SRG
SUCCESSION RESOURCE GROUP

Ebook for Financial Advisors

Post-Transition Seller Roles

Make the Uncertain Certain

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Selling Your Practice Doesn't Have to Mean Retirement

This guide shows you the five (5) most common posttransition roles with your buyer after you sell your practice.

For each role, you will find the potential commitment and typical methods of compensation. Use this resource as a guide and an inspiration for what you choose to do post-transition.

Client Service

Seller stays on for a period of time (usually in 1-year increments) to support buyer with client service needs related to the acquired book of business.

Compensation is typically fixed and paid as a base salary, as a W-2 employee of the buyer, subject to withholdings and other payroll standards.

This role usually requires a minimum hourly commitment based on the buyer's needs and seller's availability.

Portfolio Investment Management & Financial Plans

Some sellers expertise and desire to focus postsale is assisting the buyer in areas of investment management, research, contributing to an investment committee, portfolio development, management of client accounts, and/or development of client's financial plans.

Generally, this is paid as a salary, performance based, or on a per plan basis with the amount dependent upon the level of commitment agreed to by buyer and seller.

Seller is usually paid as a W-2 employee of the buyer, subject to withholdings, and payroll standards.

Business Coaching (of Buyer)

Seller coaches or mentors the buyer and buyer's team in areas of running a company, business development, establishing centers of influence, technology, hiring and training best practices, investment strategies, client service, etc.

Sellers may be paid on a flat fee basis (either monthly or quarterly) or a per meeting basis, at the discretion of the buyer.

This is usually paid as a 1099 contractor.

Mentorship (of Junior Advisor)

Some sellers expertise and desire to focus postsale is assisting the buyer in areas of investment management, research, contributing to an investment committee, portfolio development, management of client accounts, and/or development of client's financial plans.

Generally, this is paid as a salary, performance based, or on a per plan basis with the amount dependent upon the level of commitment agreed to by buyer and seller.

Seller is usually paid as a W-2 employee of the buyer, subject to withholdings, and payroll standards.

Business Development or Rainmaker

The Business development or rainmaker role is designed to incentivize a seller to refer new business to the buyer post-sale. These types of agreements have minimal requirements of the seller and provide the opportunity to earn additional income.

The seller's responsibility is to refer business to the buyer, nothing more. The buyer's responsibility is to close referrals that they feel are appropriate clients and pay the seller for such referral.

This type of referral or solicitor arrangement is usually paid as a percentage of new revenue (30-60% is common) earned by the buyer for a period of time (1-10 years is common).

This is usually paid as a 1099 contractor.

Best Practices

- Sellers should figure out how much commitment they are comfortable with after the sale – does the seller want a large salary and hourly commitment to help the buyer? Or, would the seller prefer something more open-ended?

- It is important for buyer and seller to have alignment on seller's role post-sale, before a deal has closed. if they want to commit to a certain number of hours per week at the oversight of the buyer.

- Regardless of the post-consulting role, buyers generally assume all registration, broker-dealer / custodian costs, as well as E&O and licensing costs.

About Succession Resource Group

Succession Resource Group, Inc. (SRG) is an award-winning succession consulting firm with decades of combined industry experience. SRG possesses a unique combination of skills, resources, and expertise to provide turnkey solutions helping advisors understand the value of their business, develop strategies to improve that value, protect the value with proper agreements and plans, grow through M&A, and create/execute their exit strategy.

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