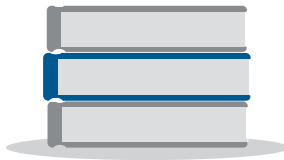
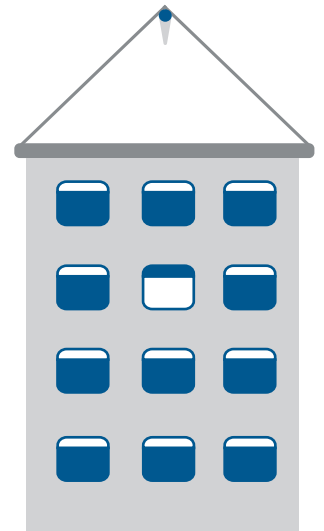


# CONTINUITY PLANNING



## Definition: (n)

**Continuity Plan:** An emergency plan that ensures a seamless transfer of control and responsibility in the event of a sudden departure from the practice



REVIEW CONTRACT  
ANNUALLY OR  
SEMI-ANNUALLY



CLIENT DEMAND

## TRIGGERING EVENTS



DEATH



DISABILITY



LOSS OF LICENSE



EMPLOYMENT  
TERMINATION



ADVISORS  
WITH PLANS

## Perception v. Reality

Continuity and succession planning are the same thing.

A continuity plan is a contractual agreement in the event of death or disability. A succession plan is a long-term transfer of ownership. Succession plans are a strong continuity solution, but not vice versa.

## AGREEMENT TYPES



### REVENUE SHARING AGREEMENT

Requires that you identify (in writing) another advisor to take over your client relationships in the event of your sudden death or disability. This must be signed by all parties and your broker-dealer.

Potential outcome: Typically taxed because of earned income

AVERAGE MULTIPLE OF  
REVENUE RECEIVED



.6-.7



### GUARDIAN AGREEMENT

Identifies a designee to take over the client relationships immediately, but specifies that this guardianship is temporary until the practice can be sold on the open market.

Potential outcome: Can result in sale subject to capital gains



1.5-2.7



### BUY-SELL / SHAREHOLDER'S AGREEMENT

Identifies a partner or employee as the chosen buyer of the practice at the outset. The agreement is comprehensive and defines the terms of the sale and continued operation. Service is uninterrupted, and the advisor's estate receives market value (usually taxed at long-term capital gains rates).

Potential outcome: Defined sale terms + guaranteed tax treatment



2.7+

CALL US TO START YOUR CONTINUITY PLAN 800.934.3303