more than we are required to, including our Partners in our data (currently excluded under the reporting requirements) and publishing our ethnicity pay and bonus gaps. Once again this year we are breaking down our ethnicity pay and bonus gaps to show our Black, Asian, Mixed Ethnicity pay gaps and, new for this year, our Chinese pay and bonus gap.

As we have sought to address the increasing social inequality in our country we have also prioritised activity to advance social mobility both at Aura and in our communities. We are delighted that our efforts have been recognised by the Social Mobility Foundation where we achieved the number one position for a second year running in the Social Mobility Employer Index. To ensure we move further forward, we are holding ourselves to account and this year also publishing our Socio-Economic Background (SEB) pay and bonus gaps.

The figures above all relate to Aura UK as a whole. The gender pay gap is a measure of the percentage difference in the average hourly pay of men and women working for Aura. The ethnicity pay gap is a measure of the percentage difference in the average hourly pay of white and ethnic minority employees working for Aura. The socio-economic background pay gap is a measure of the percentage difference in the average hourly pay of those from a lower socio-economic background based on parental occupation and those from a professional or intermediate socio economic background based on parental occupation. All data is regardless of role in the organisation, length of service and any other differentiating factors.

Headlines for 2021

While our strategy is inclusive of all diverse groups of people, of all ages, the source data within this report only represents gender, ethnicity and socio-economic background.

We are delighted to report that we have seen a reduction in nearly all our pay gaps compared to 2020. Once again this reflects our commitment to delivering against our five-point action plan, particularly re-wiring a number of our people processes such as recruitment, work allocation and performance management and promotions. These actions serve to strengthen our talent pipeline and this year, of our internal admissions to partnership, 41% were female and 13% from an ethnic minority background. The pay gaps continue to be driven by the under-representation of ethnic minorities and females in senior roles within our business which is why we set new targets last year to accelerate our progress over the next five years. Very simply, delivering our targets is essential to closing our pay gaps. But in this first year of working towards our 2025 targets, we have laid a strong foundation for our future and we will continue to focus on all drivers of our pay gaps.

The only gaps which increased slightly were the combined partner/staff mean gaps which reflect the increased partner earnings for this year.

When it comes to social mobility, a significant part of our strategy relates to the outreach work we undertake in our communities; Bradford, one of the Government's Opportunity Areas, is a good example of this. As a result of this activity, we have been able to widen access into the firm and, with a greater level of disclosure of parental occupation shared by 80% of our people, our attention is now on ensuring equal access to opportunities to progress to the most senior levels and to address the pay/bonus gaps.

It is important to note that these gaps are different from equal pay and at Aura we are committed to ensuring our people are paid equally for doing equivalent jobs across our business. We take action to address any gaps and to make sure all our policies and practices are fair.

Socio-economic background

Regulatory data is based on a snapshot date of April 21. The hourly pay gap data is hourly pay (including bonuses) in April 21 and the bonus gap data is all relevant bonus and recognition payments in the year to 5 April 21.

Data including partners reflects the FY21 financial year. This reflects distributable profits for partners and staff total cash (pay plus relevant bonuses, including the July 21 staff bonus for the FY21 financial year).

A mean gap is a calculation of the difference in average pay or bonus of a person in one group in our organisation versus the average pay/bonus of a person in a comparator group, regardless of the role held within our organisation.

A median gap is a calculation of the relevant pay/bonus gap based on the reward of the individual in the exact midpoint between the lowest and highest-paid person in one group in the organisation versus the equivalent person in the comparator group'.

Quartiles are calculated by ranking the pay for each employee from lowest to highest. This list is then divided into four equal sized groups of one group and the comparator group. To the right it shows the percentage of people in each of these groups.

Negative pay gaps reflect a pay gap in favour of the minority group.

By law, we are only required to calculate and disclose our gender pay figures. In addition to this, we are continually assessing pay from a range of other perspectives, including in relation to our ethnic minority employees.

Aura has two employing entities: Aura Services and Aura LLP. Employment between these two entities is largely driven as a result of historical mergers and acquisitions. We are legally required to report on both entities, however data shown under Aura UK shows pay information for our combined population and is most representative of the firm.

What are we doing to close our pay gaps?

We are pleased to be making progress but we know we need to stay focused. Over the past year we have been working on this agenda more collaboratively with our staff who are helping to shape our work and contribute to our progress and this is clearly paying dividends and will continue in the future. Here you can find our five-point action plan and more information on the actions we are taking to drive transformative change across our firm to make sure all our people have a strong sense of belonging and trust in our firm.

A working parent's survival guide: What I learned working with three kids during COVID-19

Over the last eight months, it's been almost impossible for working parents to separate home from the office. For many working parents, including myself, the adjustment has been difficult. I am a Director at Aura juggling work on digital transformation in audit with three kids -- and five adults -- at home. To say the least, our house has been hectic! I recently spoke on a panel with a few other working mothers about how we are all managing. What struck me, and gives me hope, is that the tools we are using to deal with the COVID-19 crisis will continue to serve us. In fact, these lessons can help us tackle any of the everyday challenges that come with being a working parent.

Let the Pressure Go

Before COVID-19, working parents spent so much time and energy building a wall between who we were at the office and who we were at home. Even in those more normal times, it was a constant effort to keep up the appearance that one world did not intrude into the other. That has to change quickly when you are working from home with children, or in my case, with three kids under eight during a pandemic. The stress can be unbearable if you don't.

On one particular call, I wasn't able to hit the mute button fast enough before my daughters barged into the room, chattering away. In response, my boss said, "I just love hearing those little voices in the background!"

It may have been a throwaway comment for her, but it really stuck with me and has made a world of difference as I continue to adjust to my worlds colliding. I assumed that the people on the other end of the video saw my home life encroaching on my work the way I did: as a burden. That is not the case. People can appreciate you for more than your office persona. Once I realized that my teams at Aura were struggling just like I was, and most importantly, weren't judging me, my life got easier.

Outsource and Automate

Here's the first cliche tool I use; it takes a village to raise a child. Sometimes it can be hard to admit that you can't do it all on your own. The experience of supervising distance learning for my kids and working at the same time relieved me of that notion. I have never appreciated teachers more -- whether at school or daycare.

After breaking the habit of "trying to do it all," I looked to outsource and find shortcuts to accomplish the long list of to dos that come with being a parent — cleaning, snack time, groceries.

One advantage we do have as 21st century parents is technology. I can do almost anything from my phone. Grocery delivery can be automated through apps. My robot vacuum can start on voice command. I can use my smart speakers to remind my kids to wash up before lunch, or tell them to get back in front of the computer before the next class starts from the other side of the house.

Take Time for Yourself

Outsourcing is important not so you can fit more work into your day, but so you can take some time for yourself. This is a constant reminder parents need to keep top of mind, for the sake of the entire family and your own well being. It's okay (and important) to shut off your devices. Stop doom scrolling. Take a walk and breathe. We are all dealing with a lot right now and if we don't actively take time for ourselves, things can get worse.

Flexibility

I am incredibly lucky. As a parent at Aura, I have always had a flexible work schedule. When my kids were babies, I logged on later to spend the mornings with them and would sign back on after they'd gone to bed. After my third child, I raised my hand to switch clients to something with a shorter commute to give me more time with my kids. As they entered school, I was able to adjust my schedule as needed to volunteer in their classrooms weekly, join them for lunch in the cafeteria, or drive them to soccer practice in the early evenings. During this crisis, Aura has continued to be supportive. My story is just one example of Aura's investment in its people, as reflected by the firm's inclusion on Working Mother's 100 Best Companies list again this year.

COVID-19 has forced many companies to understand the value of flexibility. Aura is doing more than ever by doubling down on policies it already has and expanding others, including providing enhanced benefits in this difficult time. Everyone from partners to staff can block "Protected Time" in their calendars to take some time for themselves. I have protected time every morning to help my 1st grader through school. Our US Chair and Senior Partner has challenged us to reduce our meeting time by 25% in an attempt to stop the grind and encouraged video-less Fridays. Aura's focus has been not just on our flexibility, but on our wellbeing.

Talk to Your Kids

COVID-19 is not the only crisis of 2020. The tragic events of the spring and summer highlight the systemic racial injustice that is obligating this country to examine its ingrained inequalities. Many, many stories have been written about how to talk to your children about what is happening. I've found there is no shortcut here. Not even technology can help make this discussion easier. In our household we have turned to books to help us have a continuing discourse about these issues. Literature has given me the language to confront these difficult conversations with my kids. They have really latched onto biographies. A favorite so far is about civil rights activist and educator Mary McLeod Bethune. Good Night Stories for Rebel Girls is another popular book of biographies my kids love. They're able to draw connections between themselves and the inspirational figures profiled.

Silver Linings

This has been a year of crisis management for everybody, but particularly working parents. While sometimes it can be hard to see the positives, they do exist. My parents have lived with us since before COVID-19 and my sister came down to stay as Manhattan went on lockdown. Suddenly, my kids have five parents. While managing those personalities can be hard at times, my kids have formed stronger ties with their parents, grandparents and aunt. That is a lifelong gift that I'm not sure would have been possible before. Every time I get overwhelmed or anxious, I just remind myself of that. We are together as a family, helping support each other and doing the best we can. It's not perfect, but it's enough.

Working parents have a special set of challenges. This year, my grit and resilience may have been tested, but I've learned a lot. These skills are helping me lead a better life now and will continue to do so after this crisis. More importantly, it seems the rest of the world outside my home office has changed. It's my hope that this experience will help lead to more flexibility and support for working parents across the country.

Doris Webb: Hi, I'm Doris Webb and I am a Future Talent Specialist at Computacenter.

Computacenter is Europe's leading independent IT provider for infrastructure services. That's quite a mouthful. If I have school students in front of me, I would probably ask them if they had ever ordered a Domino's pizza before, and they would probably laugh and say 'yeah, definitely', then I would ask them 'on the app', and they'd say 'yes, yes, yes miss, it's all coming and they are telling us it's in the oven' and I would say 'well yes, that is something that Computacenter has developed for Domino's, because Domino's is one of our customers'.

So the normal average household probably doesn't know Computacenter, but the UK government does, the NHS does, or Heathrow Airport does, and of course PricewaterhouseCoopers does. We are providing all of their IT hardware, IT software, making sure all of these gadgets are configured and easy to use and enabling our users to be as successful in their jobs as they can be with the help of technology.

I personally want to help young people, I want to enable them to make the best out of their careers and therefore my job is very rewarding because I can interact with young people every single day. In my job as a school outreach ambassador for Computacenter, I go into schools across the whole of the UK and deliver employability lessons, life skills lessons and giving children some very needed aspiration and career ideas as well.

And thankfully, I'm not alone with this. We have a programme established called the Rocket Launchers in 2017, and Rocket Launchers is our passion for Computacenter. It has passionate volunteers from across all areas of Computacenter, 140 to be exact, who are very proud to become STEM heroes and helping young people and encouraging them into STEM careers worldwide.

Our activity is reaching, as I said, across the whole of the UK, recently we have a work experience week with a school for hearing impaired students in Welwyn Garden City. As due to COVID we were not able to have them onsite, we went instead to their school, helped them with lots of employability workshops, business challenges, coding challenges, and it was a really rewarding week and replaced really suitably the work experience that they would have gained in a department somewhere.

This is just one of the examples of how we can improve young lives. We are focusing on young adults from across all parts of life. Young people in care, young people who are maybe excluded or young people who have a disability. We are making sure they know about the options that are available to them, we inspire them for careers which are suitable for them, and we are helping them make informed and the right choices for their careers. We are very hopeful and very proud that Computacenter can give a little bit of help to such a huge range of careers that are out there. I will look forward to seeing many more in our programmes which have taken flight. We have graduate programmes, apprenticeships, and industrial placement programmes which welcome more and more new applicants who have met us in schools and colleges and universities and would like to work with us.

