



FP TRANSITIONS[®]
RESOURCES

**POST-CLOSING
TRANSITION GUIDE**

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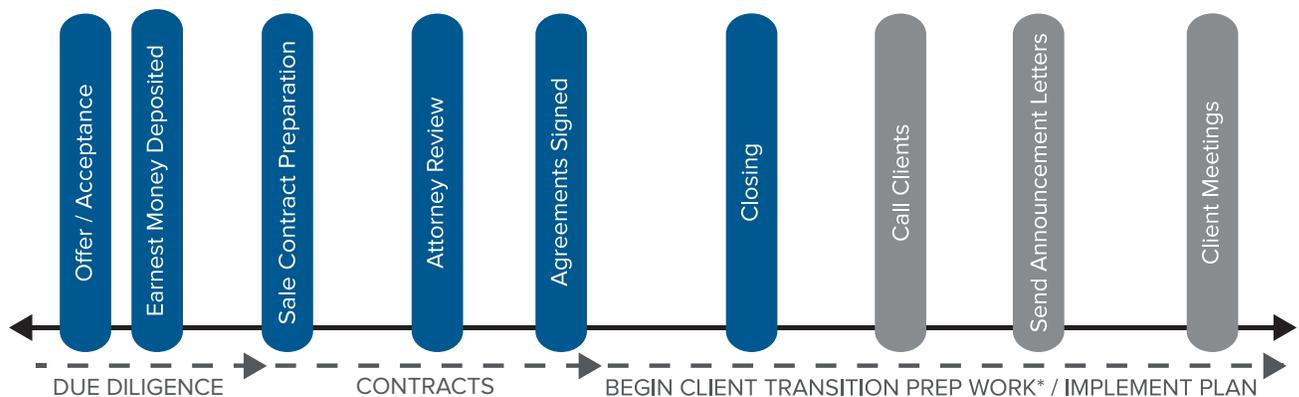
BUYER'S POST-CLOSING TRANSITION PLAN

Successfully transitioning clients, assets, and, on occasion, staff members from the exiting advisor to the succeeding advisor is an essential step in the acquisition process. Seller and buyer share in the responsibility for creating and implementing a seamless and professional transition. Transferring the trust and loyalty of clients, from one advisor to another, is best accomplished with a carefully coordinated and scripted transition plan.

The methods that you will read about in this Post-Closing Transition Guide are those previously used by advisors who have successfully acquired and transferred clients, assets, and staff members. It is important to remember that every situation is different and every practice is unique. Your situation may require adjustments to the steps and approaches outlined below.

If you are concerned or confused at any point during the post-closing transition process, please call us at 800-934-3303. We include post-closing transition support and consultation at no additional cost.

TYPICAL TIMELINE OF EVENTS



**For more information on the client notification process, see page 7.*

IMPORTANT THINGS TO REMEMBER

- *Unless otherwise specified in the Purchase Agreement, changing broker-dealers and/or investment advisory firms should be accomplished immediately after Closing.*
- *Make certain that you are properly licensed/registered/appointed to receive income from your newly acquired clients.*
- *If applicable, promptly acquire (or collaterally assign) adequate life insurance to cover any indebtedness to seller. This will protect both the seller and your estate.*
- *Promptly place any purchased items under your name or business (such as phone and fax numbers, office equipment, office lease, etc.).*
- *Send any material requests or notices to the seller in writing to maintain a clear and adequate record of such communications.*

- *Unless otherwise specified in the Purchase Agreement, the seller is entitled to a pro rata share of all recurring fees, trails, and 12b-1 fees you receive after closing that cover any period of time that occurs prior to closing (refer to your Purchase Agreement for more information).*
- *Make all payments to the seller in full and on time; otherwise you may activate the default provision(s) of your contract.*
- *Always precede important transition-related letters to a client with a courtesy phone call. Phone calls should be carefully scripted to deliver a specific and concise message.*

WORKING WITH YOUR SELLER

As a buyer, you have chosen to invest the time, effort, and money necessary to purchase a financial services business and it is important to take the lead as the clients' new advisor. The following steps will help to make this process successful and professional:

- *Function and communicate as a team with your seller until the clients are transitioned.*
- *Learn as much as possible about your new clients with notes and/or brief client histories prepared by the seller, particularly where there have been prior difficulties or significant changes in client profiles or investment objectives.*
- *Review any relevant factors that might affect client transition, or your first meeting with each client, such as:*
 - *Age ranges and demographics;*
 - *Relevant cultural information (e.g., additional holidays, customs to be observed when meeting with clients, etc.); and*
 - *Multi-generational and family-related wealth and wealth transfer issues.*
- *Meet with any new staff members, new hires, or current employees to discuss the transition process, newly acquired clients, and plans for transferring them to a new advisor.*
- *If taking over the seller's office space, move into the appropriate office for your position (replacing and relocating the seller if necessary).*
- *Always portray a professional, team-oriented approach with the seller in client meetings, phone calls, and letters.*
- *Remember that selling a personal services business is an emotional process for most sellers (most only do this once in their lifetime); verbal and written assurances from you that their clients are and will be well taken care of is very important and helpful to most sellers.*

PREPARING FOR THE TRANSITION

- *On paper, divide the client base into 3 to 5 groups based on size, anticipated transition difficulty, geography, or importance of retention. List the largest or more difficult clients to transition at the top of the list and smaller or easier clients to transition at the bottom of the list.*

