

90-Day Succession Planning Checklist for Financial Advisors

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What would become of your practice, clients, employees, or dependents if you were unable to run your business?

How (and to whom) will you sell or transfer your practice when you're ready to retire?

Will you receive full value for your practice when you're ready to exit the business?

How will you minimize the tax impact of a transfer or sale of your practice?

A succession plan helps to ensure that, regardless of expected or unexpected circumstances, a smooth business transition can occur and that the full value of your practice is realized. Succession planning should include the long-term goal of retirement, and also focus on unexpected events and contingency planning.

60 - 90 DAYS

- **Set personal objectives.** Document short and long-term goals for yourself, your family, and your business. Do you plan to retire or continue working as long as you can?
- **Determine your exit strategy.** Will you sell your practice to another advisor or firm? Or will you transition the business to a family member or successor within or outside of your current firm?
- **Develop your timeline.** Do you plan to exit the business all at once or through a phased-out approach? This knowledge helps build an effective timeline for seeking a potential successor; finding an external buyer, or grooming an internal successor.

A predetermined exit strategy can help:

- Build equity well before you transition the business
- Ensure continuity of service for your clients
- Provide for an efficient transfer of business to an advisor or firm of your choosing
- Allow you to retire on your schedule
- Time your exit to maximize value
- Minimize the tax impact
- Help remove emotional decision-making
- Eliminate the risk of a fire sale
- Provide career-path opportunities to existing associates and/or elevate key employees to owners
- Coordinate with your personal estate plan to minimize estate taxes

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The logo for AK Financial Group, featuring a large, stylized 'AK' in a dark green color. The 'A' is a simple triangle, and the 'K' is a more complex shape. The words 'FINANCIAL GROUP' are written in a smaller, white, sans-serif font to the right of the 'K'.

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30 - 60 DAYS

- **Obtain a practice valuation.** Benchmark your practice to identify strengths and weaknesses and determine a reasonable market value. Types of revenue streams and client demographics will play a significant role in determining the value of your practice.
- **Determine the financial terms of the deal.** What financial terms are you seeking if selling to a third-party purchaser? How will the deal be funded and over what timeframe?

1 - 30 DAYS

- **Communicate your plan to staff members.** Make sure staff members are made to feel a part of the plan and understand their roles during and after a planned transition.
- **Communicate your plan to your broker/dealer.** Your broker/dealer may be able to assist you in finding a ready buyer for your practice, a successor or merger partner, or provide access to funding.
- **Communicate your plan to clients.** Even if you're not planning to retire or transition the business for several years, communicating your succession plan to clients provides them with the knowledge and confidence that they will continue to be cared for in your absence or when you retire.



AK Financial Group Representative Network is a recognized leader in helping independent financial advisors pursue their practice growth goals. Let us help you develop a personalized succession plan to protect and grow the value of your business. **To learn more, contact us at 949-788-7700 or visit www.akfinancialgroup.com.**