



## Avoiding High Costs of Transitioning Assets to a new OCIO

A major utility company's service promise is "We're on it!" A new OCIO will say the same thing. In fact, most OCIO's have dedicated teams that arrange new client onboarding. From personal experience, the process is problematic, and the transition tends to leave client's money on the table. This could easily cost the Foundation up to 1% or more in value of its corpus.

Here's why – Once a client gives "walking papers" to the existing OCIO, it is essentially "pencils down." Cooperation often tends to decline; it's just human nature. Likewise, a new OCIO may assert that they do not own the performance until the assets hit the new custodian's books at the new OCIO. This potential material gap in performance is owned by the client. Here are typical stages in a transition and miscommunication often leads to process delays.

***Manager Analysis Services can help you avoid those costs by acting both as your search consultant and as your transition consultant.***

### Documents Needed by New OCIO Team (partial listing)

- Articles of Incorporation, EIN Document, IRS Letter of Determination
- Bylaws, List of signatories, etc.
- Existing Investment Policy Statement and Asset Range Grid (both subject to editing by new OCIO)
- Board resolution confirming appointment of the new OCIO

### Critical Handling of Your Assets

Which assets will be sold, when and how, and how will proceeds be transferred?

Which assets can be transferred electronically? (ACAT)

Which assets will follow over time? Proper timing sequence.

**Transition Allocation: Will proceeds and assets be transferred over "as is" to the new OCIO? Will there be a reallocation by asset class amidst the asset transfer process?**

### Special Instructions

Who are authorized signatories to transfer of proceeds or assets from old OCIO with new (i.e. non-standard) wire instructions that the custodian will need to verbally confirm via call backs?

Depending on the sequence and settlement dates, will the Foundation be out of the market (wholly or partially) for 1 or more days? Will the new allocation occur over time or be "averaged" into the market, or fully deployed ASAP? (You should insist on a detailed transition plan and probe for gaps/errors.)

### Reconciliation of all Transactions in Anticipation of EOY Audit Review

If you do not take steps to have all the transfers and liquidations, etc. reconciled within a few weeks following the transfers, you are inviting future headaches, costly reconstruction of data, etc. Auditors have a laser-like focus on these large transactions, given the absolute size relative to total assets, as well as margin for significant error and losses.

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