- *Develop a phone script in order to deliver a concise and clear message. Five minutes with each client is sufficient, and necessary in order to reach all clients within a reasonable period of time. A script will help to ensure that the key points in your message are delivered to each and every client without fail.*
- *Buyer and seller should jointly prepare a short written synopsis, or “elevator speech,” of what they want to communicate to each client, or group of clients, when a client calls or otherwise asks a question about the transition process.*
- *Buyer and seller should jointly prepare and provide basic, written transition information to each participating staff member so that communications and messages are tightly controlled and consistently delivered at all levels, from receptionist to advisor.*

METHODS FOR NOTIFYING THE CLIENTS

The following are some of the steps buyers and sellers have successfully used to notify their clients of the transition process:

- *Begin the transition process with the smaller and easier clients to transition until you develop the necessary transition skills and a clear, well-rehearsed, and coordinated message.*
- *Seller initiates calls to each client and informs them of what is happening, relying on a written script, promising more information by mail in the next 7 to 10 days.*
- *Seller sends a letter (reviewed and approved by the buyer and applicable broker-dealer compliance departments) to each client with more information and to follow up on the last phone call, promising additional follow-up to set up a formal, face-to-face meeting in the coming weeks.*
- *Buyer and seller send a jointly signed letter (approved by applicable broker-dealer compliance departments) with more information, including buyer’s biography and qualifications.*
- *Buyer and seller jointly meet with the clients personally or have a phone conference with each client.*

Your Transitions Advisor will be glad to review your plan and offer suggestions in advance of its implementation.

COMPLIANCE ISSUES

- *The Investment Adviser’s Act of 1940 requires that client consent be obtained before any transfer or assignment. Until such consents are obtained, the seller is to remain licensed as set forth in the Purchase Agreement.*
- *The use of earn-out arrangements and/or adjustable promissory notes should be carefully coordinated to parallel the seller’s post-closing licensing period. Refer to the Purchase Agreement and related exhibits for specific requirements and duties.*
- *The parties should make sure that the Buyer is properly licensed/registered/appointed by Closing to service and be paid on all newly acquired accounts.*

TAX ISSUES

- *Both the buyer and seller are required to file IRS Form 8594 and attach it to their income tax returns for the year in which the sale occurred.*
- *Form 1099-MISC is required if the payments to the seller for the Consulting Agreement exceed \$600 in one year. The 1099-MISC form is typically prepared by the buyer's CPA/accountant or bookkeeper and sent to the seller. The Non-Competition/Non-Solicitation Agreement allocation is reported under "other income" on Form 1040 (not on a Form 1099). The Non-Competition Agreement is a 15-year asset to the buyer, and ordinary income to the seller, but not subject to payroll taxes.*

PROTECTING YOUR NEW PRACTICE

Now that you have invested the time, money, and effort into building value in your practice through acquisition, it is important to take steps to protect that value.

- *Knowing the value of your new practice not only is important to your practice today, but also will help you develop appropriate plans to protect it in the future. Obtain a Comprehensive Valuation one year after closing and at least every two years after that.*
- *If you're a sole practitioner or you have no licensed employees, establish a Continuity Plan to protect your practice. This Plan is provided at no additional charge to our Equity Management System clients and is an excellent back-up plan in the event of your sudden death or permanent disability – especially important if there is a debt owed to the seller.*
- *For larger practices, a formal continuity plan (Shareholders' Agreement, Buy-Sell Agreement, etc.) should be established. FP Transitions provides a range of practical, professional, and affordable options to assist you. Call us at 800.934.3303 to discuss what will work best for you.*
- *Coordinate the use of life insurance in such Continuity Agreements with the ongoing value of your practice.*

HELP US HELP YOU

As part of our services, FP Transitions will follow up with you in the weeks, months, and years following your acquisition. Please:

- *Send in a copy of your final signed contracts. We will need these in order to answer any questions and this provides you with secure offsite storage for your contracts.*
- *We offer post-closing support and guidance at no additional cost. If there is a problem, please call.*
 - *If there is an adjustment to the contracts after signed, please contact FP Transitions. We are happy to help redo an amortization schedule or help in creating an Addendum to the contracts.*