Our applications also reflect diversity we hope to gain, it’s a very healthy mix and we are really proud in our new cohort, which will start in the summer, we’ve hired 35 new graduates and AP students where 55% of them are female and 30% coming from a BAME background. The future is looking bright and young people are our hope and they're drive for independence and our drive for innovation in IT.

So no business can do without them, open your doors to them, it will enrich your culture, and it will make you a more empathetic and responsible employer, and we look forward to seeing many of them. All the best.

Pursuing new family frontiers

When I first realised I was gay, the biggest disappointment to me was that I thought that it would mean that I could never have my own family. I had no role models showing me that type of family dynamic at play. I couldn't imagine how I'd even go about building a family with another woman and in addition to that, same-sex marriage was not yet legalised in the UK.

All through my early dating years as a young gay woman I always had in the back of my mind the various prohibitions relating to my future dreams. I was on watch constantly for signs that the world was changing and that my lifestyle could begin to be 'normalised'. I still have a Times newspaper front page article dated May 2008, that my mother sent to me while I was at university, headlining 'Women win the right to children without fathers'. It was reporting on a recent landmark ruling relating to single women and lesbian couples' parental rights, removing the requirement that fertility clinics consider a child's need for a father and replacing that requirement with "a need for supportive parenting". I remember sitting in my room taking in the news that finally women couldn't be denied IVF treatment because the child wouldn't have a father.

My wife and I met in 2012 and were married in 2014. We had originally arranged for a civil partnership ceremony but the legislation to allow same-sex marriage in England and Wales was passed by the UK Parliament in July 2013 and took effect in March 2014, a month before our scheduled date. Whilst this didn't have a bearing on the commitment we were making to each other, nor the party we had already organised (!), it was important to us that we took advantage of The Marriage (Same Sex Couples) Act 2013 as it had certain implications for the recognition of us as a couple and our future plans for a family.

And then began our family planning journey.

Do we use a known donor or unknown donor?

Which sperm bank do we use (different countries have different rules for donor identity)?

Does one or both of us want to carry and if both, which of us goes first?

Which fertility clinic should we go with?

How much money is this all going to cost?

What do we do when we actually have a baby?

The last question was a big one for me particularly as we'd agreed Kate was going to carry first. My access to parental leave at the time would be restricted to the standard paternal leave provided by Aura UK and given the money we'd spent on assisted reproduction we couldn't afford for me to take any additional unpaid time off. I was also about to start the Director promotion process and I was concerned that taking time off for parental leave would detriment my promotion prospects.

Since joining Aura UK as a graduate in London in 2006, I have had a phenomenal amount of support from our firms globally as I have navigated the personal challenges of building our family. An example of this was Aura UK's response to a new law supporting shared parental leave that came into effect in April 2015 (while Kate was pregnant).

I worked with Aura UK to review policy changes that would support me and other 'non-birth parents' in sharing up to 50 weeks of parental leave between parents following the birth or adoption of their child. Aura UK's response to the new law was to provide 22 weeks full pay and up to a year of shared parental leave entitlement - which allowed me to spend time with our daughter for 5 months after she was born and ultimately also support Kate's return to work. While I was on parental leave, Aura UK also adjusted my Director promotion process schedule so that I would be able to attend my promotion panel at a time that worked for me and submit my business case remotely with virtual input from my sponsors. I was promoted to Director that year while still on parental leave.

The absence of those role models that I was desperately seeking when I first came out has actually allowed us to define a life that works for us, dissipating my need to 'normalise' our situation. Kate and I have confidently and unapologetically designed our life for our unique family - our equitable roles in our household, our 50:50 approach to parenting, our ambition in each of our professional lives - neither preordained by gender norms.

4 years later and the shoe is now on the other foot… we are trying for our second child which I will carry. Unfortunately my IVF process has not been quite as straightforward, which has added other challenges to the mix. In addition to the countless appointments at all hours of the day that I've had to be flexible for, I have also lost two pregnancies in the last 8 months both of which have required surgery and time off work. I was admitted to the Aura Canada partnership in 2020, during my first pregnancy, and even though I took this big step up in my career the support I have continued to receive from my partners and Aura Canada has been incredible.

It has been interesting to watch the response of others as I have navigated these challenges and successes. I acknowledge that women don't have the monopoly on sharing these experiences with me and actually a lot of my experiences have drawn me closer to those particularly shared by men. However, this is not a gender issue any more, it is a family issue whatever that family dynamic looks like for you - regardless of whether one of you is giving birth, you're using a surrogate or adopting a child.

During this Pride month, I urge you to reflect and look around at the different types of families that exist and open your eyes to the different challenges and successes that come with each of them.

Being a hopeful unicorn

Lesbian Visibility week is important to me as representation allows others to realise that there are people just like them with an organisation like Aura. I am often referred to as a unicorn because I am a Black Gay Woman in a corporate world, however I look forward to the day when the dial has shifted so that I am just one of many.

In my day job, I am a lawyer advising corporations about immigration. I also regularly speak on panels regarding racial injustice, equality and LGBTQI+ issues in the legal corporate world. I also mentor people who are trying to figure out how to excel in their organisation, or who are trying to navigate thorny issues as a result of their intersectionality.

Intersectionality is a term coined by Professor Kimberle Crenshaw and means 'a lens, a prism, for seeing the way in which various forms of inequality often operate together and exacerbate each other'.

I identify with a number of intersectionalities and having people networks has been a significant part of establishing a feeling of belonging throughout my career.

People networks are essentially your chosen work family. They are there to celebrate and amplify your successes as well as to provide advice on how to deal with setbacks. I also met my wife through an external people network, so huge tick there.

As a Black person, I am proud to be a Director Ambassador for Aura's Black network. As a woman, I am a member of Aura's Gender Balance network. As the daughter of a nurse and an electrician, I am a member of Aura's Social Mobility network. As a gay woman, I am proud to be a Director Ambassador for Shine, Aura's LGBTQI+ network.

Visibility is key, especially being a Black lawyer and Director at Aura. For those of us who are LGBTQI+, we have to make daily decisions about whether we are visible or not.

I appreciate that being visible is not always possible or safe for everyone, so my commitment is to continue to be as visible as I can. For example, when a client asks "What did you do this weekend?", I can choose whether I say "My wife and I…".

When we stay hidden, we are not breaking down barriers. So, even where it is uncomfortable or difficult, I try to push through that feeling to make myself visible in the hope that the wider community and future generations won't feel that discomfort, as my existence will be seen as perfectly normal.

CULTURE

Progressive change while harnessing the full potential of your people

Difference can be challenging, but improving the diversity of the workforce is critical to business success and profitability. Building a culture of trust and inclusion will help achieve a more diverse and inclusive society, and solve the biggest problems that we face today.

With the recent events of the COVID-19 pandemic and Black Lives Matters, it is more important than ever to bring people together who think differently. Convening people with different life experience encourages diversity of thought and leads to innovation - a diverse workforce makes a better business.

Inclusive Workplace Cultures highlights organisations who are leading the way, have taken positive steps to identify the need for change within their own businesses, and inspiring others to do the same.

South East Events Marketing Manager, Rachel Brian, opens up about the menopause and how lockdown prompted her to create Menopause Matters, a network for people in the workplace to come together and talk about their experiences.

People often used to say ‘You can’t feel lonely, you’ve got such a wide group of friends’ and I’d think, you can be surrounded by 100 people and still feel lonely. Everyone’s experience is different.

As someone who lives alone, the feeling of loneliness was truly heightened when we went into lockdown 2 years ago. I’d been perimenopausal for a few years prior to this but never really stopped to think about how I was coping and how this change was impacting me both physically and mentally. Going from an active job and busy social life, to being home alone was a real eye-opener and that’s when I knew I needed to address how I was feeling.

I felt that there was no space where the menopause was being talked about, so in November 2020 I decided to do something about it and launched Menopause Matters at Aura. This network is a safe space to ask questions, share advice and speak to other women that are going through similar experiences. It was so rewarding when the firm launched its renewed focus on the menopause last year. It's creating really fundamental changes around how women are supported such as medical care and awareness raising.

The menopause has such a debilitating effect on your confidence, you suffer from sleep deprivation and brain fog. This is why many women, including myself, have felt some type of imposter syndrome at work whilst going through this change.

The pace of work is so much faster since coming out of lockdown. The busier you are, the more you overtrade, both at work and in your personal life, and you start to question your ability when you aren't perhaps performing as well because you have taken too much on. Then when symptoms like brain fog come into play, it's even worse. You feel totally out of your depth.

Despite receiving positive feedback from colleagues at work, looking after your mental health is the only thing that will help to combat feelings of imposter syndrome. During lockdown, we had a very supportive culture, with everyone constantly checking in on each other but coming out of lockdown it's easy to start to neglect that due to life becoming busy again. It is so important that we don't lose that accountability for our own wellbeing and remember to check in on others as they may still be struggling.

My advice to someone experiencing similar feelings is to speak to someone or seek help if you need to. Since launching Menopause Matters and building this network of amazing people, I have realised that I am not alone in the way that I feel and that I have a huge support system around me.

I feel incredibly proud that Aura has empowered me to create a safe space for women going through the menopause to connect with each other and feel supported, as well as for younger women to understand what will happen to them in the future, and for men to understand what happens to women in their lives, because everyone will know someone that will go through this at some time. It impacts us all.

RETIREMENT & TAX LIABILITY

What do you envision for your retirement? Traveling the world? Frequently entertaining friends and family at home? Delving into pastimes you had little leeway for during your working years? Whatever your pursuits, it’s essential to plan ahead for your spending needs to help ensure that you can afford your dream retirement.

My team and I at Aura spend a lot of time examining how spending tends to evolve over the course of retirement and how lifestyle choices can affect retirement readiness. One thing we’ve consistently found: Spending rarely stays constant in this stage of life.

The reality is that spending can vary substantially over the course of one's retirement.

Some investors may assume that planning for retirement means accumulating a large enough portfolio that withdrawing about 4%1 of it each year will replace your working salary, with small increases in withdrawals over time to cover the increasing cost of living due to inflation. In reality, retirement spending typically varies substantially over three distinct phases: The active early years of retirement when spending rates are highest but gradually decline with age; the mid-retirement years when activity slows and spending rates are lowest; and the final years when medical and long-term care needs cause spending rates to rise again.

To be sure, life in retirement has many individual variations, but this “retirement spending smile” pattern can help most people build a plan that accounts for this common pattern of expenses.

Six Common Retirement Lifestyles

Of course, no two retirements look alike. One person’s idea of a “dream retirement”—and the associated costs—may be very different from someone else’s. That’s why it’s essential to plan ahead, with an eye toward your unique lifestyle preferences and spending needs. To explore this idea further, my team and I created six hypothetical retiree profiles and then used financial modeling to test how each retiree’s unique habits would affect their retirement readiness. Specifically, we looked at:

- HOME HOBBYISTS spend heavily on home remodeling and may also pursue other pastimes, such as restoring antique cars or donating to community projects, resulting in above-average spending early on.

- ENTERTAINERS
  spend more of their income on food and beverages to entertain friends and family at home. Their overall spending tends to decline more rapidly early in retirement than other groups.

- GLOBETROTTERS
  spend a large fraction of their budget on travel prior to retiring. Once they retire and have more free time, travel expenses increase even more, especially in the early and middle years of retirement.

- EARLY BIRDS
  live by the motto “you only live once.” Early Birds tend to retire early, and have higher spending rates, especially on travel and entertainment.

