Services for High Net Worth Investors and Family Offices: Case Study A
Estate Attorney Fees

Situation

- A family asked Manager Analysis to review its service providers. The family did not actually see a "need" to have their relationships reviewed, yet they had heard about estate settlement surprises from other families' experiences and hired us as a precaution. The family had built a circle of trusted advisers and felt secure in their financial planning. Their estate attorney was a long-term relationship that the family believed had created appropriate trust structures to match the intent of the family's patriarch.

Findings

- There was no written agreement for legal services
- The law firm charged a questionable combination of low hourly rates and excessively high hours for work performed
- Buried deep within the invoices was a statement that **legal fees for estate settlement would be charged as a percent of assets**, instead of the market practice of charging hourly rates
- Moreover, the law firm embedded itself into the trust documents, and sought additional legal fees for co-trustee and other roles for an indeterminant amount
- We determined that the estate, upon the death of the family leader, would be paying at least $500,000 over market rates for comparable legal services
- Some potentially critical legal documents for the estate's future settlement were not in place, including a Durable Power of Attorney

Resolution

- The family has so far locked in a savings of over $500,000 in future legal fees. Equally important, while the long-time attorney relationship remains intact, the family now has a deep bench of other estate attorneys willing and able to assume the estate attorney role if the existing attorney were to make future attempts to extract unreasonable fees from the family.

Want to learn more? Please contact Chris Cutler, Tom Donahoe or Safia Mehta at 917 287 9551.