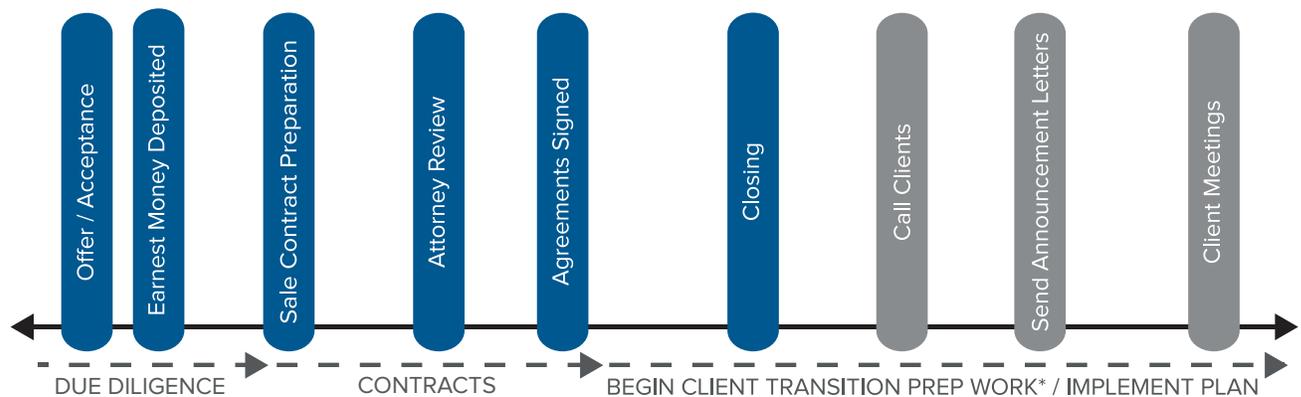
SELLER'S POST-CLOSING TRANSITION PLAN

Successfully transitioning your clients and assets to a new, succeeding advisor and financial services practice or firm is an essential step in the sale of your business. Seller and buyer share in the responsibility for creating and implementing a seamless and professional transition. Transferring the trust and loyalty of your clients, from one advisor to another, is best accomplished with a carefully coordinated and scripted transition plan.

The methods that you will read about in this Post-Closing Transition Guide are those previously used by advisors who have successfully sold their financial service practices and transferred clients, assets and, on occasion, staff members, to a successor. It is important to remember that every situation is different and every practice is unique. Your situation may require adjustments to the steps and approaches outlined below.

If you are concerned or confused at any point during the post-closing transition process, please call us at 800-934-3303. We include post-closing transition support and consultation at no additional cost.

TYPICAL TIMELINE OF EVENTS



*For more information on the client notification process, see page 12.

IMPORTANT THINGS TO REMEMBER

- The Consulting Agreement lays out many of the seller's post-closing duties. Please take time to read through this Agreement once more, as it is a very important part of the transition process.
- The seller is the only one who has the ability to transition clients. This process can be very labor-intensive, especially immediately following Closing. It is advised that you not take time off or a vacation following or even soon after Closing. Follow the terms of the Consulting Agreement closely to help with a successful transition.
- Unless otherwise specified in the Purchase Agreement, changing broker-dealers and/or investment advisory firms should be accomplished immediately after closing.
- Notify your buyer of all client contacts within 24 hours via email or as agreed.
- Maintain licensing/registration as set forth in the Purchase Agreement and/or the Consulting Agreement (typically for at least 12 months after closing) and during any earn-out or adjustment period.

- *If agreed to in the documentation for this transaction, file a UCC-1 Financing Statement immediately following closing. Your attorney should handle this task, as it is state-specific. You can usually find more information about UCC filings through your state government’s Secretary of State Office or Corporation Division. Most states provide this information online.*
- *Always precede important transition-related letters with a courtesy phone call.*
- *Be mindful of the provisions and obligations listed in your Sales Agreement (including the Consulting Agreement and Non-Competition/Non-Solicitation Agreement), being sure not to trigger a default provision(s) therein (i.e., licensing requirements, client contact restrictions, etc.).*

WORKING WITH YOUR BUYER

As a seller, you have chosen to relinquish control of your business and client relationships to the buyer. It is very important to support his/her efforts during this transition period. Please remember to:

- *Communicate all client contacts you have, post-closing, clearly and promptly with your buyer.*
- *Provide the buyer with notes and/or brief client histories, particularly where there have been prior difficulties or significant changes in client profiles or investment objectives.*
- *Review any relevant factors that might affect a client transition, such as:*
 - *Age ranges and demographics;*
 - *Relevant cultural information (e.g., additional holidays, customs to be observed when meeting with clients, etc.); and*
 - *Multi-generational and family-related wealth and wealth transfer issues.*
- *Immediately communicate any employee requests, concerns, or disputes to the buyer (if the buyer intends to retain that employee(s)), or if an employee’s detrimental conduct could in any way affect the client transition process.*
- *Defer to your buyer’s decisions on investments and strategies.*
- *Focus on a “value added” message when discussing this transition with your clients, emphasizing the additional benefits or added value of this transition/succession planning step, and in working with the buyer and his/her staff.*
- *Portray a professional, team-oriented approach in all client meetings, phone calls, and letters.*

PREPARING FOR THE TRANSITION

- *On paper, divide the client base into 3 to 5 groups based on size, anticipated transition difficulty, geography, or importance of retention. List the largest or more difficult clients to transition at the top of the list and smaller or easier clients to transition at the bottom of the list.*
- *Develop a phone script in order to deliver a concise and clear message. Five minutes with each client is sufficient, and necessary in order to reach all clients within a reasonable period of time. A script will help to ensure that the key points in your message are delivered to each and every client without fail.*

- Buyer and seller should jointly prepare a short written synopsis, or “elevator speech,” of what they want to communicate to each client, or group of clients when a client calls or otherwise asks a question about the transition process.
- Buyer and seller should jointly prepare and provide basic, written transition information to each participating staff member so that communications and messages are tightly controlled and consistently delivered at all levels, from receptionist to advisor.