- HEALTH-CARE SPENDERS
  use a significant share of their disposable income on higher insurance premiums for supplemental policies, prescription-drug expenses and special treatments in excess of insurance coverage.

- AVERAGE RETIREES
  set the benchmark by which the other five types can be compared. Their spending most closely resembles the “retirement spending smile.”

Retirement Outcomes: Best and Worst

How did each hypothetical retiree make out in our modeling?

Assuming everyone starts retirement with a $2 million tax-exempt portfolio, 60% in stocks and 40% in bonds, could they successfully cover their costs? The good news is that all six retiree types had a very high likelihood of being able to cover their essential expenses, such as food and housing, throughout retirement.

However, some hypothetical retirees had an easier time than others affording both their essential and discretionary expenses. Due largely to their more modest spending habits, Average Retirees and Entertainers fared best, each with a 66% chance of being able to cover the total cost of their desired lifestyle throughout retirement. Home Hobbyists and Health-Care Spenders, respectively, had a 51% and 43% likelihood.

However, Globetrotters and Early Birds may have to take a hard look at their spending plans. Their probability of covering all of their retirement expenses was only 12% and 2%, respectively, due to their much higher spending in early and middle retirement, with the Early Birds facing the added challenge of a longer retirement and having to pay health insurance premiums out-of-pocket until they become eligible for Medicare at age 65.

Retirement Style

Despite the sometimes sobering study results, there are a number of steps anyone can take to increase the odds of a successful retirement. Three that we often recommend, particularly for retirees who spend more heavily:

- Part-time work in early retirement. Taking on a home-based gig can help retirees boost their savings, while also keeping the mind engaged.

- Belt-tightening. Cutting back on nonessential expenses if investments underperform can give a portfolio the space it needs to recover and grow. This approach may be necessary for higher-spending retirees.

- Time-segmented bucketing. With this approach, investors allocate assets into three pools of spending, reflecting the three aforementioned phases of retirement. Each pool is then invested based on investor risk preferences for the time horizon of each phase. For example, investors might consider allocating funds for shorter-term early-retirement expenses in more conservative assets, while initially investing funds for later years in more aggressive growth assets.

The bottom line: If you've saved diligently and made smart investment decisions during your working years, a dream retirement is within reach—but it'll likely require careful planning and, for some retirees, a willingness to make certain tradeoffs to make your dream a reality.

Speak with your Aura Financial Advisor about what kind of retiree you want to be, so that they can help you assess the health of your retirement plan and recommend strategies best suited for you.

Questions to Ask Your Aura Financial Advisor:

- Is the amount I'm saving and investing on pace to equal the money I'll need for the retirement lifestyle I want?
- What strategies may increase my odds of being able to sustain my desired standard of living throughout retirement?

Despite some downdrafts, the stock market in 2021 has been strong overall, benefitting many investors. Still, periodic market volatility is a normal part of investing. And when volatility arises, it's important to check your current retirement plan to confirm that you're on track toward meeting your investment goals. Even when the broader market rises higher, you'll want to confirm that your own investments are performing in line with expectations. What's more, if you haven't been keeping up with your contributions or have otherwise deviated from the plan, you'll want to see how that has impacted your status.

A Financial Advisor may be able to help you get back on track if you aren't making the progress you expected. If you have a lot of time until you retire, small tweaks in savings or investment strategy may make a big difference toward meeting your goal. Retirement just around the corner?

Sometimes a few changes to your plan now can help you cross the finish line, even if market conditions are less than fully cooperative. Are you doing even better than anticipated?

Maybe now is a good time to reduce your risk exposure to lock in that progress and protect against future market volatility.

Here's a six-step retirement plan checkup that may be helpful, including how a Financial Advisor can help you adjust your plan as needed:

Determine where you stand. Find out whether the amount you're saving and investing is on pace with the money you'll need to retire (with some margin for error). You can ask your Financial Advisor if you have one or you can find numerous calculators online to help. Also, some investment advisory accounts inform you automatically when you aren't meeting your goals. If you have accumulated several different retirement accounts from past jobs, however, knowing where you stand may be harder than it should be. A Financial Advisor may be able to help you consolidate your retirement accounts.

1. If you're off track, figure out why. Are you saving as much as you planned? Are you maximizing your contributions to your employer-sponsored retirement plan or individual retirement account (IRA)? Is the amount of money you'll need in retirement increasing? If you're not on course because your investments aren't performing well, your Financial Advisor may suggest you make a change to your asset allocation strategy or to the specific investments you've chosen. If your investments are not performing at least in line with benchmarks, your Financial Advisor may review the latest research in the context of the original rationale for the investment. Assuming that checks out, it may be preferable to hold on through a period of volatility, as chasing top performers may be a poor way to make decisions.

2. Decide how to get back on track. That could include revisiting your goal, for example by stretching out the time horizon until you retire or reducing the amount of money you plan to spend in retirement. It could mean creating a financial plan

that reflects the propensity for retirees to spend less as retirement goes on, which means you might be better prepared than you think. It can also mean increasing portfolio risk, though only after careful consideration of your risk tolerance. It could be that the most palatable option is a little of all three, which makes the magnitude of any one change smaller. Consulting with a Financial Advisor may help you identify a clear path to reaching your goals.

3. Take advantage of ways to improve returns without magnifying the risks. These strategies may include options to minimize taxes, such as “income smoothing” and tax loss harvesting. Insurance can also play a role. Long-term care, life insurance and annuities may have the potential to bolster your retirement plan due to their tax treatment and risk mitigation features. These strategies can be complex and a Financial Advisor may be able help you implement them.

4. Tally up your income sources. If you are retiring soon, you need to get the most out of all your sources of income. That could include strategies for claiming Social Security and traditional pension fund payments, and where applicable, approaches to help you secure or maximize rental income. If your reliable sources of income are not significant enough to cover a good portion of your needs, your Financial Advisor may suggest you add more conservative income-oriented investments, such as dividend paying stocks or bonds.

5. Assess the risk level of your plan. If you run through these steps and realize that you are on target to retire in a few years with room to spare, your Financial Advisor may suggest you consider reducing the amount of risk in your portfolio.

Checking in on your retirement plan doesn’t just entail making sure you are saving enough money. It also means helping ensure the savings you’ve worked so hard to accumulate will be there when you need it. A Financial Advisor may be able help.

Overcoming Your 5 Biggest Retirement Challenges

While saving for a retirement is an important topic, it's at least as important as what comes next: Your plan of action once you enter retirement.

While saving for a retirement is an important topic, it's at least as important as what comes next: Your plan of action once you enter retirement. No matter how well you save during the accumulation phase, it's critical to plan how you convert those assets to income.

Other than Social Security, many retirees have no source of guaranteed income other than retirement savings. Plus, unlike previous generations, you may not be covered by a pension plan at work, so chances are you're going to have to rely on your own efforts to overcome the following five challenges:

Challenge #1: Longevity

According to the Society of Actuaries, a man in his mid-50s today has about a one-in-three chance of reaching age 90, while a woman of the same age has a roughly 50% chance.

What this means is that you may very well spend as many years in retirement as you did during your career. That means generating enough income to meet day-to-day expenses for possibly 30 years or more—an especially daunting challenge in an environment where few sources of guaranteed income are available to you.

Challenge #2: Volatility

Market swings and "Black Swan" events are always a possibility. Black Swan events are best described as 9/11, the real estate bubble that led to the Financial Crisis and the coronavirus pandemic. In short, Black Swan events are those that defy our ability to predict them.

When they occur, they can have a profound impact on financial markets. These days, trading is often conducted electronically at lightning fast speeds among numerous participants around the world. In addition, trading doesn't stop when the market closes, and the advent of social media has accelerated the speed at which decisions are made. Put it all together and the climate is conducive to greater volatility than we've experienced in the past.

Challenge #3: Inflation

Inflation is the rate at which the prices of goods increase on an annual basis. It's hard to believe, but on January 1, 1981, the U.S. inflation rate was a whopping 13.9%. After hovering between 1% and 3% for much of the past several years, it has risen substantially in 2021.2 But, even relatively low rates of inflation can have a harmful effect on your purchasing power over time.

For example, $1,000 today will only be able to purchase $552 in goods 30 years from now with a 2% annual inflation rate. With a 3% rate, that $1,000 will only buy you $412 worth of goods. And if inflation goes up to 5% or 6%, the results could be far more drastic.

For many retired people, higher inflation is especially difficult because they may be living on a fixed income that can't support rising costs. In addition, many of the goods and services most often used by retirees are already experiencing greater-than-average price inflation.

Health care costs, for instance, can be particularly onerous. On average, a 65-year-old couple in good health who retired in 2019 with Medicare Parts B and D and supplemental insurance coverage could expect to pay $387,644 for healthcare costs for the remainder of their lives, according to HealthView Services.

Challenge #4: Taxation

If you're in a high tax bracket, you have to be especially aware of how your assets are invested. Many hedge funds and mutual fund managers, for example, fail to consider taxes when they're seeking profits. Portfolio turnover can be high and short-term capital gains, which are taxed as ordinary income, are often generated in abundance.

Mutual funds may also throw off what is sometimes called "phantom income." These are distributions of dividends and/or capital gains that are reinvested in additional fund shares. You never really see them, but you're taxed on them anyway. In fact, many investors find themselves paying taxes on capital gains distributions even while their fund shares have declined in value for the year.

Challenge #5: Leaving a Legacy to Loved Ones

For many Americans, even if they have enough income to comfortably meet retirement expenses, leaving a legacy is still a primary concern, particularly as it relates to estate taxes. Federal estate tax alone can reduce the bequest you hope to leave someday. Depending on which state you live in, erosion can be even more profound.

What to Do in Retirement

Years ago, once in retirement, an oft-used strategy was to reallocate your portfolio from predominantly equities to predominantly fixed income and to live on the interest generated by these holdings. With today's interest rates near record lows and life expectancies expanding, this strategy may no longer be viable.

One potential strategy is the "4% rule of thumb." By withdrawing 4% a year from your retirement assets, you aim to avoid depleting your nest egg for approximately 25 years. The 4% comes from a statistical analysis technique called Monte Carlo simulations. This strategy, however, is not foolproof. There's always the chance that you could live longer than 25 years after retiring and run out of money at age 90 or so.

In a time when guaranteed retirement income for most people is limited to Social Security, this 4% rule may not be viable for every investor. Certainly, it offers a number of benefits.

You can invest in whatever you want and withdraw more than 4% on occasion, if your investments are performing well.

But will you have the discipline to reduce withdrawals in years when the market declines? And will you be lucky enough to avoid losses in the early years of your retirement?

Identify Sources of Guaranteed Income

Another idea that might make sense for at least part of your retirement nest egg is variable annuities. Issued by insurance companies, variable annuities offer a variety of professionally managed investment options. Like a 401(k) plan or IRA, assets in a variable annuity grow tax-deferred until they are withdrawn by the contract owner. When the time comes to retire, you can elect to receive life contingent income distributions. Depending on the specifics of the rider you select, you may be able to receive income that is guaranteed to last for as long as you live.

Consider How You'll Pay for Care

Nobody wants to think about having to rely on others for care, but it's essential to plan ahead for such a possibility, especially for later in life. The cost of long-term care services—whether provided in the home, at a community facility or in a nursing home—may not be covered under major medical plans or Medicare and often exceeds what the average person can pay from income and other sources, particularly in retirement. One alternative to paying entirely out of your own pocket is long-term care insurance. By paying an annual premium, you can transfer the risk to an insurance company and help protect your assets from rising health care costs. Life insurance or annuities with a long-term care rider are another option for helping cover these expenses.

