THE EXIT PLANNING MENU

The financial services industry has made tremendous progress in mentoring and training the next generation of advisors. Yet, very few advisors have established a plan to share equity or for the eventual sale of their business. Here are the nine most effective exit strategies:

Partial Book Sale (PBS)

Owners can gradually reduce their workload by selling a 100% interest in a specific group of clients.

Merger

Two or more practices come together as one larger merged business unit.

Merger Acquisition

Owners sell and monetize the business but remain employed on a reduced basis for up to five years.

Buy-Out

Owners sell the business and then provide transition related support to a buyer for up to 18 months as part of the purchase price.

Leveraged Buy-Out

(also known as a Succession Plan)

Owners sell portions of the business to internal team members in numerous small tranches, typically funded with using the profits of the company.

Phantom Equity Sharing Strategies

This is a collection of equity sharing strategies that provides a future economic benefit to team members based on the company's growing value, without having to share voting or profits.

Closed Loop Sale

Owners sell small portions of the business to internal team members in 2-3 tranches, typically funded with bank financing.

Shared Growth Model

A phantom equity strategy that allows owners to share a portion of the future appreciation in value with their team, without sharing voting or profits.

NextGen Investor Plan (NIP)

NIP is an equity sharing plan that allows internal team members to incrementally buy small portions of the business on a predetermined and long-term schedule, with flexible funding strategies.

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