METHODS FOR NOTIFYING THE CLIENTS

The following are some of the steps buyers and sellers have successfully used to notify their clients of the transition process:

- Begin the transition process with the smaller and easier clients to transition until you develop the necessary transition skills and a clear, well-rehearsed, and coordinated message.
- Seller initiates calls to each client and informs them of what is happening, relying on a written script, promising more information by mail in the next 7 to 10 days.
- Seller sends a letter (reviewed and approved by the buyer and applicable broker-dealer compliance departments) to each client with more information and to follow up on the last phone call, promising additional follow-up to set up a formal, face-to-face meeting in the coming weeks.
- Buyer and seller send a jointly signed letter (approved by applicable broker-dealer compliance departments) with more information, including buyer’s biography and qualifications.
- Buyer and seller jointly meet with the clients personally or have a phone conference with each client.

Your Transitions Advisor will be glad to review your plan and offer suggestions in advance of its implementation.

SAMPLE BUYER EVALUATION CRITERIA CHART

This document can be used to support preparation of the transition/announcement letters and phone call scripts, demonstrating and communicating to Seller’s clients the specific criteria that Seller used to select buyer, and how closely buyer matches those criteria. (Please adapt this document to your specific needs.)

Criterion	XYZ Profile
Serve First Philosophy	Yes
Client Fiduciary	Yes
“High Touch” Local Presence	National firm with seven regional offices
Integrated Financial Planning and Investment Management Approach	Yes
CFP, CFA, CPA, JD, and /or MBA advisors on Staff	Five advisors with professional designations
High Net Worth Client Experience	Yes
Robust Financial Profile	Managing more that \$1 billion in assets
Lifetime Client Service Capability	Yes

Criterion	XYZ Profile
Multi-Generational Client Experience	Yes
Exemplary SEC Disciplinary History	Yes
Non-Proprietary Product Strategy	Yes
Prior Merger Experience	14 successful prior mergers
High Staff Retention Ratio	Yes

COMPLIANCE ISSUES

- *The Investment Adviser’s Act of 1940 requires that client consent be obtained before any transfer or assignment. Until such consents are obtained, seller is to remain licensed as set forth in the Purchase Agreement.*
- *The use of earn-out arrangements and/or adjustable promissory notes should be carefully coordinated with your post-closing licensing period. Refer to the Purchase Agreement and related exhibits for specific requirements and duties.*
- *The parties should make sure that the Buyer is properly licensed/registered/appointed by closing to service and be paid on all newly acquired accounts.*

TAX ISSUES

- *Both the buyer and seller are required to file Form 8594 and attach it to their income tax returns for the year in which the sale occurred.*
- *Form 1099-MISC is required if the payments to the seller for the Consulting Agreement exceed \$600 in one year. The 1099-MISC form is typically prepared by the buyer’s CPA/accountant or bookkeeper and sent to the seller. The Non-Competition/Non-Solicitation Agreement allocation is reported under “other income” on Form 1040 (not on a Form 1099). The Non-Competition Agreement is a 15 year asset to the buyer, and ordinary income to the seller, but not subject to payroll taxes.*
- *If any tangible assets were transacted, consult with a professional regarding the recapture of depreciation.*

HELP US HELP YOU

As part of our services, FP Transitions will followup with you in the weeks, months, and years following the sale of your practice. Please:

- *Send in a copy of your final signed contracts. We will need these in order to answer any questions and this provides you with secure offsite storage for your contracts.*
- *We offer post-closing support and guidance at no additional cost. If there is a problem, please call.*
 - *If there is an adjustment to the contracts after signed, please contact FP Transitions. We are happy to help redo an amortization schedule or help in creating an Addendum to the contracts.*
- *Contact your Transition Advisor with any questions and/or concerns.*

TAKE TIME FOR THE EMOTIONAL SIDE OF THE TRANSACTION

Selling a personal services business, turning over your responsibilities to others, and separating yourself from your trusting clients is not always easy, and it is something that most of our clients do only once in a lifetime. Past sellers have, on occasion, suggested that it can be helpful to consult with a professional counselor as you close this chapter of your life and enter the next. You are certainly welcome to call your Transitions Advisor for support. You won't be the first to do so, and all calls and discussions are confidential.

APPENDIX A: PHONE SCRIPT OUTLINE / CLIENT MEETING OUTLINE

The following outlines are provided to help both the buyer and seller prepare their communications to the transitioning clients in a coordinated fashion. The use of a phone script will help to ensure that the caller delivers a clear and concise message every time. Spending a limited amount of time with each client on a transition call is sufficient, and necessary, in order to reach all clients with the same or similar message within a reasonable period of time.

The meeting outline is designed to help prompt buyer and seller to think through the various issues and to formulate the best approach for communicating information relevant to the transition process and important to the clients.

If you have any questions, call us at 800.934.3303. We will gladly review your phone script and meeting outline or agenda and offer suggestions.

Note: FP Transitions encourages you to have all client communications, including phone scripts, reviewed by your compliance department prior to being utilized.

CLIENT PHONE SCRIPT OUTLINE

What does this mean to you?

- *What are the main changes you will see?*
- *I will continue to be involved, but will now be able to provide you more services and a higher level of continuity.*
- *We will need to transfer your accounts from _____ to _____.*
 - *You should start to expect paperwork in the mail; if you have questions, call me.*
- *Planning Process will stay the same.*
 - *Regular meetings*
 - *Checklist (show original list of criteria and how [NEW ADVISORY FIRM NAME] matches)*

- You will have an opportunity to meet [Advisor's Name] at our next meeting. I will send you a copy of his/her bio; you will see why I have chosen to bring him/her into my firm.
- I will be sending you a letter with more information.