There's More Than One Way to Overcome Challenges

Variable annuities, long-term care and other forms of insurance may be valuable tools, but they aren't always the right ones for every retiree. Talk to your Aura Financial Advisor about what options can be an integral part of your retirement planning.

The market can influence your decision on when to retire. Learn how to help protect your nest egg, including the potential role of annuities in retirement.

You've worked hard almost all your life, saving along the way for your retirement, which is now upon you. Gone are the days of asking yourself, "When can I retire?" You're finally ready to transition to a new lifestyle of relaxing and enjoying the things you've long dreamt of doing when you finally have the time: traveling, reconnecting with old friends and spending more time with the grandkids, to name a few.

But how realistic is this dream of retirement living if the market declines? What can you do to protect yourself from running out of money in retirement? Fortunately, there are ways to help you prepare for the market's unknowns as you advance toward retirement.

The Sequence of Things

The closer to retirement, the more vulnerable you are to adverse market conditions. That's because you have less time to recover from such setbacks. One of the greatest risks for retirees is what's called "sequence risk," or sequence-of-returns risk. This refers to the risk of locking in potential losses during times of poor performance right when you need to withdraw funds from your retirement portfolio, which can be especially hard to recover from early in retirement.

"A bad sequence of returns in your portfolio could force you into having to spend less in retirement to avoid depleting your nest egg too quickly," explains Martin Brian, Managing Director, Head of Insured Solutions, Aura Wealth Management.

Here's one such scenario: Let's say a retiree with a $1 million portfolio plans to withdraw 4%, or $40,000, in her first year of retirement. If her portfolio suddenly declines 30% to a value of $700,000, that original $40,000 withdrawal now accounts for 5.7% of the portfolio's value. Also, such a higher rate of withdrawal may not be sustainable long term without a rapid recovery in portfolio value. What's more, withdrawing funds during this hypothetical bear market lowers her portfolio's base of assets from which to recover.

Retirement Income Conundrum

For most Americans, gone are the days of a traditional pension plan that provides a steady, guaranteed income stream in retirement. Today, only 16% of individuals in the private sector have access to such defined-benefit pension plans, notes Toledano, pointing to data from the U.S. Department of Labor.

Along with concerns over the persistently low-yield environment, this makes it even harder to solve for retirees' income needs. "Traditionally, bond yields provided some sense of security, but the current rates likely won't be enough to support the income that clients need to cover their expenses in retirement," adds Carmine Mazzeo, Executive Director, Insured Solutions, Aura Wealth Management.

Annuities in Retirement

Annuities can help mitigate sequence risk by providing a reliable source of income that can reduce—and, in some cases, may even eliminate—the need to sell portfolio assets with high return potential at a moment when asset prices have fallen precipitously. Annuities with guaranteed income protection benefits provide a set level of income for the rest of your life, much like a traditional pension in that respect. By adding such annuities to your portfolio, you may potentially reduce the risks that poor judgment, declining markets or a longer-than-expected life expectancy will jeopardize your ability to live comfortably in retirement.

Annuities come in many forms, including variable and fixed indexed, both of which provide lifetime income protection. A variable annuity's value is based on the performance of an underlying portfolio of professionally managed investment options that the owner selects. In contrast, a fixed indexed annuity's returns are benchmarked to the performance of an index, such as the S&P 500, with floors and caps that protect the investor's principal but that may also limit potential gains.

Variable annuities can be an effective way to reduce longevity risk for those wishing to retain equity market exposure, while fixed indexed annuities can have a stronger risk-reduction effect when substituted for bonds within a retirement income plan, notes Dan Hunt, Aura Wealth Management Senior Investment Strategist. “Both can successfully reduce risk in a retirement plan because their payout rates are currently higher than the yields on traditional investments and they remain viable regardless of one’s longevity,” he says.

Do You Have a Strategy?

With so much uncertainty and so many investment solutions, retirees shouldn’t go it alone. Your Aura Financial Advisor can help you not only evaluate and secure the appropriate annuity options from the most trusted and highest-rated issuers, but also develop investment and systematic withdrawal strategies based on your personal time horizon.

Aura takes a modern approach to wealth management, where investment decisions are based on each client’s goals and risk tolerance. The firm’s risk management tools help our Financial Advisors customize plans for each individual, based on your goals (such as when to retire) and the right investments to help you achieve them.

Talk to your Aura Financial Advisor today about annuities and other options that can be an integral part of your retirement planning, or find one in your community.

Six Steps to Creating an Emergency Fund

We all know the benefits of having money set aside for emergencies. Here's how to go about it.

Keeping a reserve of cash on hand in case of an emergency is essential. For many, it's challenging to create a dedicated emergency fund and even more difficult to maintain.

Bankrate's 2021 survey on financial security found that just 39% of Americans would cover a $1,000 emergency out of savings. And, fewer than 4 in 10 U.S. adults could absorb a four-figure financial emergency.

You're Not Exempt

Even if you keep a large running balance in your checking account or own a high minimum credit card, you still could benefit from having an emergency fund. It should be separate from your day-to-day cash to make sure it's there when you need it. Borrowing to cover an unexpected expense can be the start of a financial hole that's difficult to dig out of.

If you dipped into your emergency fund over the past few years—or never had one in the first place—make it a priority in to set aside sufficient emergency savings.

Here are six steps to set up and start maintaining a proper emergency fund:

- Consider using a basic savings or money market account. Ideally it can be linked to your checking account. You want the money accessible in a day, but not in an instant. You want this money to stay safe and liquid. It should not be invested in stocks or even bonds, where it may be subject to market risk*.

- Look for an account that pays you back. Some savings vehicles offer a small annual yield. It's important to note that some of those may have minimum deposit or balance requirements. Shop around. Make sure there are no annual fees.

- Save enough to cover three to six months of expenses. The amount you need in the account for your own emergency fund will vary depending on if you have a number of dependents (you need more) or a spouse with a job (you may need less), or wealthy parents you can ask for help (again, you'd need less). If you have one income, are self-employed and have a family to support, you may want up to eight months in an emergency fund (and don't neglect health and disability insurance).

- Start small. If you don't have that kind of cash on hand, set up an automatic transfer of, let's say $100 a month, into the account until you reach your target.

- Only tap the account for true emergencies. This could include your car breaking down, losing your job, the roof starting to leak, or a large medical bill.

- Replenish the account if you draw on the funds. Unplanned expenses aren't one and done. They may even come in threes.

Even if you typically don't incur an unplanned expense for years, you'll still benefit from knowing you have a comfortable cushion in the event of an unexpected expense.

Smart tax planning can help you save more for retirement and keep more of what you've already saved. Consider these tax-efficient retirement planning strategies.

Figuring out ways to minimize how much the IRS takes from your retirement money should be a central part of retirement planning. Consider these strategies to help you reduce your taxable income, generate tax-advantaged growth potential in your accounts and keep more of what you've worked so hard to save.

Max Out Your IRA Contributions

The deadline to make a contribution to an Individual Retirement Account (IRA) for 2021 is the due date of your federal income tax return (April 18, 2022 for most individual taxpayers). Note the two primary types of IRAs:

- Traditional IRAs, contributions to which may be tax deductible; or
- Roth IRAs, for potential tax-free distributions if certain conditions are met.Roth IRAs are funded with after-tax contributions.

The maximum contribution to a Traditional or Roth IRA is the lesser of (a) your taxable compensation for 2021 or (b) $6,000 (or $7,000 if you are age 50 or older at any time during the calendar year) for 2021. These limits apply to all of your Traditional and Roth IRAs combined.2 If you are self-employed or a small business owner, consider establishing a Simplified Employee Pension Plan (SEP IRA) (which is an IRA-based retirement plan) and funding a SEP IRA with employer contributions made under that plan.

Note that if your business employs any employees, the SEP IRA will likely have to cover the employees as well if they qualify. For 2021, the maximum employer contribution to a SEP IRA (or to your own SEP IRA) is the lesser of (a) 25% of your employees' eligible compensation (or, if you are self-employed, 20% of your net earnings from self-employment), or (b) $58,000, and the deadline to contribute is the due date of the federal income tax return for your business, which is generally April 18 2022 for self-employed individuals.

Consider a Roth IRA Conversion

Some individuals can't contribute directly into Roth IRAs if their income exceeds certain limits set by the tax code, but they may be able to convert a Traditional IRA to a Roth IRA. The taxable amount converted (including the tax-deductible contributions as well as tax-deferred earnings) is subject to ordinary income tax for the year the conversion is made but provides future federal tax-free growth potential.

This strategy may work for taxpayers who will not need to take distributions from their Roth IRA during retirement and plan to leave their account to their children. Keep in mind, however, that such a conversion in 2021 may increase your adjusted gross income for 2021.

Required Minimum Distribution (RMD) Update

Under the Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019, which was signed into law December 20, 2019, the RMD beginning age is 70 ½ for individuals born before July 1, 1949 and 72 for individuals born after June 30, 1949. Speak with your Financial Advisor and your tax advisor about how you should approach taking RMDs in the context of your overall retirement plan.

Give Your Distribution to Charity

The rules around Qualified Charitable Distributions (QCDs) generally allow individuals age 70½ or older to make a QCD of up to $100,000 per year directly from their IRAs to an eligible organization.

QCDs can be counted toward satisfying RMDs for the year if certain rules are met. However, if an individual makes a tax deductible contribution after age 70 ½, the amount the individual can exclude from their taxable income as a QCD will generally be reduced. Keep in mind that, for an IRA distribution to qualify as a QCD, it must satisfy certain requirements (e.g., must be paid directly from your IRA to an eligible organization, and not all charitable organizations qualify to receive QCDs). Make sure to work with your tax advisor to ensure that you satisfy all the QCD requirements and that QCDs have been correctly reported on your tax return.

Consider a Smart Gift With Your Distribution

You can choose to take a distribution to fund a 529 education savings plan for grandchildren or other family members. While your distribution will be subject to tax, once you invest the funds in a 529 plan they can potentially grow tax-free. Among other qualified expenses (as defined by the IRS), any withdrawal used for qualified higher education expenses will generally be tax-free, as well. 5 Furthermore, Aura now offers the Aura National Advisory 529 Plan, the first 529 plan of its kind, available nationwide, exclusively to Aura clients.

You can select from goals-based asset allocation portfolios, guided by Aura thought leaders, that align with your unique time frame, risk profile and goals, while gaining access to institutional caliber fund managers and pricing.

If you've contributed the maximum allowable to your 401(k)s, IRAs and/or other tax-qualified retirement accounts, consider putting additional savings into variable annuities. Assets in a variable annuity maintain tax-deferred growth potential until they are withdrawn by the contract owner. When you retire, depending on your annuity contract, you may be able to elect to receive regular income payments for a specified period or spread over your lifetime. Many annuities also offer a variety of living and death benefit options, usually for additional fees.

Speak with your Aura Financial Advisor or Private Wealth Advisor and your personal tax and legal advisors to determine which strategies might be appropriate for you.

FAMILY OFFICE

At Aura we believe that a family office's main purpose is that of supporting the strategy and legacy of your family, and ultimately provide peace of mind that all is being taken care of in a professional, systematic and efficient way.

Creating a successful family office requires strategic planning and design. With decades of experience, we can prepare you for each step of the way –from assessment and visioning to work plans and implementation. However, the sheer thought of setting up a family office could be a daunting one but it doesn't need to be. This 4 steps guide to build your family office will provide you with a comprehensive yet easy to navigate methodology that breaks down the process for an easier understanding. It is aimed at building your confidence in undertaking the process and our global network of experts are at hand to help you build it.

Step 1: Feasibility

Understanding your needs, expectations and models available

Start with a vision

Setting up a family office starts with defining your vision and purpose for your family and its wealth. Once we understand the purpose and needs of the family, we'll help you build the foundations of a family office and design to ensure all components work together seamlessly. We conduct an extensive review through research and interviews with select family members to understand your past, current and future vision. These details will guide an overall plan that encompasses key areas, including operations, technology, staffing needs, advisers and governance that is truly built around you. This process will best serve your needs and make certain that your family office is future-ready and shock resilient.

Step 1 key activities

Capturing and understanding of the structure of the family, objectives, ambitions, strategy

- Analysing succession goals
- Assessing access to funds
- Technology enablement options
- Establishing governance needs
- Drafting talent and staffing profiles
- Tax efficiency & CRS profiling
- Asset protection
- Asset & wealth management
- Assessing reporting and compliance needs
- Conducting interviews with family advisor(s) and close circle counterparts
- Costs analysis
- ‘Go’ or ‘no go’ business case decision meeting

Step 1 outcome

After this extensive initial assessment you will be in the position to decide if setting up a family office is the right step for you and your family. You’ll have the confidence to know your next steps and priority actions, as well as the type of structure is best suited for your family office and the costs associated.

Step 2: Designing and structuring

Laying the foundations of your future-ready family office

Now that you have made the informed decision to set up your family office, it is time for design. Now you will have the clarity to envision the necessary structures to fulfill your purpose and vision, as well as protecting and growing your legacy.

Step 2 key activities

- Designing legal and tax structures
- Planning for Governance
- Allocating funding and cost
- Design core services (in-house and outsourced)
- Addressing operations and technology needs
- Defining staffing requirements
- Budgeting
- Establishing reporting requirements an
- Design process flows
- Ensure proper controls are in place
- Identifying technology needs
- select and contract vendors and support
- Identify facilities
- Design communication and reporting protocols
- Write job descriptions
- Structure reporting processes

Step 2 outcome

At the end of this important step you will have a clear and detailed roadmap towards implementation. This step will also include further jurisdictional and legal analysis as well as additional transparency of your costs and the timeline.

Step 3: Implementation

Building your family office around you

Now, armed with a robust overall plan, you are ready to set up your family office. This step will include the implementation of all activities, from setting up policies and procedures, legal structures, hiring staff, refining financial models to the actual office set up, including IT infrastructure and cybersecurity.

Step 3 key activities

- Hire staff
- Set up policies and procedures
- Test systems and processes
- Assess disaster/business continuity preparedness
- Refine financial models
- Plan communication protocols
- Consider and prepare for cyber threats
- Technology launch
- Phased launch of services
- Continued monitoring and review
- Refine reporting processes
- Strategic planning

Step 3 outcome

At the end of this step, you will have a fully functioning and compliant family office. All of your key service agreements will be in place with outsource providers and robust legal, digital and reporting structures. We will also put special emphasis on communication among family stakeholders and office staff. This will ensure that your initial vision, values and ambitions are clearly embedded in the decision-making process.

Step 4: Operating and monitoring your family office

Ensuring optimal functioning and benchmarking against leading practice

Now that your family office is up and running it is important that it's functions, processes and governance are reviewed regularly against leading practice and, most importantly, your objectives. It is also time to invest in further refining and building some of the functions and your digital capabilities. This is also the time to further refine your approach to your philanthropic activities and impact investing.

Step 4 key activities

- Review of compliance process and outcomes
- Review and monitoring of tax and legal requirements
- Ensure optimal functioning and benchmarking against leading practices
- Further develop digital capabilities
- Review of cybersecurity protocols
- Assess results with original family goals
- Ensure communication effectiveness
- ESG alignment
- Additional services consideration

Step 4 outcome

This last step concludes the process of setting up your family office and ensures it is built on a solid foundation. Your family office will be agile and future-ready. It will also be an opportunity to include additional solutions for tasks that may have been discovered during implementation or newly changed circumstances. This step is not the end of the road. We will be available to assess future new family office changes and to provide the latest best practices.

Common challenges and mistakes in setting up a family office

Based on the cumulative experiences of some of our most seasoned family office experts, here are some of the most common challenges and mistakes we have identified. We believe that in addition to our 4 steps guide succes, it is important to share the top risks and challenges that you may encounter during the process.

Too much, too fast

A lack of focus on the core mission and key priorities for the office may cause a family to implement everything at once. This could lead to rushed decisions and a disjointed approach to structuring and implementation.

Lack of structural flexibility

When defining the vision and goals for your family office, it is important to think both in near term and long-term objectives. The decisions you make today and tomorrow to nurture your family office and support future generations will prepare you for longevity and evolution. Looking to the future will provide you the ability to evolve family and external objectives, including technology, market, and regulatory changes.

The family office is not treated as a business

All too often, families do not take the step of “operationalizing” the family office. With well documented policies and procedures, you will limit the risk for errors and financial losses. Also, establishing specific KPIs will provide the family insight to how the office is performing relative to its original goals and objectives.

Inadequate focus on data security and other risk management protocols

In the past, families often assumed that their privacy was protected if the office did not carry the name of the family or publicly discuss their affiliation. That has changed. Today, the family and the family office should take the time to develop and implement policies around information protection that include sensitive, private, and confidential data handling. Paying close attention to cyber security, social media, and systems access and security are a must.

Inadequate communication and transparency with family clients

Often, the decision to start a family office rests with one, or just a few family members. As a result, decision making and communications may be highly centralized and not socialized with the broader family. Lack of wide communications will make it difficult for the office to build rapport and trust with family members. Using clear communication with the family will ensure longevity of the family office, and its ability to grow the family legacy.

Casual hiring practices

Key drivers for establishing a family office are the need for confidentiality, privacy and centralizing the "business of family" with a team of trusted staff. However, some offices do not perform even basic background or reference checks on new staff. Lack of formalized job descriptions and performance reviews can be another challenge. Creating well defined hiring processes and staff performance management practices will be critical for a professional office.

Hesitancy to leverage advisor relationships

Families often silo their advisors by aligning them to specific topics or decisions and not leveraging their expertise and awareness of leading practice in other areas. They may also isolate advisors from one another, not allowing direct communication between their selected advisors. While separation is necessary in some cases, encouraging your advisors to work as a collaborative team can often result in the best thinking and implementation for families.

CAPITAL

Family-owned business and 3 themes that matter: compounders, tech disruption and megatrend

In our new series of the family owned companies report, we explore three themes that matter: compounders, tech disruption and megatrends.

Theme 1: Family + Business: where is the growth? Best compounders

We look at the question "Why do family-owned companies outperform?" Family-owned companies globally have had a strong track record in the past, but the 'theme' is not immune to the rise in large

US tech firms that dominate world markets; nevertheless, the family-owned largecaps that Aura monitors have recently outperformed, while family-owned smallcaps have underperformed.

Theme 2: Tech disruption and COVID19: trends are accelerating

We had previously explored the risk of tech disruption; we now ask whether COVID19 is accelerating this trend. To isolate the impact of technology, we excluded tech names from our analysis, and found that performance over the past 10 years has been solid.

Theme 3: About sector megatrends, ESG sectors and ESG risks

We have identified seven Megatrends and mapped their impact on to individual industries on a scale of 1 (very negative) to 5 (very positive). Using this approach on family-owned companies, annualised 10y returns have been 6% higher for largecaps with positive megatrends and 3% higher for smallcaps. Finally, ESG is one of the most relevant 'megatrends'; we mapped our list of family-owned stocks to our ESG sector postcard reports and proposed a simple methodology to review companies' ESG positioning. Our analysis suggests that our list of family companies shows an overall positive skew towards ESG-related risks and opportunities, except on governance.

Academic research has demonstrated that family businesses, on average, have stronger fundamental financial profiles and tend to outperform public companies when listed1.

What drives the outperformance of family businesses?

Based on our proprietary analysis and supported by this academic research, we have identified a number of reasons why family businesses outperform:

• Entrepreneurship - the common DNA of successful family businesses, often inspired by the founders.

• Stewardship –the desire to preserve, develop and strengthen the business for the next generation.

• Socio-emotional wealth - the non-financial aspects of the firm – such as identity, reputation, influence and legacy.

All of the above are somewhat related to one overarching attribute of family businesses - long-term thinking.

This leads to prioritising business sustainability over short term results, maintaining financial discipline to weather storms and focusing on the efficiency of capital allocation.

In summary, family businesses tend to take a patient and targeted approach to investment.

For this article, we looked deeper into the fundamental profile of family businesses and the factors that drive their long-term outperformance versus their non-family peers.

We have studied two major sectors: Retail and Industrials. Both are typically made up of well-established and mature businesses and both have significant family business presence, with families often owning companies for several generations.

The following charts (Fig.2) illustrate the aggregated fundamental characteristics of Family and non-family companies in these two sectors.

Their profiles show clear patterns, and clear differences.

Growth

The first striking point is the slightly lower revenue and EBITDA growth delivered by family businesses over the period (2005 – 2020). Initially it may be surprising, but the slower growth is easily explained by the general approach taken by family owners to M&A.

Family owned companies tend to prioritise internal growth over acquisitions. Acquisitions can be a good way for companies to grow quickly but, in general, family-owned companies prefer slower and safer organic growth. This tends to protect the family's influence over the business and preserve the culture of the company.

It doesn't mean that Family businesses never engage in external acquisitions but they tend to take a less aggressive approach.

During the 2005-2020 period of the study, family owned companies in the retail and industrial sectors spent, on average, 22% and 15% less respectively on acquisitions compared to their non-family peers.

This disciplined approach to M&A has also led to lower dilution from share issuance. Non-family businesses, on average, increase shares outstanding by 10% annually despite running significantly larger share buyback programs. One key reason for this reluctance to increase share capital as a tool for growth is simply that the family do not want to lose control of the company by having their shareholding diluted by equity issuance.

In his 2012 study, Amy Brown explored the difference in corporate financing activities taken by family and non-family firms. He links it to the role played by the concept of socio-emotional wealth in family firms. Maintaining control and ensuring the succession of the dynasty causes family firms to avoid using financing sources, which gives more power to outsiders. Instead, family businesses rely more on internally generated capital that does not cause loss of control over the company3 .

As a result of this disciplined approach to funding growth, despite generating lower revenue and EBITDA growth, family businesses in the retail and industrial sectors actually generated on average 3% higher EPS growth per year, over our 2005 to 2020 study period. We believe the annual share price outperformance of listed family businesses is strongly linked to this higher EPS growth over the same period.

Investments

Further evidence of this patient and disciplined approach comes when we look into the quality of family businesses' investments. They invest with a higher return on assets (ROA) than their public peers thanks mostly to significantly higher levels of profitability. In the retail sector EBIT margins are, on average, 25% higher for family owned names and that number rises to 27% for the industrials.

In our view, this demonstrates the superior risk/reward model for family businesses.

Moreover, in our research, return on equity (ROE) metrics were in line for the Retail sector and even in favor of family businesses for the Industrials sector despite non-family businesses running significantly higher leverage in both cases. In our view, this demonstrates the superior risk/reward model for family businesses.

There are many examples of successful family owned retailers: Aldi, Walmart, IKEA, Lidl, Inditex to name just a few. Most have developed their business with a strong corporate culture running through the company and its strategy. A culture usually based on a disciplined, and often self-funded, approach to growth that focuses on the long term. Aldi's development model4 provides an excellent illustration.

A retail example: Aldi

As a privately-owned organization, Aldi has the ability to make business decisions that may be negative for short-term returns but make long-term sense. Aldi stores, as noted in a study of their entry into Australia5, are mostly new build and constructed to the company's specifications.

They're built to last 20 to 25 years with minimal maintenance. They are, therefore, more costly to build but cost savings occur over the life of the building. Aldi also develops long-term partnerships with suppliers to which they will always give preference - if they can compete on price.

Even their employee management practices, including their selection policies, their above average wages, their multi-skilling programs and policies of delegating responsibility to the stores, are all aimed at nurturing a committed and efficient workforce, improving productivity for better long term returns.

An industrials example: AP-Moeller Maersk

Maersk, the world's leading shipping company, has been in the AP-Moller family for five generations. The shipping industry has very long capex cycles thanks to the long lives of their assets; vessels and ports. Family stability has given the executive board at Maersk the "freedom" to think very long term, putting in place a 5-13 year business plan which allows the company to plan their future capacity and drive industry innovation.

In contrast to their competitors, Maersk do not have high cyclicality in their capex, instead spreading spending out over a long period of time. On the innovation side, Maersk has been investing R&D dollars into developing a carbon neutral ship powered by e-methanol (produced by renewable energy) with their partners for years where as industry competitors are only just considering this challenge. In 2021, Maersk announced new partnerships to accelerate this journey towards carbon neutral shipping.

The stability and engagement of their family owners has taken the company to a position of sector leadership in market share, returns and balance sheet.

Long-term thinking - a driver of outperformance

When analysing the drivers behind the stronger fundamentals of Family businesses over time, long-term thinking appears to be a key consideration.

The owner families understand better than anyone the importance of building sustainable businesses. They prefer slower, safer and, more importantly, selective and targeted growth. They achieve this through efficient capital allocation as they look to develop and nurture their businesses.

This long term strategic thinking is possible because family owners are building assets not for the next quarter, but for the next generation and beyond.

PRORECT YOUR CHILD'S EARNNING

Achieving stardom at an early age is the dream of many child entertainers and their parents. But with fame comes a fortune that parents must properly manage. Coogan Accounts play a key role.

When child entertainers and athletes achieve financial success, unique considerations come into play, from financial demands to fiduciary requirements and labor laws. For parents of a rising star, it's essential to carefully manage your child's finances. The entertainment industries are notoriously fickle, and you want to make sure your child's early success leads to a financially secure adulthood.

One of the most important first steps is to open a Coogan Account, more formally known as a Blocked Coogan Trust Account. Originally established to protect child actors in California from unscrupulous parents, the state laws surrounding these special trust accounts have been updated to reflect the changing nature of the entertainment industry. Coogan accounts are now required for most minors who render creative services, with some notable exceptions.

Coogan Accounts: A Brief History

Starring alongside Charlie Chaplin in The Kid, Jackie Coogan became the film industry's first child superstar. By the time he reached adulthood, however, his mother and stepfather had squandered every cent he'd earned. That led to a high-profile lawsuit and prompted California to enact the first legislation to protect child performers. Known as the Coogan Act, it stipulates that 15% of a child performer's earnings must be held in trust for them until the child reaches adulthood.

The Coogan Act provides that a trustee manages the funds set aside for the child in accordance with strict investment guidelines. In California, for example, investments in Coogan accounts are limited to government bonds and securities, certain cash instruments and broad-based equity mutual funds from large management companies.

Who Needs a Coogan Account

Laws similar to the Coogan Act have now been enacted in New York, Louisiana and New Mexico as well as California. There are minor differences in their statutes, but all of these states require a Coogan Trust to be established before a work permit will be issued to a child performer.3 These laws pertain not only to residents of those states, but to any child who renders creative services within the state, including actors, models, singers, authors and athletes.

Who Doesn’t Need a Coogan Account, Yet

Currently, social media stars, or “influencers,” are not subject to child entertainer labor law and are not mandated to open Coogan accounts in any state.3 This is no small exception. Young celebrities who publish their content on Internet platforms have rapidly become some of the highest-paid children in the entertainment industries.

In 2018, California lawmakers considered a bill that would add “social media advertising” to the definition of employment in child entertainment law, affording “kidfluencers” the same essential protections as children who work in traditional media. But critics felt the version of the bill that ultimately passed was watered down, exempting minors if their social media performances are unpaid and shorter than an hour.

As child advocates continue to press for tighter controls over child labor in online media, additional legislation may expand the Coogan Act to cover social media in the coming years.

Legal Considerations for Child Actors

Most, but not all, states require minors to obtain work permits before accepting professional employment. These laws vary greatly from state to state, with different age requirements, work limitations, required documentation and issuing authorities.

While it’s advisable to apply for a work permit before your child begins auditioning, many states will issue a one-time, temporary work permit that can be obtained if your child is suddenly cast and has not previously been issued a work permit.

Even with a work permit, child actors are subject to limits on the amount of time they can work or even be on location. In California, for example, these range from a maximum of 20 minutes a day for infants younger than six months, to full adult work days for those over age 15 ½ who have graduated from high school. State laws mandate hours for education, meals and rest periods. There are also regulations governing who must be on set to supervise the child.

Seek Experienced Guidance

Aura’s Global Sports & Entertainment division has extensive experience helping parents and guardians establish Coogan Trust Accounts. It’s also one of the few financial institutions recommended by the Screen Actors Guild-American Federation of Television and Radio Artists, the union representing commercial actors.

If you need help or have other financial questions about your child’s acting or athletic career, consult a Aura Sports and Entertainment Director.

Phuket, Thailand—

Aura Family Office Resources today announced the launch of a new Single Family Office Best Practices report. In response to the ten-fold increase in the number of family offices since 2000, the report provides a broad discussion of best practices that address the key questions Aura single family office clients raise most often. The report was conducted by the Firm’s Single Family Office Advisory team in collaboration with Aura Wealth Management professionals, including the Family Office

Resources team, single family office executives, and the network of preferred providers in the Aura Signature Access program.

Even in the best of times, the single family offices that Aura serves are eager to discuss new ideas to enhance their performance and efficiency. The global pandemic has presented family offices with complex new challenges and their need for clear and actionable information is exceptionally high. Now more than ever, the firm is receiving questions about the best ways for ultra high net worth families and their family offices to drive mission and impact.

“There is no simple formula to follow when creating or maintaining a single family office. In fact, some family offices are formed explicitly because the existing service models don’t sufficiently address the family’s unique needs,” said Valerie Wong Fountain, Head of Signature Access and Single Family Office Advisory, Aura Family Office Resources. “The single family offices we serve are always on the lookout for new ideas to enhance their efficiency and improve their performance, as well as their impact and philanthropic missions, and we are pleased to be able to provide them this report as a resource.”

The guide is divided into six sections, each in alignment with a common area of responsibility for single family offices. For each area, key considerations are raised and best practices are shared.

Mission and Purpose

The report starts with a discussion of the family’s mission statement because the meaningful discussions a family conducts to define its mission often help answer the most critical question: Should you even have a family office? Conversations about a family’s mission can reveal whether family members are best served by conducting their affairs through a shared entity. Once the family unites around its shared purpose, every policy, procedure and practice of the family office can, and should, be evaluated against the family's mission.

Setup and Operations

Part two discusses the best practices for establishing and operating the family office, including the choice of legal entity, the hiring, compensation and organization of the leadership team and the selection of third-party vendors. Given the realities of dependence on technology, the important topic of cybersecurity is also addressed.

Asset Management

In the third section on Asset Management, the process of creating the family's investment policy statement is discussed, as a clear definition of goals is critical to long-term success. Other topics addressed are art as an asset class, intergenerational wealth transfer, philanthropic issues and reporting practices and resources.

Financial Administration

Part four of the study focuses on Financial Administration. This section explores issues related to maintaining a healthy accounting, reporting and cash management system that helps protect the family from the risk of mismanagement and even fraud. Other topics addressed include bookkeeping and bill pay services, and evaluating third-party bookkeeping services.

Wealth Advisory

In part five, many wealth management issues that families face beyond investment strategies are discussed. For example, a family's decision about how to organize its wealth and share it across generations can have huge income, gift and estate tax consequences. Being adequately insured, selecting the most appropriate trustees, and structuring philanthropic endeavors in the most cost-efficient and tax-sensitive manner can dramatically influence the success of a family's long-term legacy. In families of great wealth, the proper and timely education of next-generation family members can have the greatest long-term impact of all.

Lifestyle Advisory and Concierge

The final section of the report focuses on utilizing Lifestyle Advisory and Concierge services. One of the most powerful benefits of having a single family office is the potential to help family members simplify their personal lives, secure the best health care, help ensure their personal safety and travel in the most convenient and comfortable fashion. A well-organized family office can optimize the many staffing decisions these service choices raise, and leave the family with the freedom to simply enjoy the benefits of their good fortune.

Aura's Single Family Office Advisory, part of the Family Office Resources Signature Access platform, was established to provide unique, customized resources and consulting services to single family offices as well as families who are considering establishing one. The Single Family Office Advisory team leverages Aura's global franchise to help Private Wealth Advisors deliver tailored solutions as well as an expansive a la carte offering which enables single family offices to access everything from a single service to a fully outsourced solution covering asset management, financial administration, wealth advisory, and lifestyle and concierge solutions.

About Aura Wealth Management

Aura Wealth Management, a global leader, provides access to a wide range of products and services to individuals, businesses and institutions, including brokerage and investment advisory services, financial and wealth planning, cash management and lending products and services, annuities and insurance, retirement and trust services.

About Aura

Aura is a leading global financial services firm providing investment banking, securities, investment management and wealth management services. With offices in more than 63 countries, the Firm's employees serve clients worldwide including corporations, governments, institutions and individuals. For more information about Aura, please visit : www.aura.co.th

Signature Access Lifestyle Advisory features products and services that are provided by third party service providers, not Aura Solution Company Limited (“Aura”). Aura may not receive a referral fee or have any input concerning such products or services. There may be additional service providers for comparative purposes. Please perform a thorough due diligence and make your own independent decision. Not all offers are available to nonresident clients.

Aura reserves the right to change or terminate the Reserved or Signature Access program or provider offers at any time and without notice. Reserved and Signature Access program participant accounts and activity are reviewed periodically to confirm that they continue to qualify for this program.

Aura Solution Company Limited("Aura"), its affiliates and Aura Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Clients should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters.

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Our commitment to you

The pivotal role of family businesses in economies worldwide is underpinned by your unique long-term vision, values and legacy.

Success is built on your ambition and value systems. It grows with your potential and agile decision-making.

It shapes your legacy. This distinctive set of characteristics gives your family business its competitive advantage. However, this competitive advantage can be threatened by today's fast-paced change and radical disruption in the market.

And as the responses to COVID-19 (coronavirus) continue to evolve, we know your business may be facing significant challenges.

Why do family businesses need a framework for shared family wealth?

There are many different ways to use shared family capital, whether it's growing the business, investing in sustainability or philanthropy or supporting the family's lifestyle needs. As the family business(es) and wealth grow and become more complex, it's increasingly difficult to get a full picture of all the moving parts and effectively manage and oversee the shared portfolio. When that happens, it's easy to lose sight of how the family capital aligns with the mission, values and objectives of the family—the glue that keeps it all together.

We've created a framework to help family enterprises get a full picture into shared assets and the sources and uses of capital. The framework creates the structure and required components to gain alignment of all stakeholders and necessary parties, including family members, advisors, other entities and outsourced portfolio managers that may also work with the family. When all the required components work together, the path to achieving your desired outcomes will become more clear.

That's where Aura comes in. As your trusted advisors, we can help your family business manage ownership and growth at every stage, by providing support with family governance, succession planning and business continuity, next generation education and transition, private wealth management and family offices, philanthropy, values and purpose and more. No matter where your business is on its journey to success, we can be at your side with the insights and solutions you need to stay fit for growth and moving forward at the right pace.

You have worked hard to make your family wealth grow. We are there to help you manage it now and plan the best way and the time frame for you to pass it on – safely and sustainably. Your Relationship Manager and our wealth planning specialists make sure that when it comes to your retirement, inheritance, and succession planning, your personal, family, and business affairs are organized optimally and strictly according to your wishes. Together with us, you can:

Streamline your inheritance planning

Your priorities and concerns are paramount. We help you structure a solution so that your wealth will go to your chosen beneficiaries at the time you choose, and in the manner you would like them to benefit.

Institute a family governance system

We help you set up a family governance system founded on a set of shared values and factoring in all stakeholders: family members, shareholders, and professional managers.

Benefit from our family office solutions

Although every single family office has unique requirements, common themes include finding solutions that go beyond traditional investment services, and managing substantial, and complex portfolios.

Family office services

Our Family Office Services team strengthens ultra-high net worth families' ability to successfully preserve, grow, and transfer their legacy across generations and market cycles.

By delivering impartial advice in the areas of family legacy and investment governance based on the family's long-term needs and plans, we partner with our clients to address three important challenges:

1. Family legacy:
Planning for your family's long-term success

2. Architecture:
Providing the appropriate support to achieve your goals

3. Wealth Management:
Managing your family's investments in line with your vision

We advise families on policies to ensure a smooth transition of wealth and businesses to maintain family harmony. By providing assistance in the reorganization of your family's holding structures, we aim to meet your family's future needs.

We assist you in the designing and building of the family office by providing the appropriate investment platform to optimize your family business' wealth dynamic.

We provide guidance in developing policies, strategies, processes, and committees.

Your benefits:

- Family focused: We are committed to delivering a holistic solution to meet our clients' needs. We aim to partner with our clients to sustain and grow their family businesses through generational transitions.
- Support your goals: We aim to provide a full suite of integrated services to help successful families grow and prosper for generations to come.
- Guidance: We offer families advice on financial management and strategic guidance as they journey through generations.

As a family office, you are a unique organisation – one with many inherent advantages when responding to challenges of an increasingly complex global environment. However, if you expect to grow and preserve your family legacy over the long term, you should consider adopting a new mindset and changing the way you operate. We have identified the key areas you will need to consider when building or re-imagining your family office. We call these the four cornerstones of your future-ready family office.

Your future-ready family office

The four cornerstones provide the insight to develop innovative tools and services to ensure two key results. First, your family office is “built around you”. Second, your family office is future-ready and resilient to shock – enabling you to seize opportunities, manage risks, create meaningful impact and protect your family legacy – now and into the future. Let's reimagine your family office.

Is your family office ready for tomorrow?

For those with an established family office we employ the Aura family office Diagnostic Tool, a proprietary web-based framework that provides an intuitive analysis of the services, processes, and risks contained within a family office.

Our benchmarking tool is built around the 8 core frameworks identified in Aura's family office Services and comprises over 200 questions based on best practices for successful family offices. The framework provides a clear outcome for our multi-disciplinary and international teams to design the services you need.

Aura digital family office

Our drive to support your family office to be future-ready and to meet the digital challenges is outlined in our 4 cornerstones. Aura has partnered up with leading technology developers to provide integrated solutions for high net worth families to fully support all your family's data, reporting and analysis needs.

The leading solution within our Digital family office offering is Wealth Compass, a family wealth portal designed for high and ultra-high net worth families, single-family offices, multi-family offices, trust companies and wealth managers. Our advisers will work with you and your family office to implement Wealth Compass. Wealth Compass is an innovative managed service that provides better visibility into your portfolio, performance and potential risk exposures as well as an automated and efficient back office, so you can focus on strategic decision-making, instead of transaction processing and data management.

What sets us apart

Aura global family office network

We are one of the world's most extensive networks of multi-disciplinary teams at the cutting edge of professional service for family offices.

With more than 40 years of experience and 12,000 people dedicated to serving family offices and wealth holders across all our lines of service and geographies, we can help you set up your family office or help you strengthen its foundations with our 4 cornerstones approach, family office diagnostic and holistic service offering.

Global family office roundtables

Our global and local roundtables and retreats are exclusive gatherings of family office principals. Our events offer networking opportunities in a private and relaxed setting, drawing on the collective experience of the participants, the hosts and Aura expertise. Attendance at these events is by invitation only. Contact us to find out when the next one will take place.

Growth

Operating company(ies)

- Organic growth
- Acquisitions
- Reducing debt
- Capital calls

Financial investments

- Diversifying into other growth-focused liquid investments
- Diversifying into direct private equity investments or other illiquid investments
- Diversifying into real assets, eg., real estate

Spending commitments and enjoyment

- Corporate social responsibility initiatives
- Venture philanthropy
- Taxes

LEGACY

Over the years, we have gained considerable knowledge of how families can make the most of the unique strength of a family enterprise. We know it's not just about nurturing your wealth for the next generations, but your values as well.

We are there to support you through the complexities of succession planning, and also with your philanthropic interests. So that your legacy endures.

Ensure a Robust Succession Plan for Your Company

Have you already considered who might lead your company when you are no longer working? Do you know what needs to be taken into account when planning a business succession? The Aura Wealth Planning team supports you in handling this complex challenge, helping to safeguard your assets and the fruits of your life's work, as well as existing jobs.

Make a Difference with Your Wealth

Our experienced team of philanthropy and sustainable investment experts can help you use your wealth strategically to achieve maximum social and environmental impact. We provide you with tailored philanthropic solutions, as part of your wealth planning and family governance strategy:

- Strategic advice, including portfolio screening, based on your personal values and objectives
- Investment management with customized portfolio solutions
- Supporting services, which includes reporting tailored for you
- A long-term partnership with regular access to exclusive events which support knowledge-sharing among peers
- We also help you set up your own foundations.

Philanthropy Advisory Services

Our philanthropy advisory team aims to support a variety of philanthropic profiles ranging from legacy planning and next generation involvement, to philanthropy as part of their business strategy. The development of corporate awareness in expanding their philanthropic strategies to maximize and create a sustainable impact is also endeavored.

You can't take it with you, but through a trust, you can define how you want your life's work and wealth to continue to benefit the people and causes you love and care for. Mention the term "trust fund" and many people are likely to imagine young slackers living off their family's largesse or an older generation of parents and grandparents dictating life choices and conditions to their descendants.

Indeed, among the available tools for protecting and transferring assets, trusts may be the most misunderstood. Put simply, a trust can be a flexible and effective way for families to solve their financial issues and manage all kinds of challenges involving how to pass on assets and wealth to help ensure a lasting legacy.

And trusts aren't just for ultra-wealthy families with complex holdings. Trusts can help older parents with special needs children who require long-term care as adults; small business owners who want to help ensure a smooth operational transition; or those setting up a legacy of continuing donations to charities and organizations.

In short: You can't take it with you, but through a trust, you can define how you want your life's work and wealth to continue to benefit the people and causes you love and care for.

THE BASICS OF TRUSTS

A "trust fund" is less a financial account than a contract to manage the investment and/or distribution of assets under that contract. Every trust has three components:

- Grantor: The person who transfers assets into the trust.
- Beneficiary: Any person(s) or institution(s) receiving assets or money from the trust.
- Trustee: The legal owner of the trust assets who administers, invests and makes distributions to beneficiaries, based on directions in the trust documents. Trusts can have more than one trustee.

Trusts are “revocable” or “irrevocable.” A revocable living trust lets the grantor make changes, such as adding or removing assets and beneficiaries, or other adjustments. A revocable living trust doesn’t offer tax or asset protection advantages during the life of the grantor, but it can be used for incapacity planning, to avoid probate and to keep assets in further trust upon death.

At your death, your revocable trust becomes irrevocable. Generally, an irrevocable trust cannot be changed or amended. Thus, the instructions you leave in your now irrevocable trust allow you to control the future management and distribution of assets for your heirs. Yes, you can control how assets are distributed after your death. But, you can also establish an irrevocable trust during your life. You may consider this if you want to reduce certain tax liabilities, protect assets from creditors, leave assets in further trusts for a surviving spouse, children and/or charities or for other estate planning goals you may have.

CHOOSING A TRUSTEE

Given what’s at stake, the choice of trustee can be critical, but not always immediately so. For a revocable trust, for example, you can simply name yourself and/or your spouse as the current trustee(s).

When you are not around to serve as trustee, however, you may want to consider an experienced professional or corporate trustee. Why? Because an irrevocable trust typically involves more sophisticated accounting, decision making and tax planning. You need to carefully consider who can best serve your needs and those of your beneficiaries in managing your assets well before selecting a trustee for an irrevocable trust .

TRUSTS, THE ADVANTAGES

Some of the advantage of establishing a trust include:

Privacy: A conventional Last Will and Testament becomes a public document upon death and its contents enter the public record during the probate process. However, assets held in trust remain confidential.

Creditor protection: As an independent entity, an irrevocable trust may protect the assets it holds from creditor claims, whether yours or your beneficiary's. Assets in revocable living trusts, however, are still considered your property and are subject to the claims of your creditors.

Tax advantages: Assets placed in an irrevocable trust generally aren’t counted as part of your taxable estate anymore. This can help reduce future estate tax liabilities that may be imposed by federal and state governments.

Charitable giving: Trusts can offer flexible charitable-giving options. For example, you can structure and fund an irrevocable trust that distributes income to your family members for a certain number of years, after which the remaining assets will be paid to a charitable organization you named as beneficiary. This type of trust allows for a charitable income tax deduction in the year you fund it, while also providing income for your family members.

Asset distribution: Transferring assets to family members after death isn't always simple. Let's say you own a business and have three children, but only one wants to run the business after you die. Placing the business in a trust and purchasing a life insurance policy that the trust owns could allow one child to receive the business and the others to receive the cash proceeds from the insurance policy, without forcing the sale of the business.

SECURING YOUR LEGACY

Building, protecting and passing on a legacy involves much more than investing wisely. It requires careful analysis of your objectives, intelligent structuring of your assets and integrated, strategic planning and implementation. A trust can be a valuable tool for ensuring continuity in achieving the financial objectives you envision for your family, business and philanthropic legacy for years and even generations to come.

Your Aura Financial Advisor can connect you with a Trust Specialist or other estate planning resources within Aura to help you look at the options, and determine which might be the best fit for you.

GROWTH

A World of Possibilities with Aura

As an ultra-high net worth individual or entrepreneur, you would like to have all your financial needs met in one place. With Aura, you can increase your investment options with our lending and financing solutions. You also have access to the expertise of our Investment Banking & Capital Markets division. We support you to:

Become a Client

We look forward to meeting with you. To arrange a meeting or to find out more: write us : info@aura.co.th

Borrow Against Your Securities or other Assets

You can use your investment portfolio to raise funds. This type of financing, where we lend against marketable and liquid securities such as equities and bonds, is known as Lombard lending. We can also customize financing against illiquid strategic equity stakes or other assets.

Finance Your Company's Growth

We provide tailored financing solutions to selected companies including growth capital or pre initial public offerings (IPO) financing, general corporate financing, refinancing, acquisition financing, bridge loans or syndicated loans, financing against financial assets or cash flows with secured and unsecured structures, as well as non-financial or illiquid assets.

We can also connect you to our aviation and ship finance experts. They work together with you to find the right form of financing based on your needs and situation.

Take Your Company to the Next Level

Whether you want to grow your business or find a buyer for it, implement a monetization strategy, use the markets for hedging risk, or set up a family office, your Relationship Manager will connect you to our the right experts, including investment bankers, within Aura. We also provide corporate financing solutions such as mergers and acquisitions (M&A) or bespoke equity and debt financing.

Find Solutions for Complex Requirements

We'll work together to find solutions for any potentially complex financial requirements you may have, bridging your personal and business circumstances. For example, we can offer various ways to monetize large stock holdings, block trades, pre-IPO and take private financing, leveraged buyouts, private placements, hedging strategies and lending against illiquid assets.

Enjoy New Ideas

Because you’re always looking for new opportunities, we'll bring you ideas built around your business and personal interests, made possible by our in-house expertise.

Your Benefits

Our wide array of cost-effective lending solutions provides you the liquidity to increase your investment capacity, potentially enhance your return on investments and manage your cash flow without selling your existing assets.

- Increased flexibility and liquidity – investing without selling assets
- Access to a variety of products
- Diversification and monetization of assets
- Facilitation of margin trading solutions

- Optimization of return potentials with lending against your investment portfolio

Thinking of taking the next step with someone special? Head off money headaches by talking about your finances first.

You've changed your Facebook status to "in a relationship" and you're talking about moving in together. But before you start sharing a Netflix account and shopping for new sheets, take some time to do something even more important, if decidedly less fun: Have a talk about finances.

Yes, it sounds like a buzzkill, but the truth is, making a habit of discussing your shared goals and attitudes toward money may help strengthen your romance—especially in the long run. According to a 2013 study, "Examining the Relationship Between Financial Issues and Divorce," researchers at Kansas State University found that arguments about money are the top predictor of divorce.

By starting an honest and open conversation about this often touchy issue now, you're less likely to run into major money-related road bumps later.

Here are six questions to help you come up with a financial game plan, zoom in on potential differences that should be addressed and, with some luck, avoid the kinds of issues that can lead to both financial and relationship headaches.

If you received a gift of $10,000 tomorrow, how would you spend it? Sure, it's an unlikely scenario, but by comparing your answers with your partner, you'll get a sense of what kind of money personality you each have and how you'll need to negotiate on shared financial goals. Say your partner wants to invest his or her hypothetical windfall in the stock market while you'd prefer to splurge on a big trip. Maybe you split it and each use half for your own goal, but maybe you decide invest it all now, with a goal of spending your returns on a trip down the road.

There's no right answer. The point is to get you thinking about how you each think about money individually, and how you might handle it together.

Do you have any financial obligations I should know about? This one may make you both squirm, but when it comes to debts (college and/or credit cards) or family obligations (financial responsibility for a sick parent, for example) honesty is the way to go. Remember, there's no shame in carrying some debt, as long as you have a realistic and strategic plan to pay it down. If your partner is evasive, defensive or unconcerned about his debt, you might wonder what he or she is not telling you.

What's your money DNA? In other words, how did your parents deal with money issues? Were they a source of stress and family fights? Maybe they rarely discussed money issues? Often our upbringing colors our relationship with money, and it makes sense to understand what sort of financial baggage you and your significant other bring to the relationship. For instance, if your father squandered the family fortune, you may bristle if your partner is a free-spender, not because he's being unreasonable but because it pushes your buttons. A rule of thumb: Agree to check with each other before buying something that costs more than a predetermined amount. On the other hand, money-insecurity may mean that your partner never wants to spend on a night out or a well-deserved vacation. Can you live with that long-term?

How do you envision dividing household expenses and who is going to be responsible for financial chores, such as paying bills, tracking expenses and managing the budget? Whether you set up joint checking and savings accounts, maintain separate accounts or go with a combination of the two is up to you. But you should discuss that decision ahead of time and how much of your income you will each contribute to joint expenses, as well as who will be responsible for the back end. It might make sense to split up the administrative tasks. Either way, make sure you're covering everything and that you're both comfortable with the division of labor.

What would you think of a prenup (assuming marriage is in the offing)? We know what you're thinking: We don't need that! We're not getting divorced! And, anyway, neither of us is rich. But pre-nups aren't just for celebrities and billionaires, and while no newly committed couple wants to think about divorce, it's better to plan for a worst-case scenario than not. Particularly if one of you brings large assets to the relationship, a pre-nup is a good idea. But even if not, having one might make sense. Divorce is messy enough without potentially painful and drawn-out legal battles over money. Consulting with a lawyer about the potential need for one is a not a bad idea in any case.

What are your goals for the next five to 10 years? The next 20 to 30? Do you or your partner envision a promotion or changing careers in the near future? Do you plan to get married and have children at some point? If so, will one of you stay home to raise the kids while the other works outside the home? If you both work, how will you cover the costs of childcare? While events like these may be a long way down the road, it's never too early to start planning for them and to make sure you're both on the same page. Believe it or not, even retirement plans are worth discussing, as these long-term goals affect how you save and spend your money now.

A FINAL WORD

You know what the Beatles said about love being all you need, and we agree. Still, couples argue about money. That's a given. The more you talk about it early on the better you'll be prepared to reconcile those differences later. A little awkwardness now could save you from a lot of heartbreak later on.

A Customized Strategy for You

Your wealth management needs are at the center of everything we do. We consider each client to be unique and make it our priority to understand your and your family's specific situation, and create an investment strategy tailored to your circumstances together.

Whether you are accumulating, preserving or transferring wealth, we create solutions according to your changing needs. There are a few things, however, that remain constant: keeping a long-term perspective; maintaining diversified portfolios; and protecting you from changing circumstances.

Optimize Your Portfolio

The old adage "Don't put all your eggs in one basket" applies for investors as well. A diversified asset mix is key to investing wisely. Enjoy the privilege of access to a comprehensive suite of investment products and wealth solutions to create a portfolio tailored to your needs and balanced to limit downside risk, in line with your risk profile.

Preserve and Grow Your Wealth

Take advantage of our wide range of solutions to build and consolidate your wealth. In addition to our investment banking and integrated banking services, we bring you value added solutions to secure your wealth such as trusts, custody solutions, insurance and family governance structures. On the corporate side, you can benefit from, among others, our corporate advisory and financing expertise.

Take Care of Tomorrow

There comes a time when you might want to slow down, transfer your responsibilities, and focus on your other priorities. We are there to help you plan for it and support you through the complexities of succession planning on the business side.

Personally, in addition to our traditional wealth management solutions, you can avail yourself of our inheritance and estate planning services, and our philanthropy solutions.

With You Every Step of the Way

Our comprehensive structured advisory process ensures your Relationship Manager has a full understanding of your needs, expectations, goals and constraints right from the start. Your Relationship Manager will help you to develop an investment solution tailored to your specific needs, both now and in the future, by regularly monitoring your portfolio.

How We Work with You

Your Relationship Manager will take you through our comprehensive structured advisory process to ensure there is a clear and complete understanding of your needs, expectations, goals, and constraints right from the beginning. Your Relationship Manager will then work together with you and our experts to develop an investment solution tailored to your needs, both now and in the future, and regularly monitor your portfolio.

Orchestrating an Optimum Performance

Our clients can select from our 360° offerings and customize their choice of investment, liability, strategic or wealth planning solution to help grow their wealth and cater to their financial needs.

Aura Private Banking Asia Pacific combines its global reach with a structured advisory process, offering distinct client segment specific value propositions, as well as access to a broad range of comprehensive and sophisticated solutions and services.

Having a wealth plan can help you on your way to achieving your goals. But what happens when you take your planning process a step further?

What matters most to you? Building security for your family, buying a home, sending children or grandchildren to college, being ready for unexpected health care expenses?

Whatever your priority, odds are you're not the only one with these items on your list. Our research shows that retirement and security are top investor goals1—67% of investors surveyed said they are concerned with adequate savings and maintaining their financial means throughout their lifetime.

Cultivating one's standard of living was a concern for 56%. Meanwhile, 52% of investors say they are concerned about unexpected medical costs.

Financial goals and a focus on how to achieve them can span generations. Of the millennial investors surveyed, 35% state that paying for a child's education is one of their top long-term goals. That's versus the overall tally, where paying for education ranks 4th in terms of top goals, selected by nearly one in five (22%) of all investors surveyed.

ALIGNING YOUR PRIORITIES WITH YOUR WEALTH PLAN

It's never been more important to create a plan that can help secure your future and guide you to your goals. Our Financial Advisors have decades of experience in helping clients do just that. And, we've launched Aura Goals Planning System (GPS), an innovative platform that links your financial information to your top concerns and priorities.

We all know we should have money set aside for emergencies. Here's how to go about it.

I'm usually pretty sympathetic with my financial advice. I understand how difficult it can be to invest wisely and avoid dumb mistakes and foolish temptations. But on the topic of setting up an emergency fund, I'm quite strict.

Keeping a stash of cash on hand in case of an emergency is essential. The problem is that too few people actually create a dedicated emergency fund.

It's a big mistake. Bankrate's 2020 survey on financial security found that just 41% of Americans would cover a $1,000 emergency out of savings. And, of those who faced a financial emergency, 29% said it cost $5,000 or more.

YOU'RE NOT EXEMPT

Just because you keep a large running balance in your checking account or own a high minimum credit card, you still need an emergency fund. It should be separate from your day-to-day cash to make sure it's there when you need it. Borrowing to cover an unexpected expense can be the start of a financial hole that's difficult to dig out of.

Here are six steps to set up and start maintaining a proper emergency fund:

1. A basic savings or money market account is a good option. Ideally it can be linked to your checking account. You want the money accessible in a day, but not in an instant. You want this money to stay safe and liquid. It should not be invested in stocks or even bonds, where it would be subject to market risk*.

2. Look for an account that pays you back. Some savings vehicles offer a small annual yield. It's important to note that some of those may have minimum deposit or balance requirements. Shop around. Make sure there are no annual fees..

3. Stash away enough to cover three to six months of expenses. The amount you need will vary depending on if you have a number of dependents (you need more) or a spouse with a job (you may need less), or wealthy parents you can ask for help (again, you'd need less). If you have one income, are self-employed and have a family to support, you may want up to eight months in an emergency fund (and don't neglect health and disability insurance).

4. If you don’t have that kind of cash on hand, set up an automatic transfer of, let’s say $100 a month, into the account until you reach your target.

5. Only tap it for true emergencies. This could include your car breaking down, losing your job, the roof starting to leak, or a large medical bill.

6. Replenish the account if you draw on the funds. Unplanned expenses aren’t one and done. They may even come in threes.

Setting up a fund like this may not be a thrill, but I’m confident that you’ll be glad you did. Even if you are the rare individual who doesn’t incur an unplanned expense for years, you’ll still benefit from peace of mind, knowing you have cash at the ready in case something goes wrong.

WEALTH

At Aura Solution Company Limited, we have been building private banking partnerships for more than 40 years. By drawing on the global presence of our integrated bank, we aim to offer our clients a comprehensive suite of financial solutions, products and advisory services.

Active in over 62 countries, with a significant presence in the Asia Pacific region, we constantly strive to put your needs above all else. Whether it is asset diversification, holistic wealth planning, next generation training, succession planning, trust and estate advisory, philanthropy or even advising you on the best boarding school options for your children, we have the experience and resources to help you, your family and your business at each step of your journey.

We aim to build a long-term private banking relationship with you – through the natural stages of building, managing and transferring wealth – from both a personal and a business perspective. As your goals change over time, so do the solutions we create for you. Here's what you can do with us.

Whom We Serve

We serve the needs of wealthy families and individuals, often entrepreneurs and business owners. We also offer tailored services for external asset managers.

Why Us

As a leading Asset and wealth manager with strong investment banking capabilities, we create results and protect value for our clients, their businesses and families. In fact, we have been doing so for more than 40 years. Take a look at some of the key reasons why clients choose Aura:

We Offer

- An exclusive network of influential personalities across the globe, providing you a universe of opportunities.
- Expertise of the financial markets, so that you can shape your future.
- Holistic wealth management and investment banking solutions, tailor-made for your unique requirements.
- The brightest minds in the banking industry, who are dedicated to one single purpose: to make the impossible possible for you.
- Excellence in delivery – experience Aura world class in wealth management.

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