

SUCCESSION PLANNING PROCESS

ACTION STEPS TO CONSIDER WHEN SELLING YOUR PRACTICE

1 DECIDE ON THE TIME FRAME FOR EXITING / TRANSITIONING YOUR BUSINESS

When do you want to retire or sell your book of business? Does this timeline work within your current business model? If the transition will occur relatively soon, has everyone involved committed to the time and effort needed to complete a sale and successful transition?

2 EVALUATE YOUR BOOK OF BUSINESS

Determine and organize information about your clients and their accounts. What types of clients do you serve? What is your service model? Do client accounts also include life insurance or annuity products? Where do your clients reside? The answers can help you determine what kind of buyer would be right for you.

3 DETERMINE THE VALUE OF YOUR PRACTICE

Seek a third-party vendor to determine the actual value of your practice.

4 FIND THE RIGHT BUYER

Interview at least three potential buyers to help find the person who might be right for buying your practice. Discuss your book of business with these potential buyers. Try to identify a “match” between your businesses, your philosophies, and your approach. Consider multiple buyers to each purchase specific segments, when necessary.

5 DEFINE THE PAYMENT STRUCTURE

You have many options to discuss regarding the payment structure. You and the buyer can determine a payment plan that works best for all concerned.

6 REVIEW FINANCING OPTIONS

If the buyer needs capital to help finance the deal, multiple third-party companies specialize in working directly with financial advisors on these types of transactions.

7 ENGAGE THIRD-PARTY PROFESSIONALS AND CREATE A BUY/SELL AGREEMENT

When you decide to sell your business, we strongly recommend seeking the assistance of third-party experts, including legal, tax, and accounting professionals. We also suggest obtaining broker-dealer input and approval of your Buy/Sell Agreement(s) to protect the interests of all parties, including your clients, and especially your family.

8 TRANSITION YOUR CLIENTS

Communicate with your clients to let them know you are following a documented succession plan as you exit the business. Be as transparent as is reasonable. Let them know you care about them and fully intend to provide continuing service excellence. Introduce them to the new advisor(s) and staff. Retention will be important for your valuation.