What will my relationship with you be?

- I have developed a plan to make sure you will be comfortable and secure.
 - Next six months: Full time. Regular meetings. I will involve [Advisor's Name] in some of these meetings for their added expertise.
 - For the next year: You can contact me any time. Here is my cell phone number and personal e-mail account. I will be working closely with [Advisor's Name].
 - After that, I expect to be _____.
 - But for the next ____ years, if you have any problem or any emergency and you want my assistance, [Advisor's Name] or any [New Advisory Firm Name] employee can reach me.

Who is your planner?

- No change for the next 6 months – I will continue to work with [Advisor's Name] as a part of your planning team.
- After that, your key contact will be [Advisor's Name]. Note: [Advisor's Name] is handling my personal financial planning, so you can see how much confidence I have in him/her and in [New Advisory Firm Name].
- Remember, I am available to you through [New Advisory Firm Name] for the next year(s).

Why did I do this?

- Three reasons:
 - The company has grown (or needs to grow).
 - We built a great planning process.
- I didn't want to abandon the process.
- I found a firm with more depth, not just one person, that will support that process and be able to deliver it for generations to come.
 - It is time for me personally to pursue some other interests (or retire).

When did I decide this? Why?

- I'm turning ____ years old this year.
- I've done a good job with my own financial planning and I can afford to make a change.

- I really like doing _____ and have always hoped to have an opportunity to spend more time doing it.
- I recently discovered an opportunity to pursue this hobby/opportunity because of my new partners.
- I'm doing what I've been telling you to do – develop and implement a plan for the next phase of your life.

Who is [New Advisory Firm Name]?

- Provide background information on buyer (see Client Meeting Outline for more information on communicating this).
- More important is that I am having [Advisor's Name] and [New Advisory Firm Name] do my personal financial planning and investment management. I have a lot of confidence in them.

Why shouldn't you find someone else?

- [New Advisory Firm Name] will maintain the financial planning process I've developed, based on the standards of the Board of Certified Financial Planners.
- There are not a lot of firms in [our city] that do what I do for you, in the same manner that I do it, for this cost. I know of only a handful, and after extensive research and due diligence, I feel there is a great fit and opportunity to provide a solution that can continue to serve you and your family for many generations to come.
- I've done a good job of training my staff, which plans to remain on board during and after this transition.
- I am still here for the next _____ months.
- Over the past ____ years, you've trusted me to help you with your financial decisions. Now, I'm asking you to give [New Advisory Firm Name] at least one year to prove themselves to you.

CLIENT MEETING OUTLINE

- Things we'd like to discuss with you today:
 - Why did I decide to merge with [New Advisory Firm Name] (my thought process)?
 - Who is [New Advisory Firm Name]?
 - What does this mean for you specifically? (This is most important.)
 - What are my plans for the future?

Why did I decide to merge with [New Advisory Firm Name] (my thought process)?

- As you know, I have always focused on planning for the future, setting goals, and having a step by step implementation plan, for you and all my clients. I am excited to say I practice what I preach.

- *For the last 5 years, or so, I've been thinking about the direction of my firm, our growth, our ability to keep up with the growing complexity in this industry, and, specifically, how I could continue to provide you and your family with the financial advice you need, even as I consider working a little less and pursuing other things of importance in my life.*
- *I do not enjoy being an administrator – running the operations of a business and managing people. I am a very good planner, a good teacher, and a good communicator. Being a business manager and growing a firm of this size is not one of my strengths. This left me with two choices:*
 - *I could keep running the firm with just myself and limit the services and support I offer; or*
 - *I could find partners who excel at these things and integrate them into the process. I decided this was the better choice for my clients, my staff, and for me - to bring in the next generation and expand the business to move beyond me and my abilities.*

Who is [New Advisory Name]?

- *I created a criteria list for what I believe would be the ideal firm to continue what I started and to take care of my clients with the same integrity and diligence that I have for the past ___ years. (Show Criteria List).*
- *I identified ___ firms, eliminated ___ as not good enough, investigated ___ in depth, and personally interviewed the best three. [New Advisory Firm Name] came out on top.*
- *[New Advisory Firm Name] is a nationally recognized wealth management firm with offices in _____ [Cities]. They are going to combine their office into our location so you can keep visiting with us at this same location, and you can call the same number you've always called for advice and service.*
 - *Buyer speaks about [New Advisory Firm Name].*
 - *Buyer provides handouts/brochure/additional information.*
- *The last few years in particular has taught me that navigating through these financial times requires large amounts of time and knowledge, and having a team like [New Advisory Firm Name] will help all of my clients – simply put, I consider this an essential step in our work for you.*

How does this affect you specifically?

- *So how does this affect you? I wanted to ask that question because I expect that is probably what you're thinking.*
 - *The only major change initially is that we are going to transfer your accounts from [Broker-Dealer] to [Broker-Dealer].*
 - *This is going to be bothersome as far as paperwork is concerned, new passwords, new statements, check requests, etc., but is an important part of the process to ensure long-term service, benefits, and support.*
- *We have filled out most of the paperwork to complete the transfers.*

- However, we will have a new, consolidated statement covering all your accounts – including, if you wish, any 401k or bank accounts – that we will send you every month. (Show sample statement.)
- Just like with [Broker-Dealer], [New Advisory Firm Name] only maintains trading authority for your accounts (with your permission) and cannot move or transfer any of your assets without your permission.
- My staff will remain with [New Advisory Firm Name] and I will continue working full-time for the next ___ months to assist with the transition and, more importantly, make sure everything I know about each of my clients is shared with the new team.
- In addition, we will be collaborating over the next _____ years, so you should see very little change, just a bigger, stronger team to help you. I have a ___ year consulting contract with [New Advisory Firm Name] to help in any way I can for all of my clients.

What are my plans for the future? What motivated this decision?

- I have always wanted to _____.
- As I began considering the future of this firm and your needs, and I found [New Advisory Firm Name], I realized I would be able to have this opportunity while continuing to make sure my clients received the highest level of service. In March of this year, I found that I have some opportunities to do so. It is what I want to.

APPENDIX B: SAMPLE LETTERS

Below is a series of letters that other sellers and buyers have successfully used to inform clients of the transition planning process. A transition or announcement letter is typically prepared by the seller since they know the clients best, but with input and final approval by the buyer. Because such a letter will be sent shortly after closing, it can and should be prepared in advance. Depending on the circumstances of the transition and the size and diversity of the client base, more than one version or style of letter may be appropriate.

Each letter in this section should be personalized by the seller; it should not look like a form letter. Professionally merge-print each letter so that each client is addressed individually. It is always a good idea to call the client before sending a transition or announcement letter. Calling clients before sending a letter takes extra time, but you will get much better results in return for the extra time and effort (these calls should be tightly scripted to ensure that the proper message is delivered clearly and succinctly, and so that you can speak to all clients in a relatively short period of time).

If you have any questions, please call us at 800.934.3303 before you send your letter or letters. We will gladly review your letter (and script) and offer suggestions. We'll even proofread and edit your work.

Note: *FP Transitions encourages you to have all client letters, announcements, and scripts reviewed by your compliance department prior to being sent or used.*

SAMPLE CLIENT LETTER #1 --- ANNOUNCING SALE TO A THIRD-PARTY BUYER

Dear [Client's Name],

I want to express my sincere appreciation for our past relationship in serving your financial needs. The financial services industry has significantly changed in recent years, adding new rules, regulations, and compliance procedures on firms like [Firm Name]. These continuing changes, along with the increasing complexity of the industry, make it difficult to continue providing you with the level of service you have come to expect and deserve in the handling of your financial affairs.

Over the past year or so, I have struggled to find a solution to these challenges that best addresses your needs. To that end, I have undergone an extensive and time-consuming search in finding a financial advisor who will be able to seamlessly replicate and enhance the care and dedication that my team has provided you with in the past. Our main criteria in selecting a capable and professional advisory firm to assist you was based on investment philosophy, commitment to service, integrity, and maintaining [Broker-Dealer / Custodian] as custodian of your assets.

After extensively interviewing over forty financial advisors, I determined that a partnership with [Buyer's Individual or Firm Name] will help ensure that you continue to get the service and competent advice you deserve. [Buyer's Name] is an independent registered investment advisor and owner of [New Advisory Firm Name]. He/she has achieved the designations of Certified Financial Planner® and Chartered Mutual Fund Counselor, and has over ___ years of industry experience. In addition, he/she graduated from _____ with a graduate certificate in financial planning.

[Buyer's Name] devotes a considerable amount of time to continuing education and studies on advanced wealth management strategies. He is an active member of the Financial Planning Association (FPA) and the National Association of Personal Financial Advisors (NAPFA). [Buyer] has been published in the local newspaper on numerous occasions and has been recognized by the CFP® Board of Standards for his volunteer work within our community. Understand that while [Buyer's Name] will be responsible for managing your future financial needs, he and I will be "joined at the hip" during our partnership and will collaborate closely to ensure you get the service you deserve. While this has been a very difficult decision, I feel that it is the best path to assure the highest level of continuing quality and service for your financial needs now, and well into the future.

What you can expect next: I will be contacting you to personally introduce [Buyer's Name] and to coordinate a meeting between the three of us at our office or by conference call, whichever is most convenient for your schedule. If you would like to contact [Buyer's Name] directly, please feel free to call him at my office at [Phone Number].

Doing what is in the best interest of my clients has always been and will continue to be paramount in my practice. I deeply appreciate the trust and confidence you have placed in me and I am confident that you will come to place that same level of trust and confidence in [Buyer's Name] as well. Please know that both [Buyer's Name] and I are passionately committed to the welfare and success of your financial goals and peace of mind. Please feel free to call me should you have any questions or concerns.

Sincerely,

[Seller's Name]

SAMPLE CLIENT LETTER #2 --- ANNOUNCING SALE TO A THIRD-PARTY BUYER

Dear [Client's Name],

Let me begin by saying how wonderful it has been to be able to work with you to help you reach your financial goals. Over the past 12 years, I have met many wonderful people and feel fortunate to have been able to help them meet their financial goals.

In the past few years, many of you have asked me about my own goals, including that of retirement. Let me answer by saying that I have started a gradual and professional transition period by training and mentoring my eventual replacement, [Buyer's Name]. We are now entering a new phase of this transition with the formal introduction of our clients to [Buyer's Name]. You will see his/her name appear on your next statements. Our wonderful office staff headed by _____, Office Manager, will continue without interruption.

[Buyer's Name] has an outstanding list of qualifications and credentials to serve you, including (list designations, degrees), and has over ____ years of financial experience. He/She is well trained to give you the kind of service you are accustomed to receiving and maybe even some new ideas as we all struggle to cope with the uncertainties on the horizon. [Buyer's Name] is strongly committed to the financial planning process and will do the necessary work needed to help you reach and maintain your financial goals.

Both of us have worked hard to make sure you will be in good hands after I leave. [Buyer's Name] will use the same team approach that I have over the years and I am sure you will enjoy and profit from his/her expertise. I would consider it your continuing faith in the work I have done for you over the years to accept [Buyer's Name] and his/her team. After the transition is completed, it will be time for me to join many of you in retirement. I am looking forward to long-postponed travels and pursuing some new hobbies, and expect to cross paths with many of you while doing so.

I will announce a Client Appreciation Party in the fall and look forward to seeing you there. As they say, old financial planners don't die, they just slowly fade away. If you have any questions, please give either [Buyer's Name] or me a call.

Sincerely,

[Seller's Name]

SAMPLE CLIENT LETTER #3 --- ANNOUNCING SALE TO A THIRD-PARTY BUYER (WITH B/D CHANGE)

Dear [Client's Name],

I hope this letter finds you enjoying your summer. As I recently shared with you, as part of my commitment to provide you with the most outstanding independent financial services, I have decided to change my Broker/Dealer affiliation from [Broker-Dealer / Custodian 1] to [Broker-Dealer / Custodian 2]. This affiliation with [Broker-Dealer / Custodian 2] allows us to incorporate state-of-the-art technology and reporting systems that will enable us to provide you with the most timely advice and research, and will allow us to expand our services to you – something that we think is critically important in this day and age.

I'm also delighted to announce that I have a new associate, [Buyer's Name], CFP™, MBA. For the past three years I have been searching for a Certified Financial Planner™ like [Buyer's Name] with the experience and expertise (and personality) to provide you with the highest level of service and enable me to focus more of my time on strategic planning and investment research. [Buyer's Name] has been providing financial advice and services since _____. Many of you have asked me about my retirement plans and who will take care of your financial advisory needs in the future – this is my solution, though I intend to stick around for a while longer. I very much look forward to introducing [Buyer's Name] to you at our next meeting.

In order to complete the transition to our new broker-dealer, I have enclosed forms for you to review and sign. Please overnight all of the signed documents in the enclosed envelope and feel free to contact me or any member of my staff with any questions.

Sincerely,

[Seller's Name]

Enclosures

SAMPLE CLIENT LETTER #4 --- ANNOUNCING SALE TO A THIRD-PARTY BUYER (WITH B/D CHANGE)

Dear [Client's Name],

After considerable research over the past six months, I have made two decisions that are important to the way that we will provide service to you, our valued client, in the future. I have put a lot of thought into the amount of time and the level of dedication required to ensure that your long-term financial goals are met, and I think you will find that these are necessary steps to that end.

First, I have decided to change the company which handles our brokerage business to [Broker-Dealer / Custodian]. To accomplish this, I will ask that you transfer your account to this new broker-dealer so that we can continue to offer uninterrupted service to you. To facilitate the transfer, I have included new account forms that require your signature. I assure you that there are no costs to you for this move, and your assets will be transferred exactly as they are invested now. I am making this change primarily because I believe your needs will be better served in many important aspects with this new broker/dealer and in my ability to add a new dimension to my business, as explained below.

As a sole practitioner, I have long been concerned about the continuity of financial management services for you and your family if something should happen to me, or when I retire. Prudence dictates the wisdom of having additional experienced and competent advisors in place to serve your needs and those of your children and grandchildren. Therefore, when I move to [Broker-Dealer / Custodian], I will also be merging my practice into [Buyer's Firm Name]. As I grow older and get closer to retirement, I wanted to find someone who impressed me as an intelligent, principled, caring advisor – someone highly qualified to work with my clients. After numerous discussions with [Buyer's Name], I believe he/she and his/her colleagues share an approach very similar to mine in financial planning and investment management. [Buyer's Name] has earned a degree in

_____ from (College), and has been advising clients in financial matters for the past ____ years.

Happily, my capable Administrative Assistant, [Name], will be joining [Buyer's Name] and me at [Buyer's Firm Name]. Together, we are committed to making this transition as client-friendly as possible and we intend that this adjustment to our business model will ensure our ability to deliver services to you, without interruption, for generations to come.

My affiliation with [Broker-Dealer / Custodian] and [Buyer's Firm Name] will officially begin on [Date]. To provide a smooth transfer of accounts, please complete the enclosed forms so we can continue to deliver the services we have provided you over the years. I will remain at the address on the letterhead through [Date], available to assist you in making this transition. After that date, I will be reached at the [Buyer's Firm Name and Phone Number].

Please feel free to call me or [Administrative Assistant Name] to help you complete your forms, or to answer your questions. I look forward to our continued relationship, and to helping you achieve your financial goals.

Sincerely,

[Seller's Name]

SAMPLE CLIENT LETTER #5 --- ANNOUNCING AN INTERNAL SALE

Dear [Client's Name],

I am writing to you to tell you how much I have enjoyed our relationship both as a friend and as a joint advisor with [Advisor's Name], my business partner, providing financial planning and investment management services to you and your family. Throughout the twenty years that I have worked as a financial advisor, I have been striving to always expand my knowledge in order to give my clients the best possible advice. Financial coaching is a new niche in the financial services industry, and the more I learn about it, the more passionate I feel about helping people with their money and financial goals is this new and exciting way. To that end, I am going to be decreasing my time in the office to be pursuing a new career as a financial coach.

I look forward to our continued relationship and am confident that [Advisor's Name] will continue to be an incredible advisor. [Advisor's Name] has always done an excellent job in keeping on top of the financial needs of our clients. He/She is an amazing financial professional. Because of [Advisor's Name]'s keen eye and diligence regarding the financial landscape, I am confident that your financial needs will be served extremely well by your continued work with our firm.

Please know that the years of working with you have been an extreme pleasure, and I will continue to value your friendship. While there will be a change in the advisor relationship, I will continue to feel a great sense of pride about our work together and in my ability to continue to call you a friend.

Sincerely,

[Seller's Name]

SAMPLE CLIENT LETTER #6 -- RIA NEGATIVE CONSENT LETTER

Dear [Client's Name],

As my practice as grown over the years, I started to set important goals for myself. One of those goals, a very important one to be sure, was to have a succession plan in place by the time I turned 65. That momentous event occurred this past August and so now is the time to share my plans with you.

In a financial planning practice such as ours, the death or disability of the principal planner has great significance, not only to the family of that person, but also to all of the clients who have relied professionally on that person. So, even though I am in good health and plan on continuing as an active financial planner, I want to make sure that, regardless of what lies ahead, your financial needs and goals will not be affected or interrupted.

As I mentioned during our recent call, on [Date], [New Advisor's Name] and I signed an agreement for him/her to become the owner of [Firm Name] effective [Date]. I will remain active in the business and continue to work with you and my other clients, but the primary contact will be with [New Advisor's Name]. I will be working hard, behind the scenes, to make sure that your needs are fully addressed and that [New Advisor's Name] understands the goals that we have been working towards and with which you have entrusted our firm.

I would have more difficulty making this announcement and taking this step if I did not have supreme confidence in [New Advisor's Name], who shares my passion for financial planning and penchant for customer service. We both believe that making your quality of life as rewarding as possible is of equal importance to recommending appropriate investments.

Unless I hear differently from you before [Date], your account will be transferred to [New Advisor's Name]. We wanted to let you know about our plans now so that you receive this news directly from us rather than secondhand. We believe this is an important and necessary step to help you plan for your future as I plan for mine. If you have any questions, please call us at [Phone Number].

Sincerely,

[Seller's Name]

SAMPLE CLIENT LETTER #7 --- MERGER ANNOUNCEMENT LETTER

Dear [Client's Name],

On behalf of everyone at [Firm Name], I am pleased to share with you an exciting development resulting from many hours of careful deliberation by all of us at the firm. As you know, we take great pride in providing you with excellence committed in professionalism and personal attention. We strive to remain vigilant in our search for better market intelligence, planning ideas, and sound advice in our ever-changing and complex world. We believe that, to remain committed to the promises made to you, we also need to endeavor to grow our strategic scale that would afford us the ability to strengthen those promises and to help you achieve your goals.

For these reasons, we have identified and chosen [New Advisory Firm Name] as our strategic partner to share resources; organizationally speaking, we will begin taking steps to merge the two operations over the course of next several months.[New Advisory Firm Name], like [Firm Name], is an SEC-registered, fee-only investment advisor whose founding principles closely parallel our beliefs. The evidence of natural synergies and commonalities also allow for the obvious sharing of intelligence and cost.

Currently, [New Advisory Firm Name] has approximately 25 employees with offices in Atlanta, Beverly Hills, Chicago, San Antonio, and Orlando. Their offices are typically managed by a group of seasoned investment professionals who are accredited with professional designations such as Chartered Financial Analyst (CFA), Certified Financial Planner (CFP), and Certified Public Accountant (CPA), much like our office. They are disciplined financial professionals who we believe will support and enhance our integrated wealth management service offerings.

There will be no changes made to the process and manner in which we deliver our services. All of our support staff will continue to perform as they always have and will remain vital to the growth of our business. We look forward to continuing our work for you without interruption, and at an even higher level than you've enjoyed in the past.

Sincerely,

[Seller's Name]

ABOUT FP TRANSITIONS

FP Transitions, based in Portland, Oregon, is the nation's leading provider of equity management, valuation, private consulting, and succession planning services for the financial services industry, and operates the largest open market for buying and selling financial service practices in the U.S. Since opening its doors in 1999, FP Transitions has completed more financial service transactions than any investment banker or business-broker in the country. FP Transitions' expertise also includes continuity planning, practice benchmarking, compensation studies, internal and external succession planning, entity formation and maintenance, internal ownership track set up and management, equity compensation strategies, and mergers and acquisitions.

The firm also specializes in the valuation and analysis of intangible, privately-held, financial service based businesses, and has completed over 4,000 valuations and more than 600 benchmarking studies. In the course of its work, FP Transitions has developed and utilizes one of the largest practice management and operational databases in the financial services and insurance industries. FP Transitions works with independent broker-dealers, registered investment advisors, custodians, and insurance providers, and their representatives, advisors, and agents to develop and implement business transition systems and procedures and equity-based valuation